The National Centre for Post-Qualifying Social Work and Professional Practice

Bournemouth University

Financial Scamming

A Brief Guide

Working in partnership with:

Chartered Trading Standards Institute

NATIONAL TRADING STANDARDS Scams Team

Trading standards

CITY OF LONDON

We would like to thank all those who contributed:

Chartered Trading Standards Institute

NATIONAL TRADING STANDARDS Scams Team

Trading standards

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Foreword

Financial scamming and its impact have been receiving a higher public profile in recent months, yet though it is recognised as a growing problem, there is a lack of clear research and evidence into the scale of the problem, its causes and the impact on the public.

The National Centre for Post Qualifying Social Work and Professional Practice at Bournemouth University have been working with key national organisations in the UK to develop a better understanding of this issue, seeking ways and solutions to reduce the risk of financial scamming.

I want to thank the many organisations who have shared their experience and data with us to help formulate our thoughts and understanding. In particular The National Trading Standards Scams Team, Chartered Trading Standards Institute, North Yorkshire Trading Standards and the City of London Trading Standards Team.

We are continuing to work with these bodies plus other leading agencies in this field to develop a clearer understanding of the scale and impact of scams and their implications for society.

Listed on the next page are our three campaign points which we believe are both achievable and would make the greatest impact in reducing the risk of being scammed for the most at risk citizens in our society. In particular, those at risk are lonely older people, and specifically those with a cognitive impairment (Dementia) who may be unable to safeguard themselves as a result of their health or social care needs.

This work is far from complete and we are continuing to research and develop our ideas and understanding. If you would like to contribute your thoughts or ideas please contact me. It is only via our collective efforts that we will be able to tackle this growing issue and we positively welcome your input and support.

Professor Keith Brown

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Our Campaign asks that...

1. All agencies, especially financial institutions should:

- Recognise that consumers/clients with Dementia are by definition more at risk of being scammed. Therefore measures to protect this population group are required as part of a 'duty to care', and those with a diagnosis of Dementia have by definition a cognitive impairment which means that their potential 'unwise decision' is a result of their cognitive state rather than simply an unwise decision.

2. All organisations that hold personal data should:

- Only share or pass on personal details and information to other organisations via a clear opt in as opposed to an opt out process. Data should only be held for a maximum of 12 months before permission needs to be sought again.
- Recognise that the normal default position should be that charities do not share, pass on or sell personal details to help prevent 'Suckers Lists'. The exception being to report a safeguarding concern to statutory agencies where there is a suspicion that the person(s) is/are at risk of harm or scamming and this information should be used in accordance to The Care Act (2014).

3. Citizens who feel at risk of financial scamming should be able to:

- Formally notify their bank or building society in writing stating that they feel at risk and requesting that all transactions to new payees above a defined threshold (perhaps £1000) have a 24 hour delay before being processed.
- At the start of the 24 hour delay period, an email/text alert is automatically sent to the customer's nominated representative (relative, friend) stating that the customer is attempting to make a large transaction. This will give the opportunity for the proposed transaction to be challenged with a view to potentially stop it leaving the consumers account.

Key Points

- Lonely older people are more likely to be at risk of being scammed.
- Many people who have responded to a scam are put onto 'suckers lists'. These lists are sold globally between fraudsters who target vulnerable people.
- Financial scamming can affect everyone. It is vastly under reported and the true scale of the detriment is unknown.
- Scamming has been taking place for many years but the internet and growing use of e-communications has accelerated the problem in recent years.
- Vulnerability is not a term that is defined in law which means it is difficult for professionals to introduce measures to protect vulnerable people. However 'adults at risk' of harm is now used in adult safeguarding policy.
- Older people are targeted by certain types of scams such as doorstep, mail, telephone and investment scams. Older people are at increased risk of Dementias, isolation and feelings of loneliness.
- Dementia causes a fluctuation of mental capacity, which can make it difficult for people to understand risk and apply caution to decision making. This makes people with dementia at increased risk of responding to a scam.
- An ageing population is likely to put pressure on the health and social care economy. These services are already struggling to manage the present demand. Older victims of financial crime will experience loss of assets and may become financially dependant on the state for funding future care needs.
- Financial scamming can have seriously damaging consequences on individuals and society. The impact is often underestimated. Becoming a scam victim can be a life-changing event.
- Scams can be a major factor in the decline of health in older people, undermining wellbeing and quality of life.

What is the problem?

The Care Act (2014) has recognised the risk posed by financial abuse/crime on individuals and society. Financial scamming is a growing problem and if we fail to respond appropriately to the threat by safeguarding those at risk, it is likely that the financial and social implications will grow in the future.

What is financial scamming?

Scams are a form of fraud or financial abuse designed to extort money from people using misleading or deceptive ‘selling’ techniques. Scams are illegitimate schemes, often disguised as business practises, that rely on the premise of false promise. They offer, for example a product, investment or relationship, or the perceived value of the offer does not exist. Scamming is increasingly a global problem.

The estimated average detriment to victims of mail scams is £1,012.

