

**RESPONSE TO THE ALL-PARTY PARLIAMENTARY GROUP ON FINANCIAL CRIME  
INQUIRY INTO THE IMPACT OF FRAUD ON VULNERABLE PEOPLE PUBLISHED ON  
11 SEPTEMBER 2018.**

The Fraud Advisory Panel welcomes the opportunity to comment on *the impact of fraud and scams on vulnerable people inquiry* published by the All-Party Parliamentary Group on Financial Crime and Scamming on 11 September 2018.

This response of 22 October 2018 reflects consultation with the Fraud Advisory Panel's board of trustees and interested members who have specific interest, experience or expertise in this area.

We are happy to discuss any aspect of our comments and to take part in all further consultations on the issues we've highlighted in our response.

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The Fraud Advisory Panel (the 'Panel') is the UK's leading anti-fraud charity.

Established in 1998 we bring together fraud professionals to improve fraud resilience across society and around the world.

We provide practical support to almost 300 corporate and individual members drawn from the public, private and voluntary sectors and many different professions. All are united by a common concern about fraud and a shared determination to do something about it.

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## INTRODUCTION

1. Protecting the most vulnerable members of our society against fraud and financial crime is something that everyone should care about and it is likely that every one of us will become vulnerable at some point(s) in our lifetimes. The challenge for us as fraud-fighters is to determine who is likely to become vulnerable, when, how and why and then shape an effective and tailored response.
2. This is why we are so pleased to respond to this inquiry. As an organisation it is not our core function to provide frontline support services to fraud victims, although our members frequently do in the course of their work. Because of this, we have limited our response to those questions of a more general nature.
3. As a general point we remain concerned about the use of the word 'scams' to describe fraud which we feel lessens both the seriousness of the crime and its harmful effects on victims. Our use of language in this area is crucial to ensuring that issues such as vulnerability are given priority and attention they deserve.

## RESPONSE TO INQUIRY

### A. DEFINITION OF VULNERABILITY

**What definition of vulnerability do you or your organisation apply to your customers or clients?**

**Do you see any concerns with different organisations using different definitions of vulnerability?**

**Should age ever be accepted as a factor alone in defining an individual as vulnerable? If so, what factors do you consider in an age-related assessment?**

**Should medical conditions that directly cause cognitive decline, such as dementia, render a person 'vulnerable' upon diagnosis? When a person is suffering from a medical condition what are the factors that need to be taken into account when assessing that person as vulnerable?**

4. Everyone involved in the provision of services and/or support to fraud victims should be aware of, and understand, the definitions of vulnerability used by others involved in the same service and support activities so that they appreciate where there are gaps and inconsistencies.
5. While it may not be appropriate (or even desirable) to have a common universally-accepted definition across professions, sectors and organisations there could be some merit in a common definition within sectors in order to establish a minimum duty of care that individual organisations can choose to build upon.
6. We would, however, be concerned if:

- i. fewer protections were offered to certain sections of the community because they were felt to be less vulnerable and didn't fit into the definition of vulnerability used by a particular organisation, or
  - ii. vulnerable people found it more difficult to access or obtain certain products or services because of de-risking by financial institutions due to their vulnerability.
7. More consideration should be given to the evidence base as to whether vulnerability means merely statistical susceptibility to fraud attempts or to those impacted by fraud more than others.
8. Age should be one factor that is taken into account when assessing a person's vulnerability to fraud but it is not the only factor. Fraudsters certainly take age into account when targeting victims for certain types of fraud – so too should our fraud prevention and protection measures.
9. Dementia and certain other psychological, cognitive and physical conditions which affect memory and/or the ability to process information should also be an important factor in assessing whether a person is vulnerable in relation to financial matters generally and susceptible to fraud in particular.
10. Lack of capacity (both mental and physical) is a key issue and this is not always age-dependent (see our comments in section B 'the issue'). Recent research has found that between 2014 and 2016 financial abuse was the third most common type of referral and risk dealt with by local safeguarding authorities in England; it provides examples illustrating how vulnerable adults have been financially abused by friends, family, romantic friends or companions, and acquaintances.<sup>1</sup>
11. Other factors include (but are not limited to): a person's familiarity with technology, financial products and/or money matters as well as life events. Social engineering and the sophistication of many frauds today make it very difficult to tell the fake from the genuine – even to the trained eye! This is why education and awareness are so important.

