

Rt Hon Mel Stride MP
Chair, Treasury Committee
House of Commons
London
SW1A 0AA

15 December 2020

Dear Mr Stride,

I write in response to the Treasury Committee's call for evidence for its inquiry into economic crime.

As the Committee will be aware, the Office for National Statistics (ONS) is the UK's National Statistical Institute, and largest producer of official statistics. We aim to provide a firm evidence base for sound decisions and develop the role of official statistics in democratic debate.

As we explained when we wrote to the Committee for their last inquiry into economic crime, the ONS has collected information on the extent and nature of economic crime and how it affects consumers since 2012, having taken responsibility from the Home Office. In the years following, significant progress has been made in developing the evidence base on fraud.

The ONS publishes statistics on fraud, mainly based on the Crime Survey for England and Wales (CSEW), a victimisation survey of the resident population which is used to measure the extent and nature of crime and was expanded to cover fraud offences in 2015.

We have focussed our evidence on the scale of different forms of fraud, trends in fraud, the extent of financial loss to individuals, the emotional impact on the victims of fraud and reporting of fraud incidents.

I hope this evidence is helpful to the Committee. Please do not hesitate to contact me if I can be of any further assistance.

Yours sincerely,



Iain Bell

Deputy National Statistician and Director General for Population and Public Policy
Office for National Statistics

Office for National Statistics written evidence: Economic Crime

Introduction

Until March 2020, CSEW data was collected through face-to-face interviews. However, the CSEW was suspended on 17 March 2020 because of the coronavirus (COVID-19) pandemic. The Telephone-operated Crime Survey for England and Wales (TCSEW) was specifically designed to allow the ONS to continue measuring crime during this period. TCSEW data collection started on 20 May 2020. The survey continues to ask residents of households about their experiences of a range of crimes in the 12 months prior to the interview. However, the smaller sample size for this survey means that there is more uncertainty surrounding crime estimates.

The TCSEW operation closely replicates that of the face-to-face CSEW, however, because of restrictions on interview length and sensitivities around the topic, the TCSEW contains a reduced number of questions. Because of the change in data collection mode and sample design, CSEW and TCSEW estimates are not directly comparable and there is a break in the data time series. Further research will be conducted to explore the comparability of the TCSEW and face-to-face CSEW and the impact changes to survey mode have on understanding long-term trends.

TCSEW estimates are presented as Experimental Statistics. The Office for Statistics Regulation, on behalf of the UK Statistics Authority, has reviewed these statistics against several important aspects of the Code of Practice for Statistics and regards them as consistent with the Code's pillars of Trustworthiness, Quality and Value.

The ONS has also expanded its use of other data sources to help build a fuller picture of the extent and nature of fraud. The official statistics include information on crimes reported to the authorities as well as offences referred to industry bodies representing businesses and other organisations. In particular, these sources can help provide some insights into trends in fraud.

Data sources and what they cover

There are four main sources of data used in ONS statistics on fraud.

- The face-to-face **CSEW**: a large household survey collecting information on crimes directly affecting the resident adult population of England and Wales provides estimates up to year ending March 2020.
- The telephone operated **TCSEW**: set up to measure crime whilst the CSEW is suspended and allows investigation of trends during the coronavirus pandemic.
- **National Fraud Intelligence Bureau** (NFIB) data on the number of incidents of fraud referred to them by Action Fraud (the national fraud and cybercrime reporting centre). This also includes referrals of fraud incidents by two industry bodies, Cifas and Financial Fraud Action UK (FFA UK, a constituent part of UK Finance), who report instances of fraud where their member organisations have been a victim.
- **Bank and credit account fraud data** from UK Finance: these include crimes not referred to the NFIB and provides an important insight into trends in these types of fraud.

The CSEW encompasses a broad range of frauds, including attempts as well as completed offences involving a loss; Annex A gives further information on the types of fraud covered by the survey. One of the main strengths of the CSEW is that it captures incidents that are not reported to the authorities. Unlike administrative sources it is not affected by changes in recording practices or reporting rates to official bodies.

