



Department  
for Work &  
Pensions



# Fraud Investigation Process

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Session 5, UK

WORKSHOP ON  
REDUCING ERROR, FRAUD & CORRUPTION (EFC) IN SOCIAL  
PROTECTION PROGRAMS

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# Interventions

- Benefits Administration – the need to ask the right questions, challenge where necessary and verify documents and information.
- Fraud and Error Prevention – A targeted approach to reviewing claims using telephone interviews.
- Customer Compliance – Robust interviews in response to some allegations, high risk cases, targeted reviews. Can be done by telephone or home visit but mostly by office interview.
- Investigation – Response to allegations or data matching where the case is likely to be serious enough to justify prosecution or penalty. Evidence gathered using procedures set in law and presented to the Courts.

# Investigations

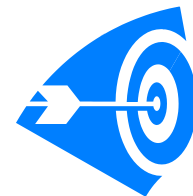


The aim of investigations is to uncover the full extent of the fraud and to prosecute in the most serious cases.

Bigger overpayments

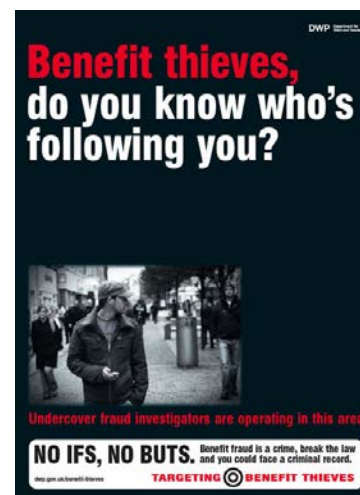
- *bigger penalty*
- *more publicity*
- *more deterrent effect*





# All investigations begin with an allegation of suspected benefit fraud or a data match identifying a possible inconsistency which are referred by:

- National Benefit Fraud Hotline – 9.0%
- Internet Hotline Referrals – 13.6%
- The Public – 5.8%
- Members of Staff – 19.8%
- Data Matching Service
- Pro-Active Work – 2.1%
- Local Authorities – 7.8%



# How Referrals Are Considered

- Which benefit is or was in payment?
- What is the suspected offence?
- Over what period of time has the offence occurred?
- Is the investigation likely to achieve:
  - An end to the claimant's benefit entitlement
  - An overpayment of benefit
  - A criminal penalty
- What intelligence can be gathered? What evidence can be gathered?
  - Financial information
  - Social media or internet
  - Witness statement
  - Employer information
  - Closed Circuit Television available
  - Auto Number Plate Recognition
  - (Many more sources)

Will there be a need to conduct surveillance?

# The different types of investigations

The most common frauds occur as a result of:

- **Failure to declare true financial circumstances 25.7% of investigations**
  - Employment (paid or unpaid, employed or self employed work), household income of any kind, capital (including savings, properties owned, investments), student status (including loans or grants), outgoings over declared (including rent, childcare or nursery care).
- **Failure to declare true social, personal or family circumstances 24.2% of investigations**
  - Living with a partner as husband and wife, children leaving, dependants dying
- **Disability related fraud 3.7% of investigations**
  - Unreported improvement in mobility or diminished care needs (Disability Living Allowance cases), unreported improved capacity to work (Incapacity Benefit and Employment and Support Allowance cases)
- **Identity or organised fraud 1.0% of investigations**
  - Applying for national insurance numbers, benefits, payments or other financial advantage, using a false or hijacked identity and/or false identity documents in support; forgery and counterfeiting, or an organised attack or manipulation of the welfare payment system such as a cyber attack, internal or contract fraud

# Criminal Intelligence

- Nine Criminal Intelligence Units process requests for information from investigators by using:
  - Authorised Officer/Intelligence Gathering Officers
  - Social Security Administration Act 1992 s109B
  - Social Security Fraud Act (SSFA)2001

Banks Building Societies

Sky/Digital/Cable Providers

Credit Reference Agencies

Education Establishments

Employers

HM Revenue and Customs

HM Prison Service

Identity and Passport Service

Insurance Companies

Internet Enquiries

Money Shops

Police

Royal Mail

Student Loan Company

Universities/Colleges

Telecommunication

Utility Companies

# Specialist Intelligence

- Specialist desks/teams include:
  - Social Media/Internet
  - Abroad Fraud
  - National Identity Fraud
  - Joint Intelligence (HMRC)
  - Cyber Crime
  - Bank Intelligence
  - Disclosure team
  - Criminal Analysts





