

14 January 2019

National Trading Standards Scams Team: Councils' Work to Tackle Fraud

Purpose of report

For discussion.

Summary

This paper outlines the work of the National Trading Standards Scams Team (NTSST), and introduces a presentation by Louise Baxter, NTSST Team Manager.

Recommendation

Members of the Safer and Stronger Communities Board are asked to note the NTSST programme of work and consider how the LGA could support the Friends Against Scams initiative.

Action

Officers take forward as directed.

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National Trading Standards Scams Team: Councils' Work to Tackle Fraud

Background

1. Fraud, including scams, is now the most common type of crime in the country with more than two scams and attempted scams being reported to some councils every day. Each year mass marketing mail scams, which often target vulnerable or disadvantaged consumers, cause approximately £3.5 billion worth of harm to UK consumers. It is also worth noting much of this may also be hidden or not reported, often because of shame associated with it. Overall, the cost of fraud to the UK economy is estimated to be £190 billion¹.
2. While younger people are more likely to become a victim of a scam, the impact upon those who are old or otherwise vulnerable tends to be more damaging (**Appendix A** provides an example of the impact of scams). Evidence suggests that people who are scammed often experience loneliness, shame and social isolation. In addition to the personal financial costs on individual themselves, it is believed that older people who have been scammed may experience loss of health, independence and self-confidence and therefore become more likely to require support.
3. The National Trading Standards Scams Team (NTSST) was set up in 2012 to tackle the issue of postal, telephone and doorstep scams, known as mass marketing scams. The team is funded by National Trading Standards and is hosted by Surrey County Council.
4. The national team works across England and Wales with local trading standards teams and partner agencies at a national, regional and local level to investigate scams and identify and support victims. The team provides guidance, best practice and has established a centre of excellence to assist local authorities in supporting local victims and take local enforcement action. NTSST also provides authorities with intelligence about repeat victims of scams detected in their area and advice on how to support these people.

Issues

5. There is a huge challenge facing trading standards in dealing with scams, with new and convincing scams emerging all the time. Investigating fraud and scams cases can be lengthy and time-consuming. With the number of trading standards officers having more than halved since 2009 and a 46 per cent budget cut in the service for councils since 2011, the service is under significant pressure in maintaining its vital but varied role protecting local residents.

¹ Annual Fraud Indicator (AFI) 2017 (UK Fraud Costs Measurement Committee)

6. The following summarises developments across NTSST programme of work to support local authority trading standards teams, including the Friends Against Scams initiative and highlights some of the key issues and areas of concern that have been flagged.

Friends Against Scams (FAS)

7. The Friends Against Scams (FAS) initiative was launched by NTSST to provide tools and resources to educate individuals, groups and organisations to 'Take a Stand against Scams' and raise awareness about types of scams and how to spot and support a victim. National Trading Standards (NTS) have set a target of recruiting one million 'Friends' by 2020. Friends can be individuals as well as organisations.
8. Councils play a key role in raising awareness amongst residents of the existence of scams, encourage discussion, and to signpost to the self-help tools available. NTSST are currently working to encourage more councils to sign up to FAS. Currently around 54 trading standards teams are supporting the project as well as 30 Police Crime Commissioners (PCCs).
9. The LGA has committed to become a Friend Against Scams partner, to help promote the initiative with councils. The intention is to announce the partnership publicly later in January to time with the anniversary of the 'one million friends against scams' campaign.
10. As a partner organisation the LGA has made a pledge to actively promote the FAS initiative, to help spread the message, promote awareness of scams and try to prevent them. The LGA will promote involvement and the resources available through FAS through social media, bulletins and political group offices as well as through internal communication channels.
11. NTS also has a network of SCAMBassadors who are politicians or senior officials who can use their influence to raise the profile of scams at a national level. NTS currently have 168 SCAMBassadors which include MPs, PCCs and councillors as well as local and national organisation representatives. Cllr Judith Wallace has been nominated as the LGA's SCAMBassador.
12. NTSST is also working to promote the FAS initiative and raise awareness about scams with children and young people. They have undertaken some positive work with schools, and organisations such as the Scouts and Guides to develop this strand of work. The Lincolnshire PCC has been particularly involved in this work and, at the local level has developed a 'schools pack' which will be rolled out across the region.
13. NTSST are planning further work targeted at university students – for example around the issue of 'mule accounts', where people are paid to hold money in account as a way to disguise fraudulent transactions, and the serious risks involved in that type of activity.

14. The LGA with the Association of Directors of Adult Social Services have previously worked with the Scams Team to develop a [guidance note](#) highlighting councils' responsibilities under the Care Act 2014 to protect residents from scams, and setting out how trading standards' scams work can support this.