The CSEW is a household survey and does not cover crimes against businesses. Given the emphasis of the Committee's inquiry on consumer fraud, the CSEW provides the most appropriate measure. It is also important to note when interpreting the figures that the survey counts the individual as a victim, even in incidents where they have been fully reimbursed (e.g. by their bank).

TCSEW data collection started on 20 May 2020 and the sample size is not yet large enough to provide a detailed breakdown of the different types of fraud or the nature of fraud during the coronavirus pandemic. Therefore, only estimates of overall fraud offences are currently available. These are not directly comparable with CSEW estimates and are surrounded by more uncertainty due to the smaller sample size.

Incidents of fraud referred to the NFIB by Action Fraud, Cifas and UK Finance will include reports from businesses and other organisations as well as members of the public. They will also tend to mostly be focused on cases at the more serious end of the spectrum. This is because, by definition, they will only include crimes that the victim considers serious enough to report to the authorities or where there are viable lines of investigation.

Findings from the CSEW indicate that only a relatively small proportion of fraud incidents (including those where a loss was suffered) either came to the attention of the police or were reported to Action Fraud: 14% of incidents in the year ending March 2020 CSEW¹. This low reporting rate means that NFIB recorded fraud data provide only a partial picture of the extent of fraud. However, they do provide an indication of emerging trends in more serious fraud offences, where the financial loss to the victim is greater, as reporting rates for these offences tend to be higher.

Most of the figures used in this paper are sourced from the CSEW as the survey provides the best indication of the volume of fraud offences directly experienced by individuals in England and Wales.

Estimates of the scale of fraud

The latest published finding from the CSEW refer to the survey year ending March 2020. These figures show an estimated 3.7 million fraud incidents experienced by adults in England and Wales. Table 1 shows these latest estimates broken down into separate offence groups.

Table 1: Estimated number of incidents of fraud, year ending March 2020 CSEW²

England and Wales	
Offence group	April 2019 to March 2020
	Number of incidents (thousands)
Fraud	3,675
Bank and credit account fraud	2,474
Consumer and retail fraud	914
Advance fee fraud	60
Other fraud	227

Source: Crime Survey for England and Wales, Office for National Statistics

Around two-thirds (67%) of incidents were bank and credit account fraud which usually involve falsely obtaining or using personal bank or payment card details to carry out fraudulent transactions. Consumer and retail fraud was the next most commonly occurring form of fraud; this includes crimes such as fraudulent sales, bogus callers, ticketing fraud and computer software service fraud.

These estimates show that fraud offences are among the most prevalent crimes in England and Wales. For example, fraud offences accounted for around a third (36%) of all CSEW crime. In addition, adults were six times more likely to be a victim of bank and credit account fraud than theft from the person (i.e. pickpocketing or theft of items being carried on the person) in the year ending March 2020.

¹ [Crime in England and Wales: year ending March 2020](#).

² This is based on an unweighted base of 33,735 adults.

Estimates from the TCSEW showed that there were 4.3 million fraud offences in the year ending June 2020³. Although not directly comparable with estimates from the CSEW, this estimate lies within the range of those reported in recent years.

The nature of fraud

The CSEW also provides information on the nature of fraud incidents. Almost three-quarters of fraud incidents involved loss of money or goods to the victim (74%), independent of any reimbursement received; this equates to an estimated 2.7 million offences, compared with one million incidents of fraud involving no loss. The proportion of incidents resulting in loss varied by type of fraud, with 81% of bank and credit account fraud victims experiencing loss compared with 68% of consumer and retail fraud victims (Table 2). However, the large majority of bank and credit account victims received full reimbursement for their loss, while reimbursement was less common in cases of consumer and retail fraud where less than half of those of experiencing loss were fully reimbursed (data for year ending March 2019; Annex B Table A1).

Table 2: Financial loss suffered by victims of fraud by offence group, year ending March 2020 CSEW⁴

England and Wales		
Offence group	April 2019 to March 2020	
	Financial loss (%)	Unweighted base - number of incidents
Fraud	74.0	2,283
Bank and credit account fraud	80.9	1,526
Consumer and retail fraud	68.1	575

Source: Crime Survey for England and Wales, Office for National Statistics

Where money was taken from victims of fraud, in over a third (40%) of incidents the victim lost less than £100 and in over half (62%) of incidents the loss was less than £250. CSEW estimates indicate that losses of larger amounts of money were comparatively rare. For example, in 14% of incidents involving loss, the amount was greater than £1000 (Table 3).

