

28 August 2020

The Lord Agnew of Oulton DL
Minister of State for the Cabinet Office and HM Treasury
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Whitehall
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Dear Lord Agnew

A desire to improve bank and government systems to react to fraud threats in a time of crisis

The Fraud Advisory Panel commends the Government's swift action to implement a disaster recovery plan to protect the livelihoods of UK residents during the current coronavirus pandemic.

However, there are still serious concerns about weaknesses in the banking sector and the resources available to combat the fraud risks arising from the amounts of public money injected into the economy and the concomitant pressure to disburse the cash. Effective mechanisms must be established to protect public monies. Failure to do so will lead to fraudsters exploiting further the weaknesses in the current system. COVID-19 has already shown that deploying financial stimulus can lead to significant losses with alleged stimulus-related frauds having already made the media in recent weeks.¹

It is reasonable to suggest that the lack of rigour in assessing applications and disbursing funds is being exploited by fraudsters, exacerbated by limited information sharing between lenders because of the existing sensitivities surrounding data privacy.

To this end, we ask the Government to consider the following.

1. Creating a '**centralised data repository**' whereby all lenders share data on COVID-19 related loans and grants with a trusted central depository (such as a nominated bank or payments processor). Centralising data collection creates a repository of material that can be analysed to identify trends, weaknesses and improvements in the system. This would also result in efficiencies for government and individual banks by reducing the administrative burden involved in collecting the same data from multiple lenders.
2. Establishing a '**cross-sector crisis committee**', an advisory group of subject-matter experts from government, banking and the wider business community tasked to advise on strategy, policy and playbooks to ensure the safe and orderly distribution of government-backed funds related to the pandemic. This group would provide impartial, expert opinion and give businesses assurance

¹ See for example the following: <https://www.dailymail.co.uk/money/markets/article-8653807/Fraudsters-raid-Chancellor-Rishi-Sunaks-loan-fund.html>; <https://www.twobirds.com/en/news/articles/2020/uk/first-arrests-made-in-connection-with-alleged-coronavirus-bounce-back-loan-scheme-fraud>; <https://www.dailyrecord.co.uk/news/scottish-news/fraudster-uses-coronavirus-loan-scheme-22339050>; <https://www.ft.com/content/45a00e4f-c716-458f-9b92-126695fdb088>

that government and lenders are doing all that is practicable to protect them and the nation from fraud.

The Fraud Advisory Panel would welcome the opportunity to participate in either initiative in an independent capacity. I would be pleased for the opportunity to discuss this further with you.

I have also written your colleagues John Glen MP, the Economic Secretary to the Treasury and City Minister, and the Rt Hon James Brokenshire MP, the Security Minister, on this issue as it will also be of interest to HM Treasury and the Home Office.

Kindest regards

A handwritten signature in black ink, appearing to read 'D Clarke', with a stylized flourish at the end.

David M Clarke
Chairman

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Rt Hon Mel Stride MP, Chair, Treasury Select Committee, treascom@parliament.uk