## **B. THE ISSUE**

**What assessment have you made of the scale of vulnerable citizens/consumers falling victim to fraud and financial abuse?**

**What assessment have you made of the kind of fraud and scams vulnerable individuals are more likely to fall victim to?**

12. Vulnerable individuals are likely to fall victim to any sort of fraud, just like the rest of us, but they are particularly likely to respond to 'plausible' approaches which they cannot evaluate as 'too good to be true'. Indeed, this may be what we mean when we try to define the term 'vulnerable'.
13. When a vulnerable individual has become the victim of a fraud, they are also more susceptible to 'recovery room' fraud which can result in their contact details being shared with other fraudsters in a bid to continue to extract money from them. These lists are known by the rather

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<sup>1</sup> Dalley, G; Gilhooly, ML; Gilhooly, K; Levi, M; and Harries, P. 'Researching the financial abuse of individuals lacking mental capacity' in *The Journal of Adult Protection*, 2017, Vol. 19. No. 6, 394 – 405.

offensive term ‘suckers lists’ and can see continued attempts to extract money from a victim (whether vulnerable or not) for several years after the initial fraud has taken place. Whilst many may be able to evaluate this contact as a repeat fraud, those with a particular vulnerability may not.

14. Older people can be particularly vulnerable to fraud and financial abuse by relatives and carers. In one survey 2.6% of people aged 66 and over living in private households reported being mistreated by a family member, friend or care worker, rising to 4.0% when neighbours or acquaintances were included. Financial abuse was the second most common form of abuse reported.<sup>2</sup>
15. Sons and daughters may persuade their parents to give them lasting powers of attorney but abuse it by making off with their parents’ assets. For example, we are aware of one case in which an older woman was effectively made homeless by her daughter who persuaded her mother to make her house over to her for ‘inheritance tax purposes’. Carers too can sometimes take advantage of their charges – many of whom trust them implicitly giving them their credit cards and carte blanche to take money out of their accounts.
16. Concern has been expressed that the latter issue may be exacerbated by the Mental Capacity Amendment Bill currently going through Parliament which could potentially weaken safeguards for vulnerable care home residents by transferring responsibility for arranging deprivation of liberty orders from local authorities to care providers. There is a conflict of interest here (care homes are usually run on a profit-making basis) and the temptation of easy access to cash may prove too great for some care home managers or owners – as we’ve recently seen in the case of David Barton who stole more than £4m from his ‘wealthy, vulnerable and childless’ residents<sup>3</sup>.
17. Academics have noted that more research is needed to better understand financial abuse against older people (which includes theft, fraud, exploitation or pressure in relation to financial matters and the misuse or misappropriation of property and assets), develop informed solutions, and educate and train frontline professionals to assist them in identifying and acting on red flags.<sup>4</sup>

## C. CONSENT

**What basis of consent do you or your organisation use to protect vulnerable customers/clients from financial abuse?**

**Do you notify your customers/clients if you consider them to be vulnerable?**

**Should we accept, without evidence, a person who self-declares to be vulnerable? Do we need safeguards?**

**Do you have any examples of where self-declaring vulnerability (as above) has worked?**

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<sup>2</sup> O’Keeffe et al (2007) cited in Dalley, G; Gilhooly, ML; Gilhooly, K; Levi, M; and Harries, P. ‘Researching the financial abuse of individuals lacking mental capacity’ in *The Journal of Adult Protection*, 2017, Vol. 19. No. 6, 394 – 405.

<sup>3</sup> See <https://www.independent.co.uk/news/uk/home-news/care-home-owner-david-barton-jailed-millions-fraud-liverpool-crown-court-a8447071.html>

<sup>4</sup> Gilhooly, MM; Dalley G; Gilhooly, KJ; Sullivan, MP; Harries, P; Levi, M; Kinnear, DC; and Davies, MS. ‘Financial elder abuse through the lens of the bystander intervention model’ in *The Gerontological Society of America Public Policy & Aging Report*, 2016, Vol. 26. No. 1, 5 – 11.