(National Trading Standards Scams Team, 2016)

3.2 million people per year fall victim to a scam.

(Age UK, 2015)

For a scam to be successful the victim must choose to participate in the scheme, financially or psychologically. To make the transaction appealing scammers use techniques of persuasion, utilising business skills and professionalism.

What is a ‘suckers list’?

Many people who have responded to a scam or to lead generator mail are put onto ‘suckers lists’. Lead generator mail determines susceptibility to scams by asking questions such as “would you like to win a prize for nothing?”. A ‘suckers list’ is a form of criminal catalogue which holds personal details of scam victims. These lists are sold globally between fraudsters who are looking to target vulnerable people. The selling of ‘suckers lists’ can lead to people being repeatedly targeted by scams.

The average confirmed victim age based on ‘suckers list’ intelligence was 74.

(National Trading Standards Scams Team)

The details recorded in these lists will vary but can include names, contact details, dates of birth, age, items bought, types of scams previously responded to and amounts of money handed over to scammers.

The National Trading Standards Scams Team have accessed 15 ‘suckers lists’ to date, obtained from various different sources and partners. These lists contain over 260,000 names. These lists are traded between scammers.

What are the different types of scam?

Fraudsters use a wide range of techniques, methods and communication media to make contact with victims which results in many different types of scam. This is not an exhaustive list as scammers evolve their methods. Here are some of the most common:

Lottery or prize draw scams	Claim you have won a large sum prize on a lottery or draw, that you didn't enter. To claim the winnings victims must send a fee to release the funds or cover taxes.
Nigerian (419) letter scams	Offer a share in a large sum of money in return for helping to transfer it out of the country. Once scammers have bank account details they empty the accounts.
Romance scams	Involve fake online dating or chat rooms which groom the victim by building an online relationship. Victims are often persuaded to hand over money to help their 'partner'.
Clairvoyant scams	Lure victims by offer of a contact with a deceased relative or a prediction of their future - bereaved individuals may be particularly susceptible.
Catalogue scams	Sell 'miracle cures', products and vitamins at bargain prices. Products either do not arrive or are of little or no value. Victims are sometimes entered into a fictitious prize draw as an incentive to continue ordering products.
Charity scams	Pocket donations, use details to access accounts and use premium rate phone numbers.
Pension scams	Pension liberation schemes target older people by offering to convert pension benefits to cash benefits. Victims pay high fees and often face tax bills as a result of such schemes.
Investment Fraud	Cold calling consumers to offer products such as wine, diamonds and land as an investment opportunity. Often, the products do not even exist and even if they do, the financial returns promised simply fail to materialise.
Recovery Room Fraud	Victims who have already lost money to an initial investment scam are contacted again to be told that their investments can be recovered on payments of further fees or on purchase of other commodities.

Mail Scams

Scammers commonly contact people through the post. Some victims, particularly older people, receive hundreds of scam letters a week. Despite the growth of the internet there is no evidence to suggest a reduction in mail scams. Common mail scams include lottery and prize draw scams, Nigerian letter scams, clairvoyant scams and catalogue scams.

Mrs. M, 92, lives alone. When Trading Standards visited her house there was little evidence of scam mail in the living room, but it transpired she had been responding to prize draw mail scams for over 10 years and had been hiding the mail. Mrs. M's estimated spend was £500 a month, amounting to a detriment of approximately £60,000. 34 bags full of scam mail were removed from her house.

It is estimated that prize draw scams cost the UK public £60 million per year.

(National Trading Standards, 2015)

2 in 5 of all postal scams are lotteries or prize draws.

(Citizens Advice, 2015)

- ✗ **Don't pay anyone in advance for a prize or cash sum.**
- ✗ **Don't send money abroad or to someone you don't know.**
- ✓ **Check for poor spelling and grammar.**
- ✓ **Ask about the Mail Preference Service, this will not prevent all scam mail or international mail.**

Doorstep Scams

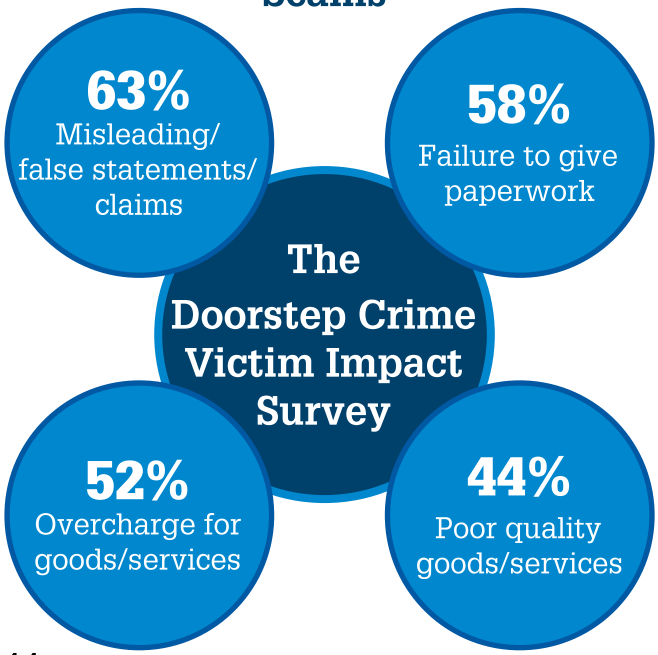
Scammers commonly pose as legitimate doorstep sales people and attempt to sell goods or services that are of poor quality, unnecessary, faulty, overpriced or which do not exist. In some cases victims are unaware of the inflated price for goods or services. Victims are often billed for services that they did not ask for or which were worth considerably less. Doorstep fraudsters put people under pressure and can appear friendly, polite and trustworthy.

