

Title of meeting:	Community Safety Portfolio Decision Meeting
Date of meeting:	28 th January 2020
Subject:	Scams - A plan of action 2019 / 2022
Report by:	Director of Culture, Leisure and Regulatory Services
Wards affected:	All
Key decision:	No

1 Purpose of report:

1.1 This report seeks to:

- identify what is meant by the term '*Scam*' or *mass marketing fraud (MMF)*, describe the nature and level of harm caused by scams and explain why certain residents are susceptible to falling victim to scams, and
- why Regulatory Services (RS) should devote resources to this area of work, how RS, along with its partner agencies, intends to mitigate the financial and societal harm caused by scams.

2 Recommendations:

RECOMMENDED that the Cabinet Member for Community Safety:

2.1 Approves the manner in which Regulatory Services delivers its scams prevention work, and

2.2 Agrees that the council becomes a '*Friends Against Scams*' Local Authority.

3 Background:

3.1 Scams and MMF cause victims to part with their money and personal details by intimidating them or promising cash, prizes, services and fictitious high returns on investments. Essentially Scams are fraud and therefore a crime.

3.2 A mass marketing scam is a misleading or deceptive business practice where the person receives an unsolicited or uninvited contact (e.g. by letter, email, phone or advertisement) and false promises are made to con the victim out of money. A doorstep scam is where victims are cold called at their homes and persuaded to part with money as a result of rogue trading activity.

3.3 Each year scams and fraud cause approximately between £5 and £10 billion worth of detriment to UK consumers¹. Scams and fraud also have a substantial

¹ <https://www.local.gov.uk/about/news/two-scams-day-reported-councils-fighting-fraudsters>

impact on economies and markets by undermining consumer trust and confidence in legitimate businesses.

- 3.4 Criminals use persuasive language to induce people to respond and, having responded, victims are reluctant to seek help from their peers. Research carried out in May 2009 by the University of Exeter's School of Psychology for the Office of Fair Trading (OFT), found it significant that some victims kept their decision to respond to scams and fraud private and avoided speaking about it with family members and friends. This accounts for the low level of reporting as people feel ashamed².
- 3.5 The OFT also reported that more than half of UK scams victims admitted to having changed their purchasing and payment behaviour, generally becoming more cautious or suspicious of any contact that could potentially be another scam. The psychological impact of scams and fraud can seriously damage an individual consumer's trust in markets. Scams and fraud are often targeted specifically at consumers in vulnerable situations or disadvantaged consumers. These consumers can suffer disproportionate levels of harm as a result of scams and fraud. Age UK identified that fraudsters are scamming one in 12 elderly people³.
- 3.6 Furthermore, scams and fraud continue to increase as technology allows greater pinpointing of potential victims. Many 'chronic' victims are elderly, socially isolated and vulnerable to repeat victimisation by criminals through the abuse of the postal system and other communications channels. Often their plight only comes to the attention of the authorities when they die, have exhausted their life savings, or their relatives become aware of the problem.
- 3.7 The National Trading Standards (NTS) Scams Team is funded by NTS and is hosted by Surrey County Council. The team was founded in 2012 to tackle the problem of postal, telephone and doorstep scams and related crimes. The team works across England and Wales with trading standards and partner agencies to investigate scams and identify and support those who fall victim to them.
- 3.8 The NTS Scams Team receives information from a range of partner agencies who identify potential victims of scams. The team then contacts the local trading standards service of those silent victims and enters into partnership agreements with them. These partnership agreements include a variety of ways in which local authorities can work together to intervene and support their identified victims. Information is gathered about victims and best practice which enables the team to inform local authorities and partner agencies of the most effective ways to work with and support scam victims.
- 3.9 Other evidence and statistics relating to the impact of scams are:

² <https://ore.exeter.ac.uk/repository/handle/10871/20958>

³ https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/safe-at-home/rb_april15_only_the_tip_of_the_iceberg.pdf

- The NTS Scams Team average age of a scam victim is 74⁴
- Age UK reported that 53% of people aged 65 plus have been targeted by scams⁵
- Only five per cent of victims report the crime¹
- More than 5 million people a year in the UK are victims of scams and fraud, and one in ten people have fallen victim to financial scams and fraud losing hundreds or even thousands of pounds³
- Eight per cent of the adult population would admit to having been a victim of scams/fraud at some time⁶
- Around a third of victims fall prey to another scam/fraud within 12 months⁷
- At least 27 scams and fraud victims in various countries considered, attempted, or committed suicide since 2006 as a result of their losses⁸.

4 Statutory Functions

4.1 ***The Consumer Protection from Unfair Trading Regulations 2008 (CPRs)***⁹

prohibit deceptive and misleading commercial or business practices. As mentioned above the mechanics of many scams are caught by these regulations, which are more easily identified as fraud. The trading standards service, a team within RS has a **statutory duty** to enforce the CPRs.

