

Article

Overview of fraud statistics: year ending Mar 2016

Outlines definitions used in fraud statistics for England and Wales and describes the main sources of data. It provides an overview of what these sources tell us about long term trends, the characteristics of victims, and the nature and circumstances of fraud offences.

Contact:
John Flatley
crimestatistics@ons.gsi.gov.uk

Release date:
21 July 2016

Next release:
To be announced

Table of contents

1. [How is fraud defined and measured?](#)
2. [What are the long-term trends in fraud?](#)
3. [Which groups in society are most likely to be victims of fraud?](#)
4. [What is known about the nature and circumstances of fraud?](#)
5. [Which source provides the better measure?](#)
6. [Where can more information be found?](#)
7. [What are the key differences between the main sources?](#)
8. [What other sources are available?](#)
9. [Annex 1: Changes to arrangement for reporting and recording fraud and the coverage of police recorded fraud](#)
10. [Annex 2: Legal definitions](#)

1. How is fraud defined and measured?

Fraud involves a person dishonestly and deliberately deceiving a victim for personal gain of property or money. The first established laws on fraud were set out in the First Statute of Westminster in 1275. While fraud is not a new offence methods of committing it have evolved a great deal over recent times with the rise of new technology, in particular the internet, providing opportunities for fraudsters to commit crime on an industrial scale.

However, the fundamental nature of the offence has remained unchanged and the majority of incidents fall under the legal definition of Fraud by false representation – where a person makes a representation that they know to be untrue or misleading. This covers a broad range of fraudulent activity, including online shopping and auction scams (where the victim buys supposedly legitimate goods through an internet site that are fake or fail to be provided), lottery scams (where the potential victim is told they have won a lottery prize and needs to pay a fee to release the winnings), and inheritance fraud (offering the false promise of an inheritance to trick victims into paying money or sharing bank or credit card details). Most prevalent, however, are banking and payment card frauds which usually involve falsely obtaining personal bank or payment card details in order to carry out fraudulent transactions.

There are two main sources used in the Official Statistics on fraud: police recorded crime and the Crime Survey for England and Wales (CSEW). Figures on fraud have long been included in police recorded crime data, but until recently fraud was not covered in the headline estimates from the CSEW. In order to address this gap, work has now been completed to extend the main victimisation module in the CSEW with new questions on fraud (and computer misuse) added to the survey from October 2015. While these questions have only been included within the CSEW for the second half of the survey year, sufficient data have been gathered to produce first estimates, published as Experimental Statistics in July 2016. These new estimates aim to cover a wide range of frauds involving traditional and more modern methods, including those committed in person, by mail, over the phone and online.

Information available from each source differs, as does their coverage. The CSEW is a household survey, and as such, information collected is restricted to crimes affecting the resident adult population. In comparison, police recorded crime has broader coverage, including fraud against businesses and other organisations which are not covered by the CSEW. Recorded crime figures encompass fraud offences recorded by Action Fraud (the national fraud and cybercrime reporting centre) as well as two industry bodies, Cifas¹ and Financial Fraud Action UK² (FFA UK) who refer offences to the police via the National Fraud Intelligence Bureau (NFIB) based at the City of London Police. However, the main difference between the two sources arises from the fact that most fraud offences do not come to the attention of the police. As a result, police recorded crime data give a very partial picture of the extent of fraud, while CSEW estimates provide a more complete picture of the threat.

Further discussion on the strengths and limitations of the two main sources is available in the [‘Which source provides the better measure?’](#) section.

Notes:

1. Cifas is the UK-wide fraud and crime prevention service, and facilitates fraud data sharing between public and private sector organisations in the UK.
2. Financial Fraud Action UK coordinates fraud prevention activity and manages intelligence-sharing across the financial services industry, feeding intelligence to police and other agencies in support of law enforcement activity.

2. What are the long-term trends in fraud?

Similar to other types of crime, trends in the number of offences recorded by the police date back to 1898 and indicate how fraud offences increased steadily through the 20th century¹.