- ✗ **Don't pay for any agreed goods or services upfront.**
- ✗ **Don't immediately agree to any offer or service.**
- ✓ **Get all agreements for any goods or services in writing upfront.**
- ✓ **Check credentials such as ID, address and telephone numbers.**

There were 17,264 reports of doorstep crime in 2014/15, but this could be as low as 1% of cases.

(National Trading Standards Board, 2015)

The Most Prominent Doorstep Scams



(National Trading Standards Board, 2015)

Telephone Scams

Scammers commonly make contact over the telephone to obtain personal details. These scams are referred to as 'vishing' and are becoming more prevalent. Common telephone scams include courier scams, pension scams, investment scams and charity scams.

Courier scams are evolving into different variations. It usually consists of two parts; firstly scammers cold call, claiming to be from the bank or other authority and persuade victims to offer their PIN. Secondly, scammers send a fraudulent courier to pick up their bank card which will also give them their address.

Mrs. A suffered a power cut after a storm which resulted in her telephone blocking device disengaging. During the four hours without power her daughter received 10 phone calls. After investigation, it was found that Mrs. A was receiving an average of 70 nuisance calls per month. During the worst month 121 calls were received.

58% of people received suspect calls, an increase from 41% the previous year.

(Financial Fraud Action, 2014)

£23.9 million lost to vishing in one year, which is up £7 million in one year.

(Financial Fraud Action, 2014)

- ✗ **Don't return a call without calling a friend first or using another telephone.**
- ✗ **Don't give out your PIN to anyone.**
- ✓ **Ask about the Telephone Preference Service, this will not prevent all scam calls or international calls.**
- ✓ **Install a call blocker.**

Investment Scams

The investment market is vulnerable to scams because of the large sums of money involved. Scammers often attempt to groom victims and form relationships to build trust. There are many types of investment scams including share or 'boiler room' scams, get-rich-quick or 'ponzi' schemes and pension scams.

- ✗ **Never deal with people who cold call you to sell investments.**
- ✗ **Not all investment products are regulated by the Financial Conduct Authority - work out the risks.**
- ✗ **Just because you are promised a 12% return, what if the business you are dealing with goes bust?**
- ✓ **Thoroughly research all investments and consult trusted family and friends before parting with any cash.**

Total losses through boiler room and share sale fraud were shown to be £1.3 billion in 2014/2015.

(Action Fraud, 2016)

Mr. O, 45, was cold called by an alleged financial adviser, offering to make a better return on his pension pot. The deal included a 30% cash back rate and an 8% return, plus an annual £1,000 for agreeing to be locked into the scheme for 10 years. The offer was time limited. Thinking it too good to be true, Mr. O did his research and found the company was government registered with a legitimate looking website. A courier was sent with the paperwork and Mr. O signed, also agreeing to become a company director and trustee. Mr. O received his first bonus, but lost his pension pot after the alleged adviser disappeared. HMRC also fined Mr. O for tax related offences.

(The Pensions Regulator, 2015)

How big is the problem?

Financial scamming is under reported by victims which means the true scale of the problem is unknown. It is estimated that only 1% - 10% of scams are reported.

Doorstep Scams in England (2014-2015)

"Reporting levels of doorstep crime are believed to be between 1% - 10%"

Reported

Doorstep Scam Victims

17,264

Estimated expenditure on doorstep crimes

£22.1 million

Estimated Figure Maximum (1%)

Doorstep Scam Victims

1,726,400

Estimated expenditure on doorstep crimes

£2.21 billion

Estimated Figure Minimum (10%)

Doorstep Scam Victims

172,640

Estimated expenditure on doorstep crimes

£221 million

(National Trading Standards Board, 2015)

Why is it under reported?

Often victims feel embarrassment and refrain from admitting their actions to friends, family and the authorities. Some victims feel their financial loss is too insignificant to alert the authorities, or that the offence will not be investigated seriously.

Scammers commonly target small amounts of money from large numbers of people because insignificant loss is less likely to be reported. Low levels of reporting make it difficult to achieve accurate information about the scale of financial scamming. The reported figures are likely to be only the tip of the iceberg, and the true detriment could be much higher.

Is scamming a growing problem?