# Surveillance

- **FES are bound by the Home Office code of practice for Covert Surveillance and Property Interference  
And  
The Regulation of Investigatory Powers Act 2000**
- **Surveillance must only be used when all other lines of enquiry have been explored and there is no other way to prove or disprove the allegation.**
- **FES have introduced a standard operation approach to surveillance to ensure that it is only conducted when necessary and proportionate.**
- **Those deployed under the standard operation approach will be training by and adopt the same surveillance tactics as the Police**

**Types of surveillance include:**

**Deployment of a Covert Vehicle**

**Directed Closed Circuit Television**

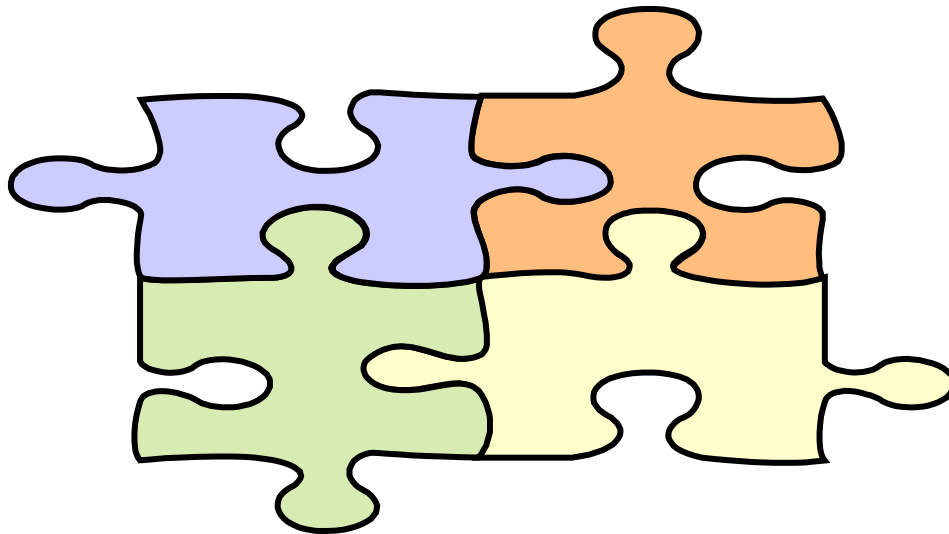
**Manned Static Surveillance**

**Mobile surveillance in vehicle, public transport or on foot**



# Equipment

- Various forms of concealed recording equipment are used to help the evidence gathering process



# LAWS WE ARE GUIDED BY

We must adhere to;

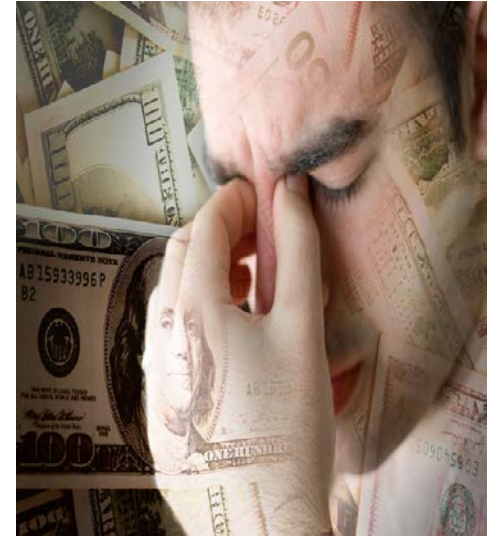
- Human Rights Act 1998
- Regulation of Investigatory Powers Act 2000
- Police and Criminal Evidence Act 1984(PACE)
- Social Security Administration Act 1992
- Criminal Proceedings and Investigation Act 1996
- Data Protection Act 1998
- Computer Misuse Act 1980
- Social Security Fraud Act 2001



# Penalties

Once an investigation is complete and investigators have identified a potential offence, they have discretion whether to:

- Apply an Administrative Penalty under section 115A or section 115B Social Security Administration Act 1992 see Diversion from Prosecution.
- Refer the case to the Crown Prosecution Service for a decision whether to prosecute.
- Disallow or reduce the defendant/suspect's benefit for a prescribed period under the Social Security Loss of Benefit Regulations see Loss of Benefit following Conviction



# Results

	Number of Administrative Penalties Issued	Number of Prosecutions	Number of Cases Closed by Fraud Investigation
2012 – 2013	3,863	9,836	130,853 (including joint investigations with Local Authority)
2013 - 2014	1,501	10,800	119,320 (including investigations with Local Authority)

# Way of Measuring Performance

2013/14 Totals

	Overpayments per Person (£)	Average Value of Prosecution	Prosecutions per Person	% Case Outcomes Prosecuted	% Value Prosecuted	VfM
Central England	10,388	12,727	0.62	64%	76%	7.83
London & HC	10,176	17,159	0.38	51%	64%	6.74
North East England	11,494	14,679	0.58	57%	74%	8.88
North West England	11,321	20,258	0.43	58%	76%	8.44
Scotland	10,582	14,772	0.56	67%	78%	7.99
Southern England	10,369	14,428	0.41	50%	57%	7.65
Wales	10,154	14,074	0.45	49%	62%	7.25
FES Sub Total	10,633	15,228	0.49	57%	70%	7.75
CCIS	1,608	10,685	0.05	55%	36%	0.96
National Total	9,854	15,182	0.45	57%	70%	5.62

## LAWS WE USE TO PROSECUTE ARE:

- Where the defendant has provided false information or made false declarations or representations in his claim for benefit, it is likely that the majority of prosecutions will be brought under:
  - section 111A(1)(a) SSAA 1992 - dishonestly making a false representation to obtain benefit
  - section 111A(1)(b) SSAA 1992 - dishonestly producing or furnishing false information or documents to obtain benefit
  - section 2 of the Fraud Act 2006 - dishonestly making a false representation with intent to gain or cause loss
- Where the defendant has made an initial legitimate claim for benefit but then fails to report a change which affects entitlement, it is likely that the majority of prosecutions will be brought under:
  - section 111A (1A) SSAA 1992 - dishonestly failing to notify a change in circumstances affecting entitlement to benefit; or
  - section 3 of the Fraud Act 2006 - fraud by failing to disclose information
  -
- Where tax credit fraud is alleged, the majority of prosecutions will be brought under:
  - section 35 of the Tax Credit Act 2002 - knowingly concerned in fraudulent activity undertaken with a view to obtaining payments of tax credits; or
  - section 2 or section 3 of the Fraud Act 2006

# Why we use Crown Prosecution Service (CPS)

- The Specialist Fraud Division of the CPS prosecutes cases investigated by the Department for Work and Pensions (DWP), Her Majesty's Revenue and Customs (HMRC), the Department for the Environment, Farming and Rural Affairs (DEFRA), the Medicines and Healthcare Regulatory Agency (MHRA), the Department of Health (DoH) and some Local Authorities.
- Most benefit fraud cases are prosecuted in mainstream magistrates' courts by CPS prosecutors.
- The CPS can advise on any benefit fraud investigations in the same way as they can advise the police.
- Benefit fraud is now seen to be taken seriously  
**theft is theft.**





# Evidential Test

## Evidential Test

- **Can the evidence be used in court?**
  - Prosecutors should consider whether there is any question over the admissibility of certain evidence.
  - The likelihood of that evidence being held as inadmissible by the court; and
  - The importance of that evidence in relation to the evidence as a whole.
- **Is the evidence reliable?**
  - Prosecutors should consider whether there are any reasons to question the reliability of the evidence, including its accuracy or integrity.
- **Is the evidence credible?**
  - Prosecutors should consider whether there are any reasons to doubt the credibility of the evidence.
- Prosecutors need to decide if there is more than a reasonable chance of securing a conviction.
- The Courts need to decide if the case has been proved beyond reasonable doubt

# Public Interest Test

- How serious is the offence committed?
  - Length of time the offence was committed over
  - Amount of the overpayment
  - False from outset or
  - Change of circumstances
- What is the level of culpability of the suspect?
- Was the suspect under the age of 18 at the time of the offence?
- Is prosecution a proportionate response?

# DWP Fraud & Error Service

