



**The UK's Fraud Prevention Service**

# Press Release

January 2008

## 2007 Fraud Trends

The analysis of fraud trends during 2007 by CIFAS - The UK's Fraud Prevention Service - reveals an escalation in most types of fraud. (Numerical tables are included in the Notes for Editors below):

CIFAS Chief Executive, Peter Hurst, comments "The rise in fraud should be of concern to us all. It is widely accepted that the proceeds of fraud fund both low-level and serious crime. On the one hand, fraud is known to be funding terrorist activities, the trafficking of young women into sexual slavery and the importation of drugs. On the other, it funds the purchase of drugs on our streets, fuelling anti-social behaviour and causing road deaths, while prostitution changes the character of local communities."

"The impact on those affected should not be underestimated. Although innocent victims of identity crime are not required to foot the bill for a genuine fraud, the psychological damage can be severe and long-lasting. In the case of investment scams and boiler room frauds, however, victims can lose everything. And although it should not be forgotten that the financial institutions involved are also victims of fraud as they have to bear the cost, the charges we all pay for financial services have to be increased to cover fraud losses, so it is the community as a whole that suffers."

## **Identity fraud shock**

After the recent spate of high profile data breaches, a steep rise in identity fraud would have been no surprise. Instead, although there has been an increase in successful frauds, the numbers reported by CIFAS Members show a slight decline, with 65,043 victims of impersonation in 2007, down from 67,406 in 2006 - a decrease of 3.5%. The number of identity frauds attempted was also down, from 80,377 in 2006 to 77,593 in 2007.

CIFAS Head of Communications, Kate Beddington-Brown, comments "Despite this slight decline, no-one should be complacent, as the number of victims is still far too high. And while there is no evidence yet that the well-publicised data breaches have led to fraud, it is far too soon to be sure that this will not happen in the future."

## **Top Three Stolen Documents Used in Identity Fraud**

The top three false or stolen documents used by fraudsters to attempt identity fraud in 2007 were: non-UK passports, followed by utility bills and then UK passports.

## **Top Ten Postal Districts for Identity Fraud Victims**

An analysis of the residential addresses of identity fraud victims filed on the CIFAS database during 2007 shows that the prevalence of victims is greatest in the following ten postal districts (shown in descending order):

SE18	Woolwich, Plumstead
SE13	Hither Green, Lewisham
SL6	Maidenhead
CR0	Croydon
IG11	Barking
SE15	Peckham, Nunhead
E6	East Ham, Beckton
N4	Finsbury Park, Manor House
N14	Southgate
SW11	Battersea, Clapham Junction

## More Lies on Application Forms

Attempts to commit fraud by including material lies on application forms (e.g. for finance, insurance or other products) showed a sharp increase of over 20%. The most frequent lie during the year was where applicants failed to mention on the application a previous address where his or her credit history had been impaired.

Peter Hurst comments "Those who think that lying on application forms will give them any advantage need to realise that their efforts are counter-productive. Fraud data sharing means that such lies are easy to detect and, far from enhancing an applicant's chances, will be detrimental to their application. Telling the truth, even if it is slightly less palatable, remains the best policy."

## Steep increase in Facility Takeovers

Facility takeover (also known as account takeover) occurs when the fraudster impersonates a victim in order to 'take over' and control one or more of the victim's existing accounts. In 2007, CIFAS Members saw an increase in this type of fraud of over 34%.

Kate Beddington-Brown explains "Although it is difficult to know the reason for this increase, it could be attributable at least in part to the increasing sophistication of online 'phishing' (the use of spoof emails and websites designed to deceive recipients into divulging personal financial data such as credit card numbers, bank account numbers, user names, passwords, etc, to facilitate the 'takeover'). Phishing emails are becoming increasingly targeted and more cleverly worded, and it is important that everyone is on their guard."

## Fighting Fraud Together

Frauds are becoming harder to detect. Peter Hurst explains "Good forgeries of documents of identity, coupled with more accurate data about victims, mean that the damage to individuals and communities can only be reduced if there is a concerted effort:

- by the public to protect their personal data
- by the private sector to use the latest profiling and data matching techniques to identify frauds
- by the Government to fund public information campaigns and to set targets and performance measures for all law enforcement agencies to work together to tackle fraud, and
- by the police to investigate and prosecute complaints so that there are tangible outcomes.

Only then will the public have renewed confidence that the Government is deadly serious about tackling fraud in the UK. The initiatives arising from the Fraud Review are a welcome first step."

For further information, contact: [press@cifas.org.uk](mailto:press@cifas.org.uk)

## Notes to Editors:

1. CIFAS is the UK's Fraud Prevention Service with over 270 Member organisations spread across banking, credit cards, asset finance, retail credit, mail order, insurance, investment management, telecommunications, factoring and share dealing. Members share information on identified frauds in the fight to prevent further fraud. CIFAS is unique and was the first data sharing scheme of its type in the world. Other schemes modelled on CIFAS have been set up in South Africa, Ireland and Germany.
2. The following tables show a summary of the statistics and the number of fraud cases recorded by CIFAS Members during 2007, broken down by the type of fraud identified. Definitions are given below the table.

	Jan to Dec 2006	Jan to Dec 2007	% Change
Fraud cases identified	171,488	185,003	7.88%
Financial Benefit/Losses avoided	£789,816,426	£987,829,077	25.07%

**Fraud Cases Identified** refers to each proven instance of fraud identified by CIFAS Members and filed to the CIFAS database. Members must have sufficient evidence to take the case to the police although it is not mandatory that they do so. A fraud case can involve multiple subjects and multiple addresses.

**Financial Benefits.** This is the amount of money that Members of CIFAS reported that they have saved through being alerted to previous frauds by CIFAS warnings. As shown above, this amounted to nearly **£1 billion** during 2007.

Fraud Type	Jan to Dec 2006	Jan to Dec 2007	% Change
<b>Identity Fraud – Granted</b>	28,340	32,175	13.53%
<b>Identity Fraud – Not Granted</b>	52,037	45,418	-12.72%
<b>Identity Fraud - Total</b>	80,377	77,593	-3.46%
<b>Application Fraud - Granted</b>	8,805	14,515	64.85%
<b>Application Fraud – Not Granted</b>	55,055	62,355	13.26%
<b>Application Fraud - Total</b>	63,860	76,870	20.37%
<b>False Insurance Claim</b>	395	390	-1.27%
<b>Facility Takeover Fraud</b>	4,665	6,272	34.45%
<b>Asset Conversion</b>	440	478	8.64%
<b>Misuse of Facility</b>	21,751	23,400	7.58%
<b>Victims of Impersonation</b>	67,406	65,043	-3.51%

**Identity Fraud** cases include cases of false identity and identity theft.

**Application Fraud/False Insurance Claim** relates to applications or claims with material falsehood (lies) or false supporting documentation where the name has not been identified as false.

**Facility Takeover Fraud** occurs where a person (the 'facility hijacker') unlawfully obtains access to details of the 'victim of takeover', namely an existing account holder or policy holder (or of an account or policy of a genuine customer or policy holder) and fraudulently operates the account or policy for his own (or someone else's) benefit.

**Asset Conversion** relates to the sale of assets subject to a credit agreement where the lender retained ownership of the asset (for example a car or a lorry).

**Misuse of Facility** is where an account, policy or other facility is used fraudulently.