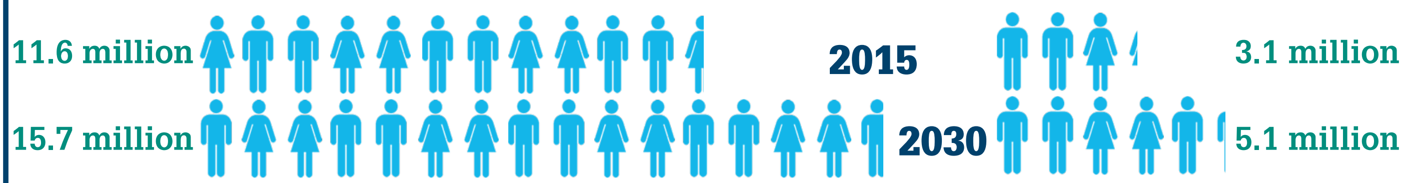
Yes. Scamming has been taking place for many years but, due to an increase in use of the internet and e-communications for mass marketing fraud, it is a growing problem and internet has enabled criminals to reach a global audience.

With more personal and business transactions completed online the opportunities to obtain personal information has become much easier. By collating this information in 'suckers lists' criminals can easily send personal data across the globe.

How big will the problem get?

The UK has an ageing population, and this means that the proportion of older people in the UK will increase. There will be greater pressure to meet the needs of an ageing population over the next 15 years.

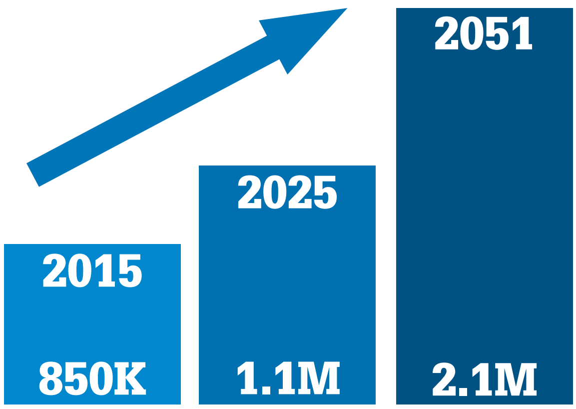
The Office of National Statistics population predictions for the UK



Source: Office of National Statistics (2014)

Older adults are more at risk of developing Dementia and of living alone and are at particular risk of being targeted by scammers.

Alzheimer's Society Predictions from the Population with Dementia in the UK



If current trends continue and no action is taken, the number of people with dementia in the UK is forecast to increase to 1,142,677 by 2025.

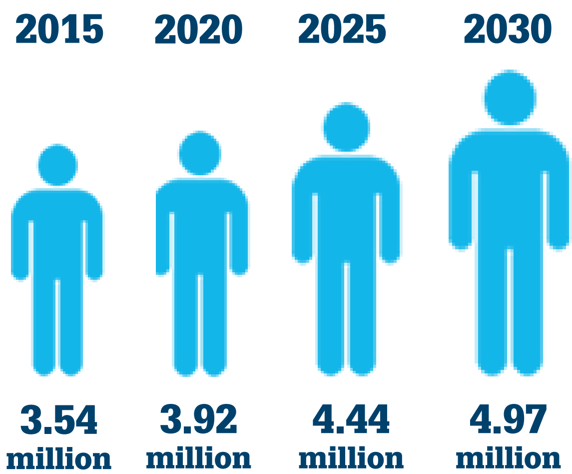
(Alzheimer's Society, 2016)

Therefore an ageing population in a future that is increasingly living alone may predict increased numbers of older people at risk of financial scams.

In 2015, 68% of people who were living alone were female, in comparison to 32% of males.

The demand and costs for health and social care are likely to increase over time as the population ages. Older people who lose savings to scams will be unable to contribute to care costs in old age resulting in a higher burden on state funded provision.

Predictions for People Over 65 Living Alone in England



(Poppi, 2015)

Who is at risk from scamming?

Financial scamming is a problem that can affect everyone and research by the Office of Fair Trading shows that in 2006, 48% of the adult population in the UK were likely to have been targeted by a scam, this is likely to have increased since the report was released. However, scams are often targeted at specific groups of people. Fraudsters customise the type and content to fit the profile of those targeted.

This could mean that a staggering half a million older people have fallen victim to losing savings.
(Age UK, 2015)

Many victims fall prey to scams because scammers combine different scam types together. Multiple scams are used to reinforce scam messages and can have a more persuasive effect on individuals. Many people do not even recognise they have been targeted by scammers or that they have responded to a scam.

65% of doorstep scam victims were aged 75 and over.
(National Trading Standards Board, 2015)

Those most as risk of financial scams are:

- Older people are targeted more often by certain scams such as doorstep, mail, telephone and investment scams.
- Socially isolated individuals - They are often invisible and their involvement in scams may remain hidden. Loneliness may encourage someone to respond favourably to an approach from a scammer.
- Those with Dementia and cognitive impairment lack financial literacy skills and judgement.

Risk Factors

Loneliness

There is a difference between social isolation and loneliness. Social isolation is an objective term to describe a lack of contact with others including friends, family and the community. Loneliness is a subjective term describing how a person feels about themselves and their level of contact with others. People experience loneliness differently and it does not necessarily reflect social isolation.