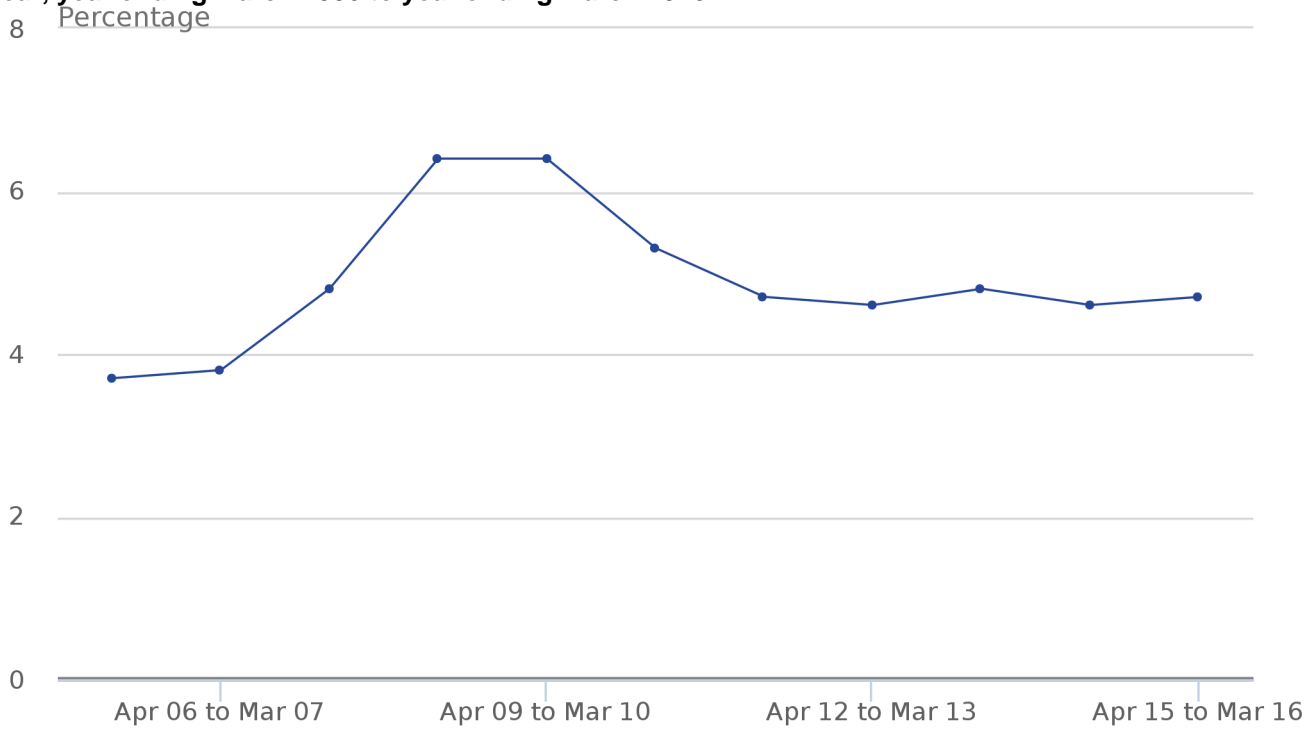
While this historic police recorded data give a good indication of levels of fraud that get reported to the police, changes in recording practices and reporting arrangements make it difficult to interpret trends, particularly over more recent years. For example, changes to the Home Office Counting Rules (HOCR) in 1998 led to a 61% increase in fraud offences recorded in the following year. Following this, trends were affected by the introduction of both the National Crime Recording Standards (NCRS) in 2002 and the Fraud Act 2006², shown by a period of reductions in the number of police recorded fraud incidents. This decrease may be explained by findings from the 2006 Fraud Review³ which pointed, among other things, to a lack of understanding by the police as to what constituted fraud, as well as a general lack of capacity or willingness by police forces to accept fraud reports.

Interpreting trends is further complicated by the introduction of Action Fraud who took responsibility for the central recording of fraud offences previously recorded by individual police forces. Given the phased introduction of central recording between April 2011 and March 2013 ([Annex 1](#) provides further information) it is not possible to make meaningful year-on-year comparisons over this period. Since April 2014, when comparable data have been available, some rises in fraud have been observed. While it is possible that these increases may reflect improvements in the reporting of fraud amongst the public and members of industry bodies, they may also reflect a genuine increase in fraud offences.

Following completion of work to extend the main victimisation module in the Crime Survey for England and Wales (CSEW) to cover fraud and computer misuse, first estimates have been released as experimental statistics⁴ as part of the quarterly bulletin 'Crime in England and Wales, year ending March 2016'. These estimates indicated 5.8 million incidents of fraud and computer misuse were experienced by adults aged 16 and over in England and Wales for the year ending March 2016. Fraud accounted for almost two-thirds of this estimated total (3.8 million offences) with the majority of these relating to bank and credit account fraud – that is, fraudulent access to bank, building society or credit card accounts or fraudulent use of plastic card details (2.5 million incidents). These initial estimates are based on responses to questions that were only included in the second half of the survey year (between October 2015 and March 2016). We plan to incorporate these new offences into the headline CSEW estimates for the year ending September 2016 (due to be published in January 2017), when a full year's interview data will be available. The first full year-on-year comparisons will be available in January 2018, following which trends in the data will begin to emerge.

In the meantime, one of the most reliable indications of trends in fraud offences experienced by the household population currently available is sourced from a separate module of questions on plastic card fraud⁵ first added to the survey in the year ending March 2006. Figure 1 shows steady year-on-year increases in estimates of plastic card fraud, with levels peaking around 2008 to 2010, followed by declines coinciding with the introduction of EMV (EuroPay, MasterCard & Visa) chip card technology in a number of countries around the world. While data from these questions provide a useful indication of whether an individual has been a victim of plastic card fraud, they do not provide information on the number of times this occurred or the scale of any loss that may have been experienced. However, the latest finding that 4.7% of plastic card owners were victims of card fraud in the year ending March 2016 is closely aligned to findings from the new CSEW experimental statistics which indicated 4.5% of adults to have been a victim of bank and credit account fraud in the last year⁶.

Figure 1: Proportion of CSEW plastic card users who had been a victim of plastic card fraud in the last year, year ending March 2006 to year ending March 2016



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

Notes:

1. The data on this chart refer to crimes experienced in the 12 months before interview, based on interviews carried out in that year

An alternative source that also provides a broader picture of the scale of bank account and plastic card fraud in the UK is available from trend data that Financial Fraud Action UK (FFA UK) collate from their members via a system known as CAMIS. Importantly, data referred to the National Fraud Intelligence Bureau (NFIB) by Cifas and FFA UK are known to exclude a significant volume of card and bank account fraud⁷. In particular, FFA UK only refer crimes to the NFIB in cases where there is actionable intelligence to share with the police to aid fraud investigation and detection. Most CAMIS data however capture card fraud not reported to the police for investigation⁸ (as well as those cases referred by FFA UK to the NFIB). Figures indicate a 64% rise in fraud offences on UK-issued cards between the year ending March 2011 (the earliest year for which this data are available) and the year ending March 2016^{9,10}.