³ Further information in [Crime in England and Wales: year ending June 2020](#)

⁴ [Nature of fraud and computer misuse: year ending March 2020](#)

Table 3. Financial loss suffered by victims of fraud, year ending March 2020 CSEW⁵

England and Wales		
Fraud	Apr'19 to Mar'20	
	Total frauds (%)	Frauds involving loss (%)
No financial loss	26.0	-
Less than £100	29.8	40.3
£100 to £249	16.1	21.8
£250 to £999	17.4	23.6
£1000 or more	10.6	14.4
Unweighted base – number of incidents	2,283	1,673

Source: Crime Survey for England and Wales, Office for National Statistics

New data on Authorised Push Payment (APP) scams have been collected by UK Finance since January 2017. These involve cases where victims are tricked into sending money directly from their account to an account which the fraudster controls. The new data show that in the year ending June 2020, there were 131,135 cases of APP fraud reported to UK Finance, an increase of 21% compared to year ending June 2019⁶ (Annex B Table A3).

APP fraud can often involve significant sums of money and have adverse financial and emotional consequences for the victim. Unlike most other frauds, victims of APP fraud authorise the payment themselves and this means that they have no legal protection to cover them for losses. UK Finance reported that £207.8 million was lost through such scams in the first six months of 2020, a similar level to losses over the same period in 2019. Banks and other finance providers were able to return £73.1 million of the overall losses from APP fraud to victims, an 86% increase on the sum returned in the same period in 2019. These increases are likely to be a result of the introduction of the APP voluntary code in May 2019⁷.

The CSEW also collects further data on the emotional impact of fraud victimisation more generally. Tables showing the latest estimates are presented in Annex B (Tables A2). The majority (74%) of victims were emotionally affected by the fraud. Common with other types of acquisitive crime the most common emotional reactions were annoyance, anger and shock.

Trends in fraud

There are limited data sources that give us information of how the extent and nature of fraud has changed over time. As the CSEW has only included estimates of fraud since year ending March 2017 it does not yet provide a reliable picture of trends. There was no change in fraud for year ending March 2020 compared to the previous year but there was a 13% increase compared to year ending March 2018. However, it is important to keep in mind that these comparisons over four data points provide limited insight into trends. As more data are compiled the CSEW will provide more robust trend data.

Other sources of data do provide some insights into trends, particularly in banking and credit account fraud. While data on frauds referred to the NFIB only give a partial picture (and provide a valuable source of reported fraud and demands placed on the police), separate data collated by UK Finance (via their CAMIS system) provide a broader range of bank account and plastic card frauds. These data include card fraud not reported to the police for investigation. They therefore offer a better picture of the scale of bank account and plastic card fraud identified by financial institutions in the UK and can give a valuable indication of trends in these types of crime.

In comparison with offences reported to the NFIB, most of the additional offences covered in this broader UK Finance dataset fall into the category of remote purchase fraud (where card details

⁵ Nature of fraud and computer misuse: year ending March 2020.

⁶ Improved reporting of APP fraud incidents has contributed to increases.

⁷ Further information on APP fraud is available at ukfinance.org.uk

have been fraudulently obtained and used to undertake fraudulent purchases over the internet, phone or by mail order) and fraudulent incidents involving lost or stolen cards. Collectively these account for a high proportion of plastic card fraud not included in the NFIB figures.

In the year ending June 2020, UK Finance data showed 2.8 million cases of frauds (excluding Authorised Push Payments) involving UK-issued payment cards, remote banking and cheques (Annex B Table A3). This is broadly stable from the previous year. Over the eight years for which these data have been available the general trend indicates a rise in payment card and banking fraud reported to UK Finance.

These UK Finance figures also indicate that remote purchase fraud has consistently accounted for around three-quarters of all plastic card fraud reported to them. In the latest year, there was a 58% increase in “remote banking” fraud (to 55,058 incidents). This increase reflects the greater number of people now regularly using internet, telephone and mobile banking, and the attempts by fraudsters to take advantage of this.