Older adults are vulnerable to feelings of loneliness because of a combination of the following psycho-social factors *(Victor, C. et al., 2005);*

- **Socio-demographics** (Age, gender, family, living arrangements)
- **Social Resources** (Friends, family, community network, time spent alone)
- **Material Circumstances** (Education, income, wealth)
- **Health** (Disability, cognitive impairment, mental health)
- **Life Events** (Bereavement, divorce, admissions into residential care)

Older adults are more likely to live alone and experience bereavement, loss of friends and loved ones or moving into care. Health problems or disabilities can reduce mobility and engagement with the wider community. Cognitive impairments can make it difficult to maintain relationships.

3 in 10 of those aged 80 and over report being lonely.

(Office of National Statistics, 2015)

Loneliness is a significant but under recognised social problem and it makes older adults more vulnerable to scamming. People who are isolated or without a social network can find it difficult to talk to others about finances or scams and there may be fewer opportunities for others to identify or intercept scams. Loneliness is related to higher frequencies of telephone and doorstep contact and people who feel lonely are more likely to listen to a sales pitch as, in some cases, this may be the only social contact they have.

Mr. G is 67 and has lived alone since his wife died. Awaiting a hip replacement he has poor mobility and cannot drive. Mr. G received clairvoyant scams after the loss of his wife and he responded because he felt lonely. He then started receiving and responding to prize draw and catalogue scams in his wife's absence until he got caught up in a daily routine of repeat orders to pass the time.

After intervention from Trading Standards it emerged that Mr. G had £41,000 of debt across five credit cards he had taken out to fund scams. Wardrobes and cupboards in his house were stacked with goods that were of no use to him.

Dementia

Dementias result in cognitive impairments that can interfere with everyday life. The prevalence of Dementia increases in old age. Symptoms include memory loss and difficulties with communication, problem solving and reasoning. It is a progressive condition affecting a person's abilities and mental capacity over time.

Dementia can cause fluctuations in mental capacity, and ability to make decisions and judge risk. Dementia can make it more difficult for people to identify and understand risk and to apply caution to decision making. This makes people with Dementia particularly vulnerable to scamming.

1 in every 14 of the population aged 65 years and over have Dementia.

(Alzheimer's Society, 2016)

Dementia currently costs the UK £26.3 billion a year.

(Alzheimer's Society, 2014)

The financial sector is changing rapidly and people with Dementia may find it difficult to understand new methods of financial transactions; for example, online banking, telephone banking and cash machines. People with Dementia may require support to safely manage their finances.

Managing finances can be a difficult and complex process for everyone, This process can be more difficult for people with Dementia putting them at higher risk of financial abuse. Having Dementia can also make it more difficult to detect financial abuse.

62% of carers said the person they care for had been approached by cold callers, or doorstep sales people.

(Alzheimer's Society, 2011)

70% of carers said that nuisance telephone cold callers routinely targeted the person they cared for.

(Alzheimer's Society, 2011)

Scammers target people with Dementia because they are more susceptible to scams. They may be unable to identify the value of money or identify the risks of sending money in advance.

Mr. K, 86, lost his wife 22 years ago and lives alone. He has health and mobility issues and does not leave his property. He is in the early stages of Dementia. Mr. K replied to lottery, clairvoyant, inheritance and other scams. He wanted to pay for improved, social living accommodation in a care home. He receives 80-120 scam mail letters and 20 scam phone calls a week. Mr. K has spent at least £30,000 on scams in three years, although this is likely to be much higher. With no savings, Mr. K survives on his state pension and benefits. His Dementia is such that he has moments where he understands that he has been replying to scams, but he quickly forgets.

Dementia Care

£26.3 Billion per year

£32,250 per person

Social Care

£10.3
Billion per year

Private

£5.8
Billion per year

Public

£4.5
Billion per year

(Alzheimer's Society, 2014)

The Mental Capacity Act 2005

The Mental Capacity Act 2005 was implemented in England and Wales in 2007. It was introduced to correct of a lack of consistency in the law concerning mentally incapacitated adults and best interest decision making on their behalf. Prior to 2005 the law did not always respect independence and autonomy.

The Mental Capacity Act is a statutory framework that allows for decision making on behalf of people over the age of 16 who have a mental incapacity. The Act covers personal welfare decisions, mental healthcare decisions and financial decisions. It has 5 principles:

- It must be assumed that a person has capacity unless proved otherwise.
- All practicable steps must be taken to help a person make a decision before it is deemed they are unable.
- People are able to make unwise decisions without being deemed as incapable of making a decision.
- Any decision or action taken on behalf of another must be done so in their best interest.
- Before decisions are made or actions taken on behalf of another, consideration must be given to alternative and less restrictive ways of doing so.

Section 3 of the Act outlines a test to be used to test for mental capacity. If any of the four conditions cannot be satisfied, a person would be deemed incapable.

A person is unable to make a decision for himself if he is unable-

- to understand the information relevant to the decision,
- to retain that information,
- to use or weigh that information as part of the process of making the decision, or
- to communicate his decision (whether by talking, using sign language or other means).