Notes:

1. Historic trend data on police recorded fraud can be found at <https://www.gov.uk/government/statistics/historical-crime-data>
2. The Fraud Act 2006 came into force on 15 January 2007. The Act introduced additional fraud offences, but also changed the recording of cheque and plastic card fraud from a 'per transaction' to a 'per account' basis, for example, if an account is defrauded, one offence is recorded rather than one offence per fraudulent transaction.
3. The full review can be found at <http://webarchive.nationalarchives.gov.uk/20120816224015/http://www.lso.gov.uk/pdf/FraudReview.pdf>
4. These figures are not comparable with results from the field trial (see 'Methodological note – CSEW Fraud and Cyber-crime development: Field trial – October 2015'). A more sophisticated classification and offence coding process compared with that used in the trial has now been developed. The field trial was also based on a sample of 2000 households (compared with around 9000 in these experimental statistics).
5. These questions are included within the survey in a supplementary module on plastic card (bank and credit card) fraud, and are reported separately from the main CSEW estimates.
6. Although the methodological approach taken in measuring CSEW plastic card fraud and CSEW bank and credit account fraud are different, their definitions are closely aligned.
7. For example, intelligence data exclude fraud where the cardholder and card are not present at the point of sale, such as use of the card online, over the phone or by mail order (known as "remote purchase fraud"), and cases of fraud using lost or stolen cards and ATM fraud.
8. The CAMIS system contains cases where it has been judged that there is no evidential value and no hope of identifying the offender.
9. It is important to note that number of cases relates to the number of accounts defrauded, rather than the number of victims.
10. FFA UK also publishes a longer time-series on fraud losses on UK-issued cards. For more information on this see the FFA UK '[Fraud The Facts 2016](#)' publication.

3. Which groups in society are most likely to be victims of fraud?

The Crime Survey for England and Wales (CSEW) data on plastic card fraud over the last decade show that this type of crime has been more prevalent than many traditional crimes, with individuals around six times more likely to be a victim of plastic card fraud than a victim of theft from the person, and around seventeen times more likely than robbery.

Initial analysis of the year ending March 2016 CSEW experimental statistics looked at personal and household characteristics associated with being a victim of fraud¹ ([Experimental tables E7 and E8](#)) and found fraud victims to exhibit different patterns of victimisation compared with victims of other CSEW crime types. There was typically less variation than other types of crime in the rate of victimisation across different groups in society, although some personal and household characteristics were associated with being a victim of fraud, and those with the higher risk of victimisation often differed from other crime types²:

- Fraud victimisation was identified as being higher in the middle of the age distribution, where adults aged 45-54 were more likely to be a victim of fraud (7.9%) than 16-24 year olds (5.0%) or those aged 75+ (4.0%). This differs from violent crime and most property crime types where younger age groups were generally most likely to be victims.
- Unlike victims of violence, victimisation from fraud was greater in higher income households of £50,000 or more (9.1%) than lower income households of less than £10,000 (5.6%).
- Individuals in managerial and professional occupations were more likely to be a victim of fraud (8.0%) than individuals in routine or manual occupations (5.3%), full-time students (4.4%) and those who have never worked or are in long term unemployment (3.8%). This is in contrast to violence and burglary where young adults and student households are at greatest risk of being victims.
- In some cases the groups typically less likely to be victims of other crime types indicated higher prevalence of victimisation from fraud (although results were not found to be significantly different). For example, individuals living in rural areas were shown to be more likely to be a victim of fraud than those living in urban areas, as were those living in the least deprived areas compared to the most deprived areas. This cannot be used as an indication of where the fraud took place, only where the victim resides.

First experimental statistics based on Action Fraud data broken down by force area support CSEW findings in showing less variation than other crime types in rates across forces (where the victim lived) for the year ending March 2016, although rates for forces in southern England were slightly higher than those among forces in Wales or northern England ([Experimental table E14](#)).

Notes:

1. Analysis of the personal and household characteristics also includes computer misuse and bank and credit account fraud. These are shown in Appendix tables E7 and E8.
2. Some of the characteristics may be closely associated with each other, so caution is needed in the interpretation of the effect of these different characteristics when viewed in isolation (for example employment and household income are closely related).