Coronavirus and fraud

The TCSEW estimated that there was not a significant change in the number of victims of fraud between April to June 2020, the period most affected by coronavirus (COVID-19) restrictions, and January to March 2020. The impact of the coronavirus pandemic on fraud will be explored further explored once sample size is sufficient to provide a breakdown of fraud types.

The coronavirus pandemic is likely to have had differential effects on trends in fraud. For example, Action Fraud reported that the increase in “online shopping and auctions” fraud (to 70,403 offences) could be accounted for by the increase in online shopping whilst the decrease in “other advance fee” fraud (to 25,418 offences) could be attributed to reduction in holiday fraud figures as fewer holidays were booked. However, it is too early to say whether this is evidence of a change to longer-term patterns. Further information on trends in payment industry fraud based on industry data collated by UK Finance is available in Fraud the Facts 2020⁸.

⁸ <https://www.ukfinance.org.uk/policy-and-guidance/reports-publications/fraud-facts-2020>

Annex A - CSEW Fraud categories

Bank and credit account fraud: Comprises fraudulent access to bank, building society or credit card accounts or fraudulent use of plastic card details.

Advance fee fraud: Comprises incidents where the respondent has received a communication soliciting money, mainly for a variety of emotive reasons, for example, lottery scams, romance fraud and inheritance fraud.

Consumer and retail fraud: Comprises cases where the respondent has generally engaged with the fraudster in some way, usually to make a purchase that is subsequently found to be fraudulent, for example, online shopping, bogus callers, ticketing fraud, phone scams and computer software service fraud.

Other fraud: Comprises all other types of fraud against individuals not recorded elsewhere, for example, investment fraud or charity fraud.

Annex B: Additional data tables

Table A1: Fraud and computer misuse by loss (of money or property) - number and rate of incidents and number and percentage of victims, year ending March 2019 CSEW ^{9,10,11,12,13}

England and Wales				Adults aged 16 and over
Offence group	Number of incidents (thousands)	Rate per 1,000 adults	Number of victims (thousands)	Percentage victims once or more
FRAUD	3,809	81	3,176	6.8
With loss, no or only partial reimbursement	692	15	638	1.4
With loss, fully reimbursed	2,232	48	1,897	4.1
Without loss	885	19	758	1.6
Bank and credit account fraud	2,579	55	2,171	4.6
With loss, no or only partial reimbursement	251	5	213	0.5
With loss, fully reimbursed	1,862	40	1,569	3.4
Without loss	466	10	419	0.9
Consumer and retail fraud	1,019	22	938	2.0
With loss, no or only partial reimbursement	392	8	380	0.8
With loss, fully reimbursed	347	7	324	0.7
Without loss	280	6	243	0.5
All other fraud	211	5	177	0.4
With loss, no or only partial reimbursement	49	1	48	0.1
With loss, fully reimbursed	24	1	21	0.0
Without loss	138	3	107	0.2
COMPUTER MISUSE	966	21	847	1.8
Computer virus	444	9	385	0.8
With loss, no or only partial reimbursement	142	3	134	0.3
With loss, fully reimbursed	0	0	0	0.0
Without loss	303	6	251	0.5
Unauthorised access to personal information (including hacking)	522	11	467	1.0
Unweighted base - number of adults	34,163			

Source: Crime Survey for England and Wales, Office for National Statistics

⁹ Data for sub-categories will not sum to totals shown for headline categories because people can be victims of more than one crime.

¹⁰ The 'With loss' categories relating to fraud refer to financial loss, including money stolen and additional charges or costs incurred, as well as loss of property or goods.

¹¹ 'All other fraud' refers to 'Advance fee fraud' and 'Other fraud' combined.

¹² In the large majority of cases of loss relating to 'Advance fee fraud' and 'Other fraud', victims received no or only partial reimbursement, as the nature of such frauds makes full reimbursement less likely.

¹³ Loss through computer viruses is mainly associated with additional charges or costs incurred as a result of the virus (e.g. repair/replacement costs), which are less likely to be fully reimbursed.