4.2 Section 42 of the ***Care Act 2014***¹⁰ sets out a **statutory duty** on the Local Authority to protect residents from financial abuse, the definition of which is analogous with scams or MMF. The statutory guidance that accompanies the Care Act 2014 recognises that trading standards have a valuable contribution to make in ensuring adults are safeguarded:

In all cases this is financial abuse and the adult at risk can be persuaded to part with large sums of money and in some cases their life savings. These instances should always be reported to the local police service and local authority trading standards services for investigation. The Safeguarding Adults Board will need to consider how to involve local trading standards in its work. These scams and crimes can seriously affect the health, including mental health, of an adult at risk. Agencies working together can better protect adults at risk. Failure to do so can result in an increased cost to the state, especially if the adult at risk loses their income and independence

⁴ <https://www.tradingstandards.uk/media/documents/policy/research/stand-against-scams-final-9.pdf>

⁵ <https://www.ageuk.org.uk/latest-news/archive/over-half-of-people-aged-65-targeted-by-fraudsters/>

⁶ https://lra.le.ac.uk/bitstream/2381/10288/4/Whitty_The%20online%20romance%20scam_survey_CBSN.pdf

⁷ <https://www.ageuk.org.uk/latest-news/articles/2019/july/older-person-becomes-fraud-victim-every-40-seconds/>

⁸ <https://www.ice.gov/doclib/cornerstone/pdf/immfta.pdf>

⁹ <https://www.which.co.uk/consumer-rights/regulation/consumer-protection-from-unfair-trading-regulations-2008>

¹⁰ <http://www.legislation.gov.uk/ukpga/2014/23/part/1/crossheading/safeguarding-adults-at-risk-of-abuse-or-neglect/enacted>

5 Portsmouth Data and context:

- 5.1 Portsmouth signed up to take referrals from the NTS Scams Team in January 2019. 682 potential victims of scams and fraud live in the Portsmouth area, of which, some are multiple victims of different scams and fraud, have been identified by the NTS Scams Team. 92 of these have been supported and 52 have been confirmed as victims via interventions from the Trading Standards team.
- 5.2 Portsmouth population in 2018 equaled 215,773 therefore it is estimated that 14.1% (30,452 people) of Portsmouth residents are over 65. By 2030 the statistics are predicted to increase to 227,460, therefore 17.0% (38,685 people) of Portsmouth residents will be over 65¹¹
- 5.3 Taking the Age UK figure that states 53% of over 65's have been targeted by scams and fraud. This means **20,503 Portsmouth residents could be targeted by scams and fraud by 2030.**
- 5.4 Whilst we can support the victims that are referred to us from the NTS Scams Team, further work needs to be done to educate raise awareness and build community resilience so that people can prevent themselves from becoming victims of scams and fraud. Prevention being far cheaper than cure.
- 5.5 Isolation and lack of communication with family and friends or lack of reporting channels can make older people more vulnerable to scams and fraud. A lack of physical mobility and other disabilities can also increase vulnerability. If scams and fraud are not reduced, the council could see a huge burden being placed on the local authority to support these victims of scams/fraud and financial abuse. There are intrinsic links with Adult Social Care in this field. Financial losses do not fully reflect all of the costs that scams and fraud victims often bear. For some victims the risks extend well beyond loss of personal savings to include physical risks, loss of their homes, depression, and even contemplated, attempted, or actual suicide.
- 5.6 This work supports Portsmouth City Council's shared aim to: Make Portsmouth a place that is fairer for everyone: a city where the council works together with thriving communities to put people at the heart of everything we do. More specifically it also supports **Portsmouth City Council's Ageing Population Strategy 2010 – 2020**¹² particularly the stronger support and protection section, but we need to do more.

6 Intervention plan overview

- 6.1 RS will continue to take monthly referrals from NTS Scams team which identifies likely scam victims based in Portsmouth.

¹¹ [population-mid-year-estimates-and-projections-for-portsmouth-ons.xls](#)

¹² <https://www.portsmouth.gov.uk/ext/your-council/policies-and-strategies/ageing-population-strategy-2010-2020>

- 6.2 The service will work with partners including: Adult social care safeguarding team, Multi-Agency Safeguarding Hub (MASH), police and wardens to make contact with these individuals, confirm whether or not they have been, or indeed are at risk of becoming a victim of a scam, and take the appropriate action whether that be education or other support to protect them going forward.
- 6.3 Where information on perpetrators of such scams become available this information will be shared with the appropriate agency.
- 6.4 Report on the impact (in £ savings) of interventions to both NTS scams team and Safeguarding Adults Board.
- 6.5 Promote 'Friends against Scams' training both within the council and via the appropriate external channels.