4. What is known about the nature and circumstances of fraud?

Analysis of the Crime Survey for England and Wales (CSEW) experimental statistics on fraud and computer misuse revealed additional information about the nature of such incidents:

- The large majority of victims of fraud had been a victim only once (84%), although repeat victimisation (within the same 12 month crime reference period) was more common among victims of bank and credit account fraud (14%) than other types of fraud ([Experimental table E9](#)).
- Almost two-thirds of fraud incidents involved initial loss of money or goods to the victim (62%), independent of any reimbursement received¹. This equates to an estimated 2.3 million offences, compared with 1.4 million incidents of fraud involving no loss.
- Victims received a full reimbursement in 43% of fraud incidents (1.6 million), typically from their financial provider. In 690,000 cases, the victim received no or only partial reimbursement ([Experimental table E5](#)).
- Where money was taken or stolen from the victim, in just under two-thirds of incidents the victim lost less than £250 (64%) ([Experimental table E6](#)).
- Incidents of bank and credit account fraud were more likely to result in initial loss to the victim (70%, equivalent to 1.7 million) than other types of fraud. In the majority of these incidents, the victim received a full reimbursement (84%).
- In 49% of non-investment frauds (such as fraud related to online shopping scams or fraudulent computer service calls) and 76% of all other frauds (for example, lottery scams, pyramid or Ponzi schemes² or charity fraud) there was no loss to the victim. This compares to 30% of incidents of bank and credit account fraud where no loss was suffered.
- With regard to computer misuse, 22% of incidents involved loss of money or goods, all relating to computer viruses (442,000 incidents)³.
- The extent of cyber crimes⁴ varied by type of offence. As expected, almost all computer misuse offences (97%) involved the use of the internet in some way (compared to 3% where the internet was not involved), while it was reported to have been involved in less than half of all bank and credit account frauds (43%) ([Experimental table E12](#)).
- Among cyber crimes, bank and credit account frauds were more likely to involve the use of the internet in some way (56%) than non-investment frauds (40%) or advance fee frauds (4%).

Research by the City of London Corporation⁵ using Action Fraud data⁶ found that the level of cyber involvement varied considerably according to the specific type of fraud. For example, within advance fee payment fraud the first contact method for dating scams suggested 88% cyber involvement, while lottery scams suggested only 8%. They also found that cyber-enabled⁷ frauds typically involved a greater financial loss than cyber-dependent frauds^{8,9}.

Analysis of the CSEW experimental statistics also revealed that only around one-fifth of victims of fraud report the incident to either the police or Action Fraud ([see Experimental table E11](#)). Compared with the much higher estimates from the CSEW, offences reported to Action Fraud are thus likely to represent the more serious end of offending as these are the cases that victims are most likely to report. For instance, in cases where the scale of financial loss or emotional impact on the victim is greater, they are more likely to report the offence. The City of London Corporation research mentioned previously found that the types of fraud with the most impact on victims were pyramid or Ponzi schemes, followed by dishonestly retaining a wrongful credit¹⁰. By comparison, offline retail fraud¹¹ was identified as having the lowest impact on victims. In contrast, the profile of cases covered by the CSEW will cover the full spectrum of harms, though those at the least harmful lower end will tend to dominate.

This is reflected in the different distribution of cases in the two data series. Computer Misuse Act offences¹² and bank and payment card fraud dominated CSEW estimates. For example, bank and credit industry fraud made up over 40% of total fraud and computer misuse incidents in the CSEW experimental data, compared with around 10% of total incidents from the latest Action Fraud data. In contrast, well over one-third (42%) of Action Fraud offences were accounted for by non-investment frauds (such as fraudulent sales, bogus callers, ticketing fraud and computer software service fraud), and in particular frauds involving online shopping and auctions. This compares with 18% of non-investment frauds identified by the CSEW. Another sizable fraud category highlighted by Action Fraud figures was advance fee payment fraud (such as lottery scams, data scams, and inheritance fraud), which accounted for around 15% of total Action Fraud offences (compared with just 2% of CSEW fraud and computer misuse incidents).

Notes:

1. This refers to both money taken or stolen by the fraudster as well as any additional costs or charges as a consequence of the fraud, e.g. bank charges, repair costs, replacement costs, etc.
2. Pyramid schemes are where individuals are promised rewards for enrolling others into a business that offers a non-existent or worthless product. Ponzi schemes are investment scams which pay returns to investors from their own money, or from money paid in by subsequent investors.
3. Loss through computer viruses was associated solely with additional charges or repair/replacement costs incurred as a result of the virus, which are unlikely to be fully reimbursed.
4. Cyber crimes defined by the CSEW represent cases where the internet or any type of online activity was related to any aspect of the offence.
5. [Economic Cyber crime full report](#)
6. Analysis was based on Action Fraud data covering October to December 2014.
7. Cyber-enabled frauds are traditional crimes which can be facilitated by, but are not dependent on, the use of computers, computer networks or other forms of information communications technology (ICT).
8. Cyber-dependent frauds are offences that can only be committed using a computer, computer networks or other form of ICT.
9. These results must be treated with caution due to concerns over the quality of the online “flag” relating to Action Fraud data which is a self-reported, non-mandatory field and which may potentially be missing or inaccurate.
10. The definition of dishonestly retaining a wrongful credit is laid out in Section 24A of the [Theft Act 1968](#).
11. Retail fraud is fraud committed against retailers that does not involve online sales or cheque, or plastic card sales.
12. Computer Misuse Act offences include incidents where the victim’s computer or other internet-enabled device has been infected by a virus, as well as incidents where the respondents email or social media accounts had been hacked into by others.

5. Which source provides the better measure?

Each of the main sources of statistics on fraud has strengths and limitations and the preferred measure depends greatly on what the user requires. In general terms, estimates from the Crime Survey for England and Wales (CSEW) provide the best indication of the volume of fraud offences against individuals in England and Wales. The survey is able to capture incidents that are not reported to the police and is not affected by changes in police recording practices or changes in reporting rates. The CSEW also provides the preferred measure of trends; while this is currently restricted to plastic card fraud, as more data are gathered over time based on the new questions the CSEW will be able to provide robust data on wider trends in fraud against the adult population living in households.