NTS Work with the Banking Sector and Government

15. Although NTSST is not primarily focused on online fraud, they are engaged in some projects in this area and the Team have been involved in a range of different projects with banks and the government over recent years. Two recent projects are set out below.

Joint Fraud Taskforce

16. This brings together the Home Office, law enforcement including police and trading standards, and financial institutions to tackle fraud. There are several workstreams but NTSST have been most involved in the Victims and Susceptibility strand. One of the projects which was developed under this banner is the Banking Protocol.
17. This was led by UK Finance with support from NTSST. UK Finance is a trade association formed in July 2017 to represent the finance and banking industry operating in the UK. It represents around 300 firms in the UK providing credit, banking, markets and payment-related services, and brings together most of the activities previously carried out by organisations such as the British Bankers' Association, Council of Mortgage Lenders, Financial Fraud Action UK and others.
18. The Protocol works by training front line bank branch staff to look out for unusual transactions or customers who are acting nervously or out of character. The cashier can then call the police, who will come out and speak to the customer to ascertain if the transaction may be a fraud and encourage the individual not to pay the money to the criminal. This scheme has now been rolled out across all UK police forces and trading standards and is hugely successful, with £31.5 million of fraud being prevented so far.
19. Other projects that are being developed by the Taskforce at the moment include setting up multi-agency safeguarding hubs to join together all the relevant parts of local authorities and other organisations to create a joined up response to fraud in a local area. The Scams Team are currently running pilots in Lincolnshire and North Yorkshire to see what works best in both a new hub and an established hub. The aim is to produce best practice guides that can be rolled out across the UK to improve the consistency of response to victims and join up preventative efforts.

Authorised Push for Payment

20. NTSST have also been involved as an observer member of the Authorised Push Payment (APP) Scams Steering Group that has developed the draft Code for reimbursement of victims of APP fraud.
21. In an APP scam, the account holder is duped into authorising a payment to be made to another account. If a customer authorises the payment themselves, current legislation means that they have no legal protection to cover themselves for the losses. UK Finance began collecting data on APP scams for the first time in 2017. Figures for the first half of 2018 show that purchase scams – whereby the victim pays for a product or service which is never received or does not exist – were the most prevalent form of scam. There was also a significant number of impersonation scams, where the criminal purports to be from the police, bank or other organisation and tricks a victim into transferring money.
22. The work on APPs work started with the Which? super-complaint about the lack of protection for victims of APP fraud a couple of years ago. At the beginning of this year the Payment Systems Regulator issued a report calling for a voluntary industry code to be developed to set out standards of care for banks and improve consistency for victims, reducing fraud and the harm that it causes to victims by increasing reimbursement. The Steering Group has drafted a Code which is currently out for consultation and expected to be adopted by the major banks early this year.
23. NTSST have advised that these are just a few of the initiatives being developed. Encouragingly, they report that there is a significant amount of activity taking place in the fraud space, with many organisations now getting involved in tackling the problem; there has been a real increase in awareness over the last five years.
24. The Scams team have also worked closely with NatWest, who have trained all their staff and developed a short video to raise awareness of this issue.

Longer Term Workstreams and Other Developments

25. NTSST has also been working with partners to **disrupt mass marketing mail activity**. The team launched an initiative with Royal Mail and other mail providers to create a new process for cancelling the contracts of companies that send fraudulent mail. So far over 6,000 items of mail have been returned as part of the operation in the UK and more than £186,985 has been returned to victims. There has also been success in stopping some mail at ports and airports where it comes from overseas.
26. In the most recent Autumn Statement the Chancellor announced additional funding for NTS to extend their project providing **telephone call blocking technology** to vulnerable people, as part of the government's efforts to tackle nuisance calls. This was welcomed by the LGA having previously made the case to government to extend this project.

Possible Issues for Discussion

27. It would be useful if Board members could share their own experience of local fraud issues reported by their residents, and the most frequent issues that appear to occur.
28. The Board are also invited to consider how the LGA and the Board's SCAMBassador could support the Friends Against Scams initiative. For example;
- 28.1 promoting the Friends Against Scams initiative and disseminating information;
 - 28.2 developing a guide for local authorities; and
 - 28.3 arranging workshops.
29. Board members are asked to review whether their authority is engaged in the Friends Against Scams initiative and how it is working with NTSST. The team have noted that there has been limited engagement with authorities in the North of England.

Implications for Wales

30. Welsh authorities also work closely with NTSST and over half are supporting the Friends Against Scams initiative.

Financial Implications

31. None.

Next steps

32. Members are asked to note and comment on the National Trading Standards Scams Team programme of work and consider how the LGA could support the Friends Against Scams initiative.