'Next of kin' does not exist within the law. The law does not allow for a next of kin to consent to treatment on behalf of another adult unless legal formalities have been put into place. Prior to the implementation of the Mental Capacity Act in 2007, care providers had no legal obligation to consult family or next of kin when making decisions about care and treatment and families had to rely on good practice to stay informed and involved.

Unwise Decisions

It should not be assumed that a person lacks mental capacity if their decisions are thought to be unwise. We all have a legal right to make an unwise decision. Distinguishing between a lack of capacity and an unwise decision can be difficult. Responding to a scam could be seen as an unwise decision unless the victim has been diagnosed with a cognitive impairment.

Lasting Power of Attorney

A lasting power of attorney allows a person to appoint someone of their choice to make decisions on their behalf should they become unable to do so. It is a legal tool which can help a person plan for their future and manage their finances and health and social care. Lasting Powers of Attorney can help protect vulnerable people from financial scamming.

Why do people respond to scams?

Most of the research into financial scamming to date has focused on the reasons why people fall victim to scams. Attention has been put on the persuasive techniques used by scammers to encourage responses and the characteristics of victims which make them more susceptible.

Persuasive Techniques

Scammers are skilled in exploiting the everyday decisions that people make. Heuristics are cognitive shortcuts which allow people to quickly make judgements. Scammers encourage people to use heuristics so that they are vulnerable to making quick and unwise decisions.

Scams are a form of marketing as they attempt to create a transaction, similar to legitimate sales transactions but without intention of receiving the products or services or quality of products or services perceived. Scammers have similar skills to people in sales and use these skills in a similar way. Within each scam there is an element of grooming. In some scams, particularly romance scams, grooming can continue for long periods of time before the victim loses any money. Research has found that there are four main psychological processes utilised to increase scam compliance:

Deterioration of decision making with incentive

When offered a high incentive, such as a large sum of money, people do not judge risk or reason their decisions in the same way as they would an everyday event. This is a visceral response, thinking with the heart and not the head. People with a cognitive impairment are the most vulnerable.

Acceptance of cues that create trust

Scammers use different techniques to elicit trust, including legitimate names and logos, faked customer reviews, positions of authority and common ground. People who put more importance on the interpersonal interaction than the details of the offer will miss the scam cues.

Social influence and consistency

People influence other's behaviour in different ways, including conforming to behaviour, reciprocating offers and gestures and being consistent in actions. Establishing similarity with victims or repeatedly asking for payments are a manipulation used in scams.

Urgency and scarcity

The value of an offer can be enhanced if it is perceived that the offer is scarce or urgent. Scammers often encourage victim's to take as little time to consider an offer as possible, increasing the pressure on the victim and likelihood of a rushed decision.

(Fischer, P., Lea, S. and Evans, K. 2013)

Each scam will also have an element that appeals to basic needs such as greed, fear and companionship, invoking a visceral response. This visceral response can stop victims from deliberating the scam for too long and is why scammers often put focus on the high rewards offered.

The more proximate the reward, the greater the visceral response will be.

(Langenderfer and Shimp, 2001)

Victim Characteristics

Most people will have received some form of scam, but only those who respond become victims. Research has focused on why victims respond to scams and what makes them more at risk. Victims appear to be more open to persuasion particularly by people they do not know. People who use heuristics to make decisions are vulnerable because of the short-cuts made in decision making. Victims are more likely to be scammed because of a number of errors made in decision-making processes.

Involvement in scams may also provide the victim with a sense of utility through engagement with meaningful activity, and a sense of purpose *(Olivier, Burls, Fenge and Brown, 2015)*. This can make victims reluctant to give up their involvement.

Urgency and scarcity

Some people are more vulnerable to the pressure put on by scammers. People who struggle to make decisions under pressure are likely to be more vulnerable to scams.

Consistency and commitment

Scammers may ask for small steps of compliance such as regular payments or contact. People who are comfortable with routine and consistency are likely to respond to such scams.

Gambling rewards

Some people view scams as a gamble and are prepared to pay the relatively small costs for the chance to gain high rewards. The relationship between costs and rewards, the susceptibility to gambling, can make people more vulnerable to scams.

Emotional control

Some victims have less control over their emotions compared with non-victims. People who struggle to regulate their emotional attachment are likely to be more vulnerable to scams.

(Office of Fair Trading, 2009)

What victims had to say

"It gave me something to do, take my mind off ... Like a little job, because I had nothing else."

"They play on that you see, your emotions and everything. It wasn't until sometime after my husband died that I really began to get involved with it because it gave me, I know this sounds silly, something to take my mind off my grief"

"They kept saying we can wait, there is no hurry, we understand. We're sorry for your loss. They were comforting me in one way, it's ridiculous to say it you know, quite friendly and believable. Took me over really"

(Olivier, Burls, Fenge and Brown, 2015)

The Doorstep Crime Victim Impact Survey

Victim Profile

63% Physical impairment

41% Felt lonely

57% Lived alone

13% Cognitive impairment

34% Experienced recent bereavement

(National Trading Standards Board, 2015)

What impact does scamming have?