Fraud estimates from the CSEW are substantially higher than those suggested by the police recorded figures on fraud. While police recorded data cover parts of the population not captured by the CSEW (including frauds against business, or against people not resident in households), this could be explained by experimental statistics from the CSEW which indicate that only a relatively small proportion of fraud victims (including those who suffered some loss) reported it to the police or Action Fraud. This low reporting rate means that police recorded fraud data provide only a partial picture of the extent of fraud. However, police recorded crime data on fraud do provide a good measure of more serious fraud offences, where the financial loss to the victim is greater, as reporting rates for these offences tend to be higher.

Police recorded crime data are known to exclude a significant volume of card and bank account fraud, although alternative sources of data such as those provided by the Financial Fraud Action UK (FFA UK) CAMIS system help to provide a better picture of the volume of bank and credit account fraud in England and Wales. The trends in these data also help to provide an alternative to the CSEW, and are likely to provide a better indication of short-term trends, although administrative sources can be subject to changes in practice and priorities, and can lack a consistent approach over time. CAMIS data also only include confirmed cases (where a loss was suffered). Therefore figures exclude incidents of attempted fraud where the attempt has been stopped or prevented for whatever reason (for example, by bank detection systems) before a loss has occurred¹.

While CSEW fraud data at the national level (England and Wales) are of high quality, it is not possible to produce reliable estimates for sub-national geographic areas due to the size of the survey sample. A low-level geography breakdown (police force area) is now also available for Action Fraud data as experimental statistics from year ending March 2016 onwards ([see Experimental table E14](#)).

Notes:

1. FFA UK does collect data on prevented fraud, although this is not supplied to ONS due to the potential for double-counting. The prevented data is available in the FFA UK '[Fraud The Facts 2016](#)' publication.

6. Where can more information be found?

Crime Survey for England and Wales (CSEW)

'Crime in England and Wales' (quarterly publication)

- [Bulletin Figure 7](#) accompanying table provides the proportion of CSEW plastic card users who had been a victim of plastic card fraud in the last year, back to year ending March 2006.
- [Experimental tables E1 to E13](#) include data on numbers of incidents for the latest 12 month period, incidence rates (per 1,000 adults), number of victims, and prevalence rates (percentage of adults that were victims), with confidence intervals provided. Data are also presented for each of these measures split by loss. In addition, tables include data on financial loss suffered by victims of fraud, personal and household characteristics associated with being a victim of fraud and computer misuse, repeat victimisation, incidents reported to the police, and proportion of cyber-dependent and non cyber-dependent fraud. Confidence intervals around CSEW estimates of personal victimisation rates by respondent sex and age are also presented.

‘Focus on: Property Crime’ (annual release)

- Commentary in overview chapter on more detailed findings from the latest financial year.

Police recorded crime

‘Crime in England and Wales’ (quarterly publication)

- [Former bulletin tables 18 and 19](#) present fraud offences recorded by the National Fraud Intelligence Bureau (NFIB), broken down by reporting body (police and Action Fraud, Cifas and Financial Fraud Action UK (FFA UK)), showing the rate (per 1,000 population), number of offences and percentage change, back to year ending March 2012. Data are also presented for fraud offences recorded by the NFIB split by fraud type, showing volumes and percentage change for the latest and previous 12-month periods.
- [Former bulletin table 20](#) presents the volume of fraud offences on UK-issued cards reported by the FFA UK CAMIS system, back to the year ending March 2011.
- [Appendix tables A4 and A5](#) include data on numbers of incidents since the year ending March 2003, following the introduction of the National Crime Recording Standard (NCRS) in April 2002; this is the earliest time period for which the data are directly comparable. Data are also presented on numbers of fraud offences referred to the NFIB by Action Fraud, Cifas and FFA UK, for the latest 12-month period and percentage changes with the previous 12-month period.
- [Quarterly table QT1](#) includes data on numbers of fraud incidents by reporting body (police, Action Fraud, Cifas and FFA UK) in the previous two survey years, broken down by quarter of interview. - [Police force area open](#) data include a time series of numbers of fraud incidents back to the year ending March 2003 by police force area.
- [Community safety partnership / local authority open data](#) include a time series of fraud numbers of incidents back to the year ending March 2003 by community safety partnership / local authority.
- [Experimental table E14](#) includes fraud offences referred to NFIB by Action Fraud by police force area (based on victim residency), English regions and Wales, for year ending March 2015 compared with year ending March 2016.

‘Focus on: Property Crime’ (annual release)

- Commentary in overview chapter on more detailed findings from the latest financial year.

7. What are the key differences between the main sources?

The coverage and information available from each of the main sources of fraud data differ.

The Crime Survey for England and Wales (CSEW) is a household survey, and as such, information collected on fraud offences only relate to the resident adult population. Fraud against businesses is not covered by the CSEW. In addition, no information about fraud against those under 16 years of age is collected.

The CSEW can, however, identify fraud offences which have not come to the attention of the police for whatever reason (for example, where there is not enough actionable intelligence for the offence to be referred to NFIB). However, the CSEW is subject to potential response bias. As highlighted, the survey is dominated by a large volume of incidents of fraud involving no or low loss, and while this reflects the general profile of fraud incidents, it is possible that individuals who have been victims of high loss frauds will be more reluctant to take part in a sample survey for fear that it is not genuine. In addition, some victims of fraud who have lost substantial amounts of money may not want to admit to the loss through either embarrassment or shame, or not wanting to look foolish falling for a scam.