Table A2: Emotional impact of incidents of fraud, year ending March 2020 CSEW ^{14,15,16,17,18}

England and Wales				Incidents
	Fraud	Bank and credit card fraud	Consumer and retail fraud	All other fraud
Respondent was emotionally affected	74	74	73	78
Very much	8	7	10	13
Quite a lot	20	20	20	27
Just a little	45	47	43	38
Respondent was not emotionally affected	26	26	27	22
Unweighted base - number of incidents	2,353	1,561	602	190
Type of emotional response experienced				
Annoyance	72	72	72	73
Anger	51	48	58	49
Shock	31	33	27	34
Loss of confidence or feeling vulnerable	20	18	23	24
Anxiety or panic attacks	10	10	10	17
Fear	10	9	9	13
Difficulty sleeping	5	4	6	11
Depression	5	5	5	5
Crying/tears	6	6	5	10
Other	4	3	7	7
Unweighted base - number of incidents	1,764	1,152	461	151

Source: Crime Survey for England and Wales, Office for National Statistics

¹⁴ [Nature of fraud and computer misuse: year ending March 2020 dataset.](#)

¹⁵ In March 2018 the new CSEW estimates on fraud and computer misuse were assessed by the Office for Statistics Regulation against the Code of Practice for Statistics and were awarded National Statistics status.

¹⁶ Within this table, 'All other fraud' refers to advance fee fraud and other fraud combined.

¹⁷ Figures are based on incidents in which the victim reported that they were emotionally affected by the incident.

¹⁸ Figures may not sum to 100 as more than one response is possible.

Table A3: Volume of fraud incidents on all payment types, UK Finance CAMIS database, year ending March 2017 to year ending June 2020, and percentage change ^{19,20, 21,22,23,24,25,26}

UK							
	Apr '16 to Mar '17	Apr '17 to Mar '18	Apr '18 to Mar '19	Apr '19 to Mar '20	Jul '18 to Jun '19	Jul '19 to Jun '20	Jul '19 to Jun '20 compared with previous year:
							Change (%)
Plastic Card Fraud	1,817,039	1,979,225	2,773,725	2,745,639	2,801,318	2,747,141	-2
Lost and Stolen	246,503	382,706	454,458	455,346	460,856	416,469	-10
Card not Received	11,192	10,459	9,832	7,774	9,298	7,398	-20
Counterfeit Card	103,132	75,562	60,239	66,894	61,507	65,368	6
Remote Purchase Fraud ⁴	1,423,783	1,479,441	2,180,303	2,163,660	2,199,253	2,210,596	1
Account Take Over ⁵	32,429	31,057	68,893	51,965	70,404	47,310	-33
Cheque Fraud	2,763	1,541	2,370	2,610	2,853	2,046	-28
Remote Banking Fraud	33,767	32,457	33,692	50,128	34,741	55,058	58
Authorised Push Payment	8,725	49,843	98,392	124,913	108,044	131,135	21
Total (excluding APP)	1,853,569	2,013,223	2,809,787	2,798,377	2,838,912	2,804,245	-1
Total (including APP)	1,862,294	2,063,066	2,908,179	2,923,290	2,946,956	2,935,380	0

Source: UK Finance

¹⁹ Fraud data are not designated as National Statistics.

²⁰ All offences are classed under HOCA as NFIB5A, cheque, plastic card and online bank accounts (non-PSP). The categories they have been split into are UK Finance's breakdowns.

²¹ The total number of offences here is including all offences that are also included in the FISS dataset.

²² Remote purchase fraud includes telephone, internet and mail order fraud.

²³ Account takeover has been renamed to Card ID theft to more accurately reflect the data captured in this category which includes third party application fraud and account takeover. Figures presented in this table continue to be comparable with previously published figures.

²⁴ Remote banking fraud includes telephone and internet banking.

²⁵ The increase in the Remote Banking Fraud reflects the greater number of people now regularly using internet, telephone and mobile banking, and the attempts by fraudsters to take advantage of this.

²⁶ UK Finance began collecting data on authorised push payment scams (also known as APP or authorised bank transfer scams) in January 2017, therefore the figure for the year ending March 2017 is based only on one quarter of data. This explains the increase in APP in the year ending March 2018. Improved reporting has also contributed to increases in subsequent years.