18. Anyone who defines themselves as vulnerable should be accepted as such. In our experience (based on the calls we receive from fraud victims) very few people self-declare even when it is evident that they are vulnerable. Most cases are likely to be genuine.
19. We believe the bigger problem is actually the reverse whereby people who are genuinely vulnerable and/or financially unsophisticated don't recognise themselves as such and do not realise that they shouldn't part with their money to people who ring them up (or turn up on their doorstep) pretending to be from their bank, the police, or a service provider or handyman.
20. Ultimately one of the best defences against fraud is to improve financial literacy across the board. We applaud the recent efforts of Cifas in this area and encourage more to be done. We note further that education is a necessary, but not sufficient, answer, since people may know about fraud techniques in the abstract but fail to associate what is happening to them as an example of it. This is a more insidious issue to which 'informed choice' does not offer a solution.

#### D. TRANSITIONAL VULNERABILITY

**Do you believe that 'transitional vulnerability' such as bereavement, loss of a job, first time living away from home, etc can make an individual vulnerable to financial crime or scams?**

**Where a person has experienced 'transitional vulnerability' should we treat them as vulnerable?**

**If we treat them as vulnerable what judgement can be applied as to when the period of vulnerability is at an end?**

**Do you have examples of best practice or where an organisation has protected individuals from transitional vulnerability?**

**Do you think that loneliness can be a reason for transitional vulnerability? If so, what do you think organisations can do to protect individuals who are vulnerable due to loneliness?**

21. We believe that almost anyone can become vulnerable to fraud on a temporary, periodic or permanent basis at certain times, in certain circumstances, and because of certain events. A myriad of factors are likely to contribute to a person's overall level of vulnerability (as we've touched upon earlier in our response) and it would be far too simplistic to assume that different people will react (or be affected) in the same way in the same circumstances.
22. An individual should be treated as vulnerable if certain life events or personal circumstances cloud their awareness to such an extent that it makes them more susceptible to fraud. And this requires a complex judgement to be made. How long this period of vulnerability lasts for will vary from person to person.
23. Loneliness is often a contributory factor, but just because a person is 'feeling lonely' doesn't necessarily mean they have no-one to turn to for financial advice or support; they may simply choose not to ask a professional adviser, friend or relative to look at a financial proposition being offered to them. The key issue is how to get people to talk to others when these propositions are being made and cultivated.

24. Manipulated isolation from friends, family and/or the community is another contributory factor which some fraudsters use as a tactic for their own gain.
25. Following on from the points above, this leads us to question whether 'transitional vulnerability' is actually the most appropriate term to describe the broad range of personal circumstances that might render a person vulnerable, such as bereavement, illness, loss of a job, first time living away from home, and/or caring for an unwell relative or friend. We urge the APPGFCS to avoid creating an unnecessary 'one size fits all' term to describe a very complex and multifaceted issue.

## **E. THE COLLECTIVE RESPONSE**

**Does society listen to and adequately address the needs of those who are vulnerable?**

**Are current services to vulnerable people too generic, do we need to move to a more tailored flexible model?**

**Are there sufficient safeguards in place to protect those who lack capacity and are subject of a court order of protection, what more could and should we do to protect them from fraud and financial abuse?**

**What initiatives or measures has your organisation put in place to protect vulnerable citizens and consumers from financial crime?**

26. Society recognises that some individuals are more vulnerable than others. Many organisations take steps to safeguard their vulnerable customers, and many families watch over their vulnerable loved ones. The Court of Protection also exists to protect individuals who lack the capacity to manage their own affairs. Of course, more can always be done but there is no single silver bullet. Bringing these issues out into the open for discussion and debate is a good first step in finding an effective and workable solution, but this is a dynamic problem that is unlikely to be solved in one step and will require an ongoing dialogue.

## **F. DATA SHARING AND JOINT WORKING**

**Do you find that in protecting a vulnerable person from fraud or scams that there are data sharing hurdles or barriers to overcome? If so, what are the barriers?**

**What examples of best practice are there in collaborating across different organisations and sectors to protect vulnerable consumers and citizens from financial abuse and fraud?**

**How could collaboration, inter-agency and cross-agency work in this area be improved?**

27. No comment.