7 Fighting scammers will deliver savings

- 7.1 RS is at the front-line of work with scams victims and shares the responsibility of safeguarding those at risk with Adult Social Care (ASC), the police, housing and financial sectors¹³.
- 7.2 Based on Portsmouth's data, and the thus far 54 confirmed victims, it can be calculated the future saving to ASC based on the Home Office cost of crime methodology. In broad terms it is established that scam victims are 2.5 times more likely to go into fulltime care, the average weekly cost is £716 per week. It can therefore be estimated (based on 25% of the 54 confirmed victims) that the TS interventions to date has resulted in £502,632 per year savings to ASC.
- 7.3 Obviously this is based on a relatively small number of referrals over a short period of time. It is estimated that this figure will increase significantly as time goes on.
- 7.4 NTS Scams team has calculated that every 'friend' that is recruited results in £59 direct financial and other savings include insurance administration savings, defensive expenditure saving, health related quality of life savings, lost output savings, healthcare savings, police and other Criminal Justice Service costs avoided. At the time of writing a total of 279,566 friends have been recruited nationally.

8 What more can Portsmouth City Council do locally?

- 8.1 Portsmouth City Council is dealing with its identified victims however more proactive training can be done with all council staff. The recommendation is that Portsmouth City Council becomes a **Friends Against Scams**¹⁴ Local Authority.

¹³ <https://www.tradingstandards.uk/media/documents/news--policy/research/financial-scamming-key-findings.pdf>

¹⁴ <https://www.friendsagainstscams.org.uk/>

- 8.2 The NTS Scams Team launched the initiative *Friends Against Scams* in 2016, aiming to get people talking about scams and fraud and in turn preventing people becoming victims. The initiative is based around training which is either face to face or on-line via the website. The initiative is designed to inspire action in partners, highlight the scale of the problem, change the perceptions of why people fall for scams and make scams and fraud a community, regional and national topic. Further information can be found at www.friendsagainstscams.org.uk. The Team want everyone to learn about scams and fraud and turn that knowledge into action. The Team has an inspirational target of One Million Friends by 2022.
- 8.3 As a Friends Local Authority Portsmouth City Council will pledge to encourage all staff, local businesses and residents to take action in helping to protect people in the city from scams and fraud, by becoming a Friend.
- 8.4 Local organisations and groups can be encouraged to sign up to become a Friends partner and help deliver initiatives to “take a stand against scams”. The problem is immense and it needs a multi-agency approach to tackle it, and to protect our communities, specifically consumers who are made vulnerable by their circumstances.
- 8.5 Portsmouth City Council would become one of the flagship “*Friends Against Scams*” local authorities. As part of this we would invite senior officials / members to become a **SCAMBassador**¹⁵ as part of the *Friends Against Scams* network. Training would be provided by Portsmouth Trading Standards Service and a positive media opportunity would be available.
- 8.6 By signing up to 'Friends' this would become part of the overall Council strategy to tackle fraud and scams which would help to fulfil its statutory obligations as stated above in the *Care Act 2014*.

9 Integrated impact assessment

- 9.1 An Integrated Impact Assessment is attached. The proposal has an association with the categories of 'Crime', 'Health', 'Income deprivation and poverty' and 'Equality and diversity'.

10 City Solicitor's comments

- 10.1 Legal Services have confirmed that it is within the Cabinet Members powers to approve the recommendations as set out within this report.

11 Head of Finance's comments

- 11.1 The activities proposed within this report, will be funded from existing service budgets, as approved by Full Council.

¹⁵ <https://www.friendsagainstscams.org.uk/scambassador>

12 Director's comments

- 12.1 The recommendations and activity proposed within this report will culture greater collaboration with both internal and external partners to help promote a better quality of life for some of the most vulnerable residents in Portsmouth.
- 12.2 The devastating financial and emotional impact of scams is evidenced. We know of some residents of Portsmouth sadly losing their entire life savings, although the loss of relatively small amounts can still have overwhelming consequences. Scams can impact a person's physical and mental health and can lead to victims being more likely to require social care services they didn't previously need.
- 12.3 Whilst Trading Standards will aim to prioritise their fight against scams, for this proposal to be effective agencies need to work together. The resources available to Portsmouth Regulatory Service Trading Standards are not capable of making a huge impact in isolation as raising awareness and in particular bringing the perpetrators of scams to task is a huge task. Additional funding is therefore necessary in terms of staffing resources if the Council is serious in making a real difference in this area.

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Signed by: Stephen Baily, Director of Leisure, Culture and Regulatory Services

Appendices:

Appendix 1: Integrated Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document and location of document
See footnotes

The recommendation set out in 2.1 and 2.2 above were approved / approved as amended / deferred / rejected by the Cabinet Member for Community Safety on 28th January 2020.

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Signed by: Councillor Lee Hunt, Cabinet Member for Community Safety