The classification of fraud and cyber crime offences used for the CSEW, as with all crime types, mimics the Home Office Counting Rules (HOCR). The HOCR provide a national standard for the recording and counting of notifiable offences recorded by Action Fraud. Whilst the HOCR have been followed as closely as possible with regard to CSEW fraud, there are a few instances in which the CSEW offence coding rules and the HOCR differ:

Who are the victims?

The CSEW is a household survey and does not cover crimes against businesses. Therefore the household respondent will be recorded as the victim where they report experiencing a fraudulent offence, such as transactions appearing on their bank or credit card statement which were a result of some fraudulent activity by others. In contrast, Action Fraud receives reports from both individuals and organisations and therefore either can be recorded as victims and represented in their figures. In the case of cheque, plastic card and bank account fraud, where, for example, an individual cardholder reports to Action Fraud that they have been the victim of fraudulent transactions on their bank account, the crime will only be recorded by Action Fraud if the individual has not been reimbursed by their financial institution. Where the financial institution has reimbursed the individual for their losses, Action Fraud will deem the financial institution rather than the account holder as the victim. Only if the financial institution reports the incident to Action Fraud will a crime be recorded (although an intelligence report would still be filed). In terms of the same crime being reported in the CSEW, the respondent is recorded as the victim regardless of whether or not they received any reimbursement from their bank.

Number of victims

In terms of bank and credit account fraud, if a victim's bank account is used fraudulently to purchase goods more than once or from more than one shop, Action Fraud will record one incident per account defrauded. In contrast, as the CSEW is an individual survey, if multiple accounts are accessed in the same incident CSEW record one incident against the victim rather than the number of accounts per incident.

Where the fraud occurred

Compared to traditional crimes, the location of a fraud can often be difficult to establish especially if the internet is involved. Unlike other crime types, both police recorded crime and the CSEW collect information based on victim residence rather than where the fraud took place. Action Fraud will only record a fraud as a crime where it is apparent that either the offender was resident or operating in England and Wales (regardless of where the victim lives), or that the victim whilst resident in England and Wales was defrauded either from within England and Wales or from abroad. The CSEW on the other hand does not distinguish between where the incident happened, for example it includes frauds against respondents which might have happened whilst they were abroad.

Specific intended victim (SIV)

For any fraud classification to apply, the HOCR require that respondent must not only have been the victim of the offence, but must also be the “specific intended victim”, whereby they must have responded to initial communication from a fraudster, or taken some action in a way that the perpetrator intended (for example, clicking on a link in an email, or ringing a given number). In cases of phishing (emails which link to hoax websites in an attempt to gain access to valuable personal information such as usernames and passwords), it is not sufficient just to have received a phishing email for it to be recorded as a crime in the HOCR. Phishing is an enabler to commit fraud, and no separate crime is recorded in relation to the phishing. This means that phishing per se is not included in either the survey estimates or the police recorded crime data. With regard to computer viruses, Action Fraud only classes the victim as an SIV if the victim clicked on a link that resulted in their computer or Internet Enabled Device becoming infected. In contrast, the CSEW assumes that where the computer is infected with a virus, the victim must have acted in some way for the computer to have become infected, which automatically makes them an SIV.

The classification of fraud and cyber crime incidents for use in the published statistics consists of four major fraud categories and two computer misuse categories.

Fraud

- **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 for a variety of emotive reasons, for example, lottery scams, romance fraud and inheritance fraud.
- **Non-investment fraud** comprises cases where the respondent has generally engaged with the fraudster in some way, usually to make a purchase which 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.

Computer misuse

- Unauthorised access to personal information (including hacking) comprises offences where the respondent's personal details have been accessed without their permission.
- Computer virus comprises any computer virus, malware or Distributed Denial of Service (DDoS) attack which infects the computer or Internet Enabled Device.

For purposes of comparability the CSEW classification broadly aligns with the classification system employed by the National Fraud Intelligence Bureau (NFIB), although some NFIB categories do not apply to the general household population, for example “fraud by abuse of position”, whilst others such as “charity fraud” (where numbers were considered too small for measurement by the survey) have been subsumed into the “other fraud” category. As with the NFIB classification, the CSEW also includes offences covered by the Computer Misuse Act though these are not fraud offences.

Action Fraud captures reports from both public and businesses on fraud offences and assesses them against the requirements of HOCR. The data collected via Action Fraud covers a much broader range of frauds than the CSEW is able to do, capturing a number of specific fraud types falling under each of the main sub-categories mentioned above.

Fraud offences referred to the NFIB by industry bodies cover only a subset of fraud types, and in respect of FFA UK, offences relate only to “Cheque, Plastic Card and Online Bank Accounts (not PSP)”.

8. What other sources are available?

There are further sources of data available on fraud that are beyond the scope of administrative sources already mentioned, and although not covered by our statistical bulletins they provide additional useful information.

Internal Fraud Database (Cifas)

[Cifas](#) operate a second database, the Internal Fraud database, which is a data sharing scheme for organisations that are victims of fraud by their own employees. Data from here do not feed directly into Action Fraud or National Fraud Intelligence Bureau (NFIB) and so do not currently feature in our published statistics. Although some of these frauds may be reported to Action Fraud by the organisation themselves, many will be dealt with internally.