Financial scamming can have seriously damaging consequences on individuals and society. The impact is often underestimated. Becoming a scam victim can be a life-changing event.

Individuals

The financial detriment to victims can range from a few pounds to hundreds of thousands of pounds, depending on the type of scam and the number of times a victim has responded. In many cases the financial loss is severe enough to impact an individual's well being and day-to-day standard of living. Scam victims may go without food, sell or re-mortgage their home or take out loans to fund scams or debts caused by scams.

Scams can cause long lasting or permanent damage to an individual's health and quality of life. Many victims experience injury to their confidence and trust, and some victims are left with the psychological effects of stress, anxiety, fear, depression and shame. Many victims face denial and others place blame on their own shoulders.

Scams can be a major factor in the decline of health in older people. The Home Office carried out a study in 2003 on burglary and it was reported that older victims of doorstep crime decline in health faster than non-victims of a similar age (Donaldson, 2003).

Mrs. M began responding to prize draw scams, sending £10-£15 regularly to 'win' the money to pay off her daughters debts. This could bring her daughter home from overseas. Over 15 years Mrs. M spent her life savings, over £20,000, on scams and admitted she had become addicted to responding. She became seriously ill, couldn't work and lived off benefits. Mrs. M went without food to fund the scams and showed Trading Standards Officers empty food cupboards and piles of daily scam letters. Whilst recovering from a stomach operation, Mrs. M survived purely on liquid supplements supplied by the hospital. She accrued a debt of £2,000 to her bank.

Society

Scamming causes financial detriment to both individuals and wider society. Scamming increases the pressure on public services who have a duty of care as a result of the Care Act (2014) to safeguard individuals from financial abuse. The Care Act (2014) recognises the significant threat that financial abuse poses to adult health and wellbeing and places a responsibility for protection on Local Authorities. This will result in increased demand for 'safeguarding' responses from Local Authorities, the police and Trading Standards.

Loss of assets and finances may result in individuals being unable to contribute to their health and social care costs in old age, increasing the financial burden on society for future care provision.

People with Dementia are particularly at risk of financial abuse and scamming, and this puts additional pressure on community and residential Dementia care services. The average annual cost in 2007 of supporting a person with severe Dementia in the community was £37,473 and in a care home was £31,296 (Alzheimer's Society, 2007).

With more scam victims losing large sums of money, there is more pressure on public funding. Financial scamming will continue to be a challenge for the economy if it is not tackled in the future. Scams can undermine the health and wellbeing of victims resulting in increased demand for health and social care support.

What can be done?

A number of national initiatives are recognising the scale of the problem by financial crime and financial scams. These include:

Joint Fraud Taskforce

In February 2016 the Home Office announced the establishment of a new Joint Fraud Taskforce to combat financial fraud to include banks, the police and government officials. This is a response to the growing recognition that financial fraud is undermining business and the wider economy. There has been a growth in particular types of financial fraud in the last year including online banking fraud which rose by 48% in 2014. Another growth area for fraud has been the CEO or ‘bogus boss’ fraud, where staff are instructed to transfer money for a specific reason out of a company account, believing the instruction to come from a senior member of staff.

The new Joint Task Force brings together banks, payment providers, police, wider law enforcement and regulators to jointly tackle this threat. It builds on the success of the Joint Money Laundering Intelligence Taskforce set up in 2015. Five workstrands are identified:

- **Understanding the threat**
- **The collective response**
- **Victims and vulnerability**
- **Behaviour change**
- **Tackling systemic vulnerabilities**

The development of a national taskforce is positive and to be welcomed, and will encourage greater cooperation between banks, law enforcement and government to respond to fraud. It will be important for the taskforce to consider the impact of fraud on individuals as well as businesses, and to collaborate with other agencies involved in this work including Trading Standards, The National Trading Standards Scams Team and Bournemouth University.

Financial scams and in particular mass marketing fraud is a growing problem and can affect anyone, and it is important that the victims of this types of financial crime are identified and supported as well. The Care Act (2014) has recognised the risks posed by financial abuse/crime on individuals and places a statutory responsibility on local authorities to take a lead in safeguarding those at risk. This requires collaboration from key agencies involved in identifying and protecting victims of financial scams, including the police, trading standards, the financial sector, local authorities and health care.

We believe it is important that certain groups are recognised as being at increased risk of scam involvement, and this includes older people and those who are socially isolated and living alone. In particular those with dementia find it difficult to understand risk and apply caution to decision making due to their cognitive deficits and reduced financial capability. This makes people with dementia at increased risk of responding to scams. Therefore banks and other financial institutions should have a ‘duty to care’ for those with cognitive impairments who may make an ‘unwise decision’ a result of their cognitive state. It is important to ensure that vulnerable citizens are protected and supported in the best way possible.

