



The UK's Fraud Prevention Service

Press Release

2 February 2010

2009 Fraud Trends

Fraud continues to demonstrate impact of the recession

The analysis of fraud trends during 2009 by CIFAS - The UK's Fraud Prevention Service - reveals a 9% increase in the overall level of fraud, when compared with the previous year. This rise has been driven by some particular factors, most notably:

- the unwelcome return of identity fraud which has led to a 31% escalation in the numbers of victims of fraud
- a 55% increase in false insurance claims and a change in the nature of them as the effects of the recession intensify
- the relentless rise in facility takeover and misuse of facility frauds.

(Numerical tables are included in the Notes for Editors below).

32% surge in identity fraud

CIFAS commented in October 2009 (in [The Anonymous Attacker](#)) on the reappearance of identity fraud (the use of a stolen or false identity to obtain goods or services by deception). This increase has continued; up 32% in 2009 from the level recorded in 2008. This rise has a direct link to the recession. Fraudsters have seen the reduction in the overall amount of lending taking place during 2009, discouraging many from attempting to commit application fraud (e.g. the use of lies and forged documents in an attempt to obtain products or services). This has led to a 25% reduction in application fraud but has meant that they have returned to stealing the identities of others in order to gain products and services.

Protective Registration (a service provided by CIFAS to help protect individuals at heightened risk of identity fraud) increased by 241% year on year. This is attributable both to a developing awareness among individuals of the threat of identity fraud and how it is perpetrated, and to the growing use of the service by organisations to protect the identities of those whose details have been put at risk as a result of a data breach.

Over 25,000 more victims in 2009

With over 85,000 victims of impersonation, and 24,000 victims of takeover (whose accounts have been hijacked by fraudsters) recorded in 2009 (increases of 35% and 16% respectively on 2008 and an overall increase in victims of 31%), the very real impact of fraud is underlined. Fraud victims can be preyed upon by organised criminals, faceless fraudsters and sometimes even by those close to them. Victims commonly describe feelings of helplessness, vulnerability and not knowing who to trust. This is in addition to the financial impact and time taken to rectify the damage.

CIFAS Communications Manager, Richard Hurley, comments: "The financial cost of fraud is bad enough, but the emotional and psychological effects for the victim must never be underestimated. Fraudsters are adapting their approach in an attempt to ensure that their profits do not suffer during the recession, with absolutely no thought for the profoundly damaging impact this has on their victims. The role played by online, organised, criminals trading in people's identity details has been frequently reported in recent years, and it is depressing to think that the numbers of victims of fraud demonstrates just how little these criminals care."

Rise in insurance fraud shows increase in premeditated 'accidents'

While insurance fraud has long been difficult to prove (for instance, adding to claims for stolen cars or laptops other items such as mp3 players, mobile phones, cameras and wallets), the 55% increase in cases filed by CIFAS Members during 2009 reveals a trend towards claimants being even more dishonest. The 55% increase in fraudulent claims is driven more by a surge in claims for staged or completely fictitious events than inflated claims for damage and losses actually incurred.

On 1 March 2010, CIFAS will publish its report *Fraudscape 2010: Depicting the UK's Fraud Landscape*. This examination of fraud trends will provide a more detailed look at what lies behind the increase in false insurance claims as well as in all other types of fraud identified by CIFAS Members throughout 2009.

Facility takeover fraud and misuse of facility continue to be double trouble

Previous figures from CIFAS have confirmed the intensification during the past two years of facility takeover frauds (also known as 'account takeover' where a fraudster hijacks an individual's account in order to 'take over' and control it) and misuse of facility frauds (where the fraudster uses an account, policy or other facility for a fraudulent purpose such as receiving fraudulent payments into a bank account, or evading payments on credit card or loan accounts).

In 2009, facility takeover fraud rose by 16% from 2008. This means an increase of over 250% during the past 24 months. A significant contributory factor to this trend is the prevalence of 'phishing' emails (sent by fraudsters to look as though they come from a bank or credit card company, for example, asking for personal details which are then used to plunder the victim's account).

Similarly, misuse of facility has risen by 28% in 2009 and by 115% during the last two years.

The link between these types of fraud runs deep, with fraudsters frequently using both methods: for example, taking over an account to withdraw funds and then using another account to receive these bogus 'transactions'. Richard Hurley explains: "Whether it is an organised criminal obtaining your account numbers online, or someone in dire financial straits misusing their cheque-book account, the net result is still fraud: fraud that costs businesses, the public sector, and ultimately all of us, millions of pounds each year."

Comment from the CIFAS Chief Executive

Peter Hurst, CIFAS Chief Executive, comments: "It is well-known that a rise in fraud goes hand in hand with a recession. The trends identified by CIFAS Members during 2009, however, demonstrate that it is not just a few thousand extra people turning to crime to make ends meet. It is a whole criminal element changing its behaviour. Fraudsters adapt their methods in response to changes in the economy, finding and exploiting any area of weakness.

"All organisations must acknowledge this by arming themselves against the fraudsters. As these figures demonstrate, fraud is very much a present danger – no matter what the circumstances. Working together, sharing data on proven frauds and sharing best practice are the only ways that fraud can be prevented – and it is not only the pragmatic thing to do, but also the responsible thing to do in times of continued economic strife."

For further information, contact press@cifas.org.uk.

Notes to Editors:

1. CIFAS is the UK's Fraud Prevention Service with over 260 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 Southern Africa and Germany.
2. The following tables show a summary of the statistics and the number of fraud cases recorded by CIFAS Members during 2009, broken down by the type of fraud identified. Definitions are given below the table.

	Jan to Dec 2008	Jan to Dec 2009	% Change
Fraud cases identified	214,342	234,253	9.29%

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.

Fraud Type	Jan to Dec 2008	Jan to Dec 2009	% Change
Identity Fraud – Granted	34,011	57,383	68.72%
Identity Fraud – Not Granted	43,631	44,944	3.01%
Identity Fraud - Total	77,642	102,327	31.79%
Application Fraud – Granted	15,055	11,152	-25.92%
Application Fraud – Not Granted	61,968	46,473	-24.68%
Application Fraud - Total	77,023	57,825	-24.93%
False Insurance Claim	433	670	54.73%
Facility Takeover Fraud	19,275	22,387	16.15%
Asset Conversion	522	532	1.92%
Misuse of Facility	39,447	50,512	28.05%
Victims of Impersonation	62,957	85,402	35.65%
Victims of takeover	19,292	22,434	16.29%
Protective Registrations	49,066	167,276	240.92%

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.

3. CIFAS will publish *Fraudscape 2010: Depicting the UK's Fraud Landscape* on 1 March 2010. This report will look, in depth, at all of the frauds filed by CIFAS Members in 2009 and examine the reasons behind these fraud trends. The report will be available on the CIFAS website and in hard copy.