Cifas publish an annual report, ‘[Employee Fraudscape](#)’, which provides an overview of the insider frauds recorded by those organisations who share data through the Cifas Internal Fraud Database.

Fraud in the benefit system (Department for Work and Pensions)

[The Department for Work and Pensions](#) publish biannual national statistics on fraud and error in the social security benefit system. In particular the summary (‘Fraud and Error in the Benefit System’) includes a breakdown of estimates of fraud overpayments (when a claimant is paid more in benefit than they are entitled to) for Housing Benefit, Pension Credit, Employment and Support Allowance and Jobseeker’s Allowance.

Fraud in Tax Credits (HM Revenue & Customs)

[HM Revenue & Customs](#) measure fraud across the child and working tax credits population, including estimated fraud favouring the claimant. These are published in annual reports (‘Child and Working Tax Credits error and fraud statistics’) based on a stratified random sample of cases.

Commercial Victimization Survey (Home Office)

The Commercial Victimization Survey (CVS) is a telephone survey in which respondents from a representative sample of business premises in certain sectors in England and Wales are asked about crimes experienced at their premises in the 12 months prior to interview. In 2015, for example, four sectors were surveyed: Wholesale and retail, Agriculture, forestry and fishing, Construction and Information and Communications.

The CVS is run by the [Home Office](#) and data are published on the Home Office’s [Crime against businesses statistics](#) webpages.

Data are available on the number of incidents and incidence rates of fraud, as well as the number and proportion of premises that experienced fraud in the previous year, by industry sector. The 2015 survey also collected information on online crime from respondents who used computers at their premises.

Retail Crime Survey (British Retail Consortium)

The Retail Crime Survey provides evidence about the impact of crime on the UK retail industry and is conducted annually by the [British Retail Consortium](#), a leading trade association which represents all forms of retailers.

Security Breaches Surveys (HM Government)

The [Information Security Breaches Survey](#) is carried out annually by the Government and PwC, and asks companies across the UK about cyber security incidents and emerging trends. A new [Cyber Security Breaches Survey 2016](#) focuses on business action on cyber security and the costs and impacts of cyber breaches and attacks.

Scotland

Crime statistics for Scotland are collected and published separately, and include numbers and incidence rates for fraud recorded by the police. These do not include figures from Action Fraud, Cifas or Financial Fraud Action UK (FA UK).

Recorded crime statistics for Scotland are not directly comparable with those in England and Wales. The recorded crime statistics for Scotland are collected on the basis of the Scottish Crime Recording Standard, introduced in 2004, which like its counterpart in England and Wales, aims to give consistency in crime recording. The main principles of the Scottish Crime Recording Standard are similar to the National Crime Recording Standard for England and Wales with regard to when a crime should be recorded.

However, there are differences between the respective counting rules. For example, the “Principal Crime Rule” in England and Wales states that if a sequence of crimes in an incident, or alternatively a complex crime, contains more than one crime type, then the most serious crime should be counted. For example, an incident where an intruder breaks into a home and assaults the sole occupant would be recorded as two crimes in Scotland, while in England and Wales it would be recorded as one crime.

Differences in legislation and common law have also to be taken into account when comparing the crime statistics for Scotland with England and Wales.

While the Scottish Crime and Justice Survey (SCJS) does follow a similar format to the CSEW, it does not currently include questions on fraud, although data on other crime types is broadly comparable despite differences in the crimes or offence classifications reflecting the differing legal systems.

Police recorded crime and SCJS data are published by the [Scottish Government](#).

Northern Ireland

Crime statistics for Northern Ireland are collected and published separately, and include fraud offences.

Police recorded crime data are published by the PSNI. From 1 April 2015 Action Fraud took responsibility for the central recording of fraud offences previously recorded by [PSNI](#), however Action Fraud figures relating to victims residing in Northern Ireland are provided to PSNI on a monthly basis. Fraud statistics for Northern Ireland do not include figures relating to Cifas or FFA UK.

The legal system in Northern Ireland is based on that of England and Wales, and the Police Service for Northern Ireland (PSNI) has the same notifiable offence list for recorded crime as used in England and Wales. In addition, the PSNI has adopted the National Crime Recording Standard (NCRS) and Home Office Counting Rules for recorded crime that applies in England and Wales. Therefore there is broad comparability between the recorded crime statistics in Northern Ireland and England and Wales.

The Northern Ireland Crime Survey (NICS) also closely mirrors the format and content of the CSEW, using a very similar methodology with continuous interviewing and a face-to-face interview with a nationally representative sample of adults (16 years and over), using a similar set of questions. Therefore, results from the two surveys are broadly comparable, although the NICS also does not currently include questions on fraud.

NICS data are published by the [Department of Justice \(Northern Ireland\)](#).

9. Annex 1: Changes to arrangement for reporting and recording fraud and the coverage of police recorded fraud

Over recent years there have been some changes and updates to the presentation of crime statistics to reflect new operational arrangements in reporting and recording practice, and these changes need to be considered when interpreting findings.

Firstly, fraud data presented in the police recorded crime series now show offences recorded by Action Fraud, a public facing national reporting centre that records incidents of fraud reported to them directly from members of the public and organisations. Between years ending March 2003 and March 2012 the headline figures for England and Wales showed a steady decrease in fraud offences recorded by the police, with subsequent increases thereafter following the introduction of Action Fraud. Its launch led a transfer over of responsibility for centrally recording fraud offences that were previously recorded by the police, using a phased approach over a two year period, with Action Fraud taking over full responsibility from April 2013¹. Data from Action Fraud are collated by the NFIB, a government funded initiative run by the City of London Police, who lead national policing on fraud.