Operation Broadway
(An example of multiagency work to prevent scams)

Operation Broadway is a multi agency approach to tackling the serious issue of investment fraud. It brings together a number of partners – the City of London Trading Standards Service, the National Trading Standards Tri-Region Scambusters Team, the City of London Police, the Metropolitan Police, the Financial Conduct Authority and Her Majesty's Revenue and Customs. Investment fraudsters cold call consumers, particularly those of more senior years, in an attempt to sell "fantastic" investment opportunities in products such as wine, diamonds, rare earth metals and even car parking spaces. The sale of these products is not regulated and the products are normally over-priced, are actually a very poor investment and often do not even exist. Individual consumers have been known to lose hundreds of thousands of pounds which has a devastating effect on the victims and places additional burdens on the welfare system in the future. The fraudsters like to be associated with prestigious addresses in the City to create the impression of respectability in their glossy brochures and on their web sites and they use mail forwarding businesses to give the impression that they are based in the Square Mile.

Operation Broadway is an intelligence led approach to tackling this crime and partners meet every two weeks to share intelligence and decide on deployments to addresses in the City. It also engages closely with the network of mail forwarding businesses and virtual offices that may be inadvertently facilitating this type of crime. The useful provisions of the London Local Authorities Act are rigorously enforced, making it more difficult for the fraudsters to use a seemingly respectable address. Public awareness campaigns are also orchestrated in order to make consumers aware of the serious risks of dealing with cold callers.

Every incident of investment fraud involves the transfer of money from the vulnerable consumer to the criminal and Operation Broadway is now hoping to work with the financial services sector to build safeguards into the system to prevent this despicable type of financial abuse.

(City of London Trading Standards, 2016)

The National Centre for Post Qualifying Social Work and Professional Practice believe that it is important that certain groups are recognised to be at increased risk of scam involvement, including lonely older people and those with Dementia who have decreased financial capability.

Therefore, banks and other financial institutions have a 'duty of care' for those with cognitive impairments. Health and Social Care agencies along with the police and Trading Standards need to work collaboratively to identify and support those individuals most at risk.

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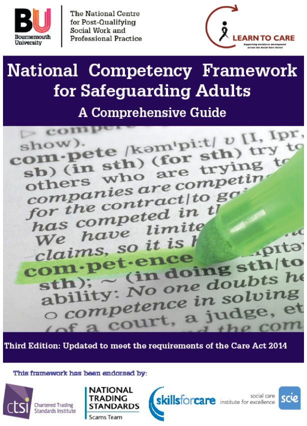
SAFEGUARDING ADULTS AT RISK RESOURCES

National Competency Framework for Safeguarding Adults

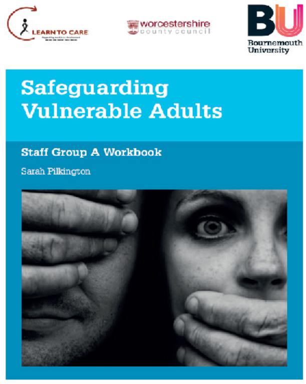


The National Competency Framework for Safeguarding Adults outlines the competencies required for those working with adults at risk.

The framework will aid staff supervisors and team leaders to use identifiable standards to measure the competencies of staff.

The framework has been updated to meet the requirements of The Care Act (2014). This should be used alongside the series of Safeguarding Adults resources.

Safeguarding Vulnerable Adults - Staff Group A Workbook



This workbook provides the information and training needed to establish the minimum standard of competence required of those who work with adults.

The National Competency Framework for Safeguarding Adults and this workbook, used together, enables employers and employees to establish consistency in approach to Safeguarding Adults.

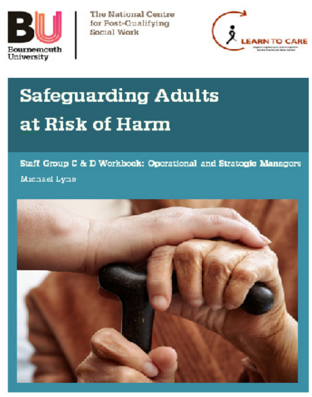
The workbook will enable employees to demonstrate competence in their practice in a way that is in line with their occupational role and responsibilities.

Safeguarding Adults at Risk of Harm - Staff Group B Workbook

Practice in this safeguarding adults requires a high level of skill and knowledge as professionals seek to Safeguard those most vulnerable and at risk of harm in society, whilst also striving to protect individual's rights to live their lives as they choose. This will often involve striking a balance between support and control, liaising with a wide range of professionals and people who use services and their families, offering a professional judgment on a complex situation whilst managing high levels of risk.

This book should be used alongside the National Competency Framework for Safeguarding Adults.

Safeguarding Adults at Risk of Harm - Staff Group C & D Workbook



This is the final workbook in the Safeguarding series produced by Bournemouth University on behalf of Learn to Care, the professional association of workforce development managers in local authorities.

This workbook seeks to assist strategic and operational managers to benchmark existing knowledge and understanding of safeguarding adults at risk of harm and stimulate further investigation as appropriate. The National Competency Framework for Safeguarding Adults and this workbook, used together, enables employers and employees to establish consistency in approach to Safeguarding Adults.

The National Centre for Post-Qualifying Social Work and Professional Practice

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