The transfer to Action Fraud is thought to have led to more consistent recording of fraud and is designed to make it easier for victims to report, for example by providing various reporting channels including a call centre and an online tool. While it is not possible to provide separate figures for individual victims, it is thought that members of the public make up the vast bulk of incidents reported to them.

In addition, coverage of fraud against corporate bodies and institutions has improved since the official statistics on police recorded crime were extended to include other fraud offences reported to the National Fraud Intelligence Bureau (NFIB) by two industry bodies, Cifas and Financial Fraud Action UK (FFA UK). Both bodies are membership organisations, covering all major banks and plastic card providers, and each independently collects data from its members on fraudulent activity² which it passes on to the NFIB. These statistics provide a useful indication of the number of offences against financial institutions that are reported to the NFIB. However, in the case of offences involving bank account and plastic card fraud, such reports will tend to be focused on those with the best investigative leads and it is known they represent only a small fraction of the totality of such crime.

The majority of frauds reported to Cifas occur at the point of application for financial products or services, while FFA UK data focuses on fraudulent activity on existing accounts. Together they provide a good source of data relating to banking and credit industry fraud that have come to the attention of the police in England and Wales³, reporting around 350,000 incidents between them to NFIB each year. Of these incidents, around four in five offences relate to cheque, plastic card and online bank account fraud, with the remaining fifth relating to referrals by Cifas for application fraud⁴ and a small proportion of mortgage related fraud⁵.

Both sets of industry data from Cifas and FFA UK relate only to fraud affecting those organisations that are part of the respective membership networks. While membership of Cifas and FFA UK has remained fairly stable over the last few years, it is possible that coverage could change as new members join or previous members withdraw, which could impact on overall figures for fraud reported. Data for these industry bodies are, like Action fraud, presented in the police recorded crime figures from the year ending March 2012 onwards. Prior to this period, fraud cases for these organisations were not sent to the NFIB.

For more information on these administrative data sources on fraud, please see the '[User Guide to Crime Statistics for England and Wales](#)'.

Notes:

1. Police forces continue to record forgery offences, offences which meet the 'call for service' criteria and crimes passed to them by the NFIB for investigation, but no longer record for statistical purposes any offences amounting to fraud as of 31st March 2013.
2. Cifas collates data via its National Fraud Database, and FFA UK collates data via its Fraud Intelligence Sharing System (FISS) database.
3. The two industry bodies collate data for UK as a whole. Cifas data are broken down to England and Wales level based on the address provided by the fraudster. Data from FFA UK are adjusted to provide a breakdown to England and Wales level geography. For more information see Section 5.4 of the 'User Guide to Crime Statistics for England and Wales'.
4. With regard to Cifas referrals, application fraud relates to fraudsters applying for products or services excluding cheque, plastic cards and bank accounts.
5. Mortgage related fraud is where an individual fraudulently obtains one or more mortgages for profit or to assist in money laundering.

10. Annex 2: Legal definitions

The offence of fraud is laid out in Chapter 35 of The Fraud Act 2006 which came into effect on 15 January 2007, and affects England and Wales and Northern Ireland:

1. Fraud

(1) A person is guilty of fraud if he is in breach of any of the sections listed in subsection (2) (which provide for different ways of committing the offence).

(2) The sections are—

- (a) section 2 (fraud by false representation),
- (b) section 3 (fraud by failing to disclose information), and
- (c) section 4 (fraud by abuse of position).

(3) A person who is guilty of fraud is liable—

(a) on summary conviction, to imprisonment for a term not exceeding 12 months or to a fine not exceeding the statutory maximum (or to both);

(b) on conviction on indictment, to imprisonment for a term not exceeding 10 years or to a fine (or to both).

(4) Subsection (3)(a) applies in relation to Northern Ireland as if the reference to 12 months were a reference to 6 months.

2. Fraud by false representation

(1) A person is in breach of this section if he—

(a) dishonestly makes a false representation, and

(b) intends, by making the representation— (i) to make a gain for himself or another, or (ii) to cause loss to another or to expose another to a risk of loss.

(2) A representation is false if—

(a) it is untrue or misleading, and

(b) the person making it knows that it is, or might be, untrue or misleading.

(3) “Representation” means any representation as to fact or law, including a representation as to the state of mind of—

(a) the person making the representation, or

(b) any other person.

(4) A representation may be express or implied.

(5) For the purposes of this section a representation may be regarded as made if it (or anything implying it) is submitted in any form to any system or device designed to receive, convey or respond to communications (with or without human intervention).

3. Fraud by failing to disclose information

A person is in breach of this section if he—

(a) dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and

(b) intends, by failing to disclose the information— (i) to make a gain for himself or another, or (ii) to cause loss to another or to expose another to a risk of loss.

4. Fraud by abuse of position

(1) A person is in breach of this section if he—

(a) occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person,

(b) dishonestly abuses that position, and

(c) intends, by means of the abuse of that position— (i) to make a gain for himself or another, or (ii) to cause loss to another or to expose another to a risk of loss.

(2) A person may be regarded as having abused his position even though his conduct consisted of an omission rather than an act.