

Consultation Response

Ref 4118

Response to the All-Party Parliamentary Group on Financial Crime and Scamming inquiry into the impact of fraud and scams on vulnerable people

October 2018

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Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, we help more than seven million older people each year by providing advice and support. We also research and campaign on the issues that matter most to older people. Our work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

About this consultation

In September 2018, the All-Party Parliamentary Group on Financial Crime and Scamming launched an inquiry into the impact of fraud and scams on vulnerable people.

Key points

1. Older people are no more or less inherently vulnerable to scams than others; however, some are more vulnerable due to 1) experiencing challenges associated with ageing, affecting their ability to protect themselves, 2) the fact that they are targeted by perpetrators of particular scams, and 3) the disproportionate financial and health impacts of being a victim.
2. Cognitive impairment, social isolation, loneliness and being a previous victim are key causes of individual vulnerability.
3. However, 0 0 1 consultation

Box 1: Vulnerable circumstances and situations

- x Half (47%) of people aged 75+ have a **limiting longstanding illness**.²
- x By our mid-80s, around 20% of us have 5 or more **health conditions**.³
- x 850,000 people are estimated to be living with **dementia**, of whom 808,000 are aged 65+.⁴
- x 5-20% of people aged 65+ have **mild cognitive impairment**, a condition where people have minor problems with mental skills including memory and reasoning.
- x Half (49%) of people aged 75+ **live alone**.⁵
- x 11% have less than **monthly contact** with family, friends and neighbours.⁶
- x 1.4 million people aged 50+ in England 1 in 12 people are **often lonely**.⁷

characteristics (e.g. health condition), the life situations they face (e.g. bereavement) and their wider environment. We have discussed the first two above but the commercial environment is key to creating vulnerability. In case of scams, the environment is primarily the banking system, as well as telecommunications, i.e. mobile, landline, internet. Weaknesses in these areas result in people being exposed to fraud, so policy interventions should focus on them.

A final element of vulnerability is the impact of being a fraud victim. Older people can suffer severe, in some cases life-changing, financial and health impacts. There are cases of people losing their life savings, which they may not have time to rebuild if they have retired from work. Some people lose their home or go bankrupt as a

x The complexity of the environment and the behaviour of firms

We welcome the Government's funding for call blocking technology for people with dementia. This has been successful in preventing scams – 99 per cent of unwanted calls were blocked over an 11-month period – and the Government should build on this success and provide further funding.¹²

2. The issue

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

Bearing in mind that people of all ages can be by a scam, in this section we set out the threat scams pose specifically to older people. More than two-fifths (43%) of older people almost 5 million people aged 65+ believe they have been targeted by scammers (although only a small percentage did actually fall victim as a result).¹³ In the context of all crime types, you are 5 times more likely to be a victim of fraud than domestic burglary, and nearly a third (31%) of all crime is fraud.¹⁴

From January to June 2018, consumers lost £92.9m to authorised push payment scams.¹⁵ There were 31,510 cases, meaning the average loss was around £2,950. This hides significant variation; we are aware of cases where victims have lost tens of thousands or more, in some cases their life savings. This figure also excludes frauds on small businesses.

It also hides variation by scam type. For example, victims of impersonation (bank, police or other) scams are more likely to be aged 65+.¹⁶ These scams are particularly difficult to spot, even for people with high levels of knowledge and confidence; a senior banker recently said he wouldn't be able to tell a real text from a fraudulent one.¹⁷ This illustrates the point that consumers can only do so much to protect themselves.

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

As discussed above, older people are particularly likely to fall victim to a range of scams. These are outlined below in Box 2, using evidence from a range of sources.

Box 2: Scams particularly affecting older people		
Scam type	Age	Losses
Impersonation fraud	Largest concentration among people aged 65+.	£1.000000

Pensions scams	Target pension holders aged 45-65. ²⁴	£91,000 average loss ²⁵
Romance fraud	Of reports to Action Fraud, the largest proportion (20%) are by people aged 51-60. ⁱ A further 20% of reports are by people aged 60+. ²⁶	£10,000 average loss ²⁷
Courier fraud	Of reports to Action Fraud, the largest proportion (44%) are by people aged 80-89. ⁱⁱ People aged 60+ make up 91% of reports. ²⁸	

- b) vulnerable?
- c) If we treat them as vulnerable, what judgement can be applied as to when the period of vulnerability is at an end?
- d) Do you have example of best practice or where an organisation has protected individuals from transitional vulnerability?
- e) Do you think 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?

We believe that certain life events can make people especially vulnerable to scams. However, there is a risk of getting bogged down in defining when a period of transitional vulnerability begins and ends because this will be different for each individual. The important point is that banks and other organisations should use observable life events of their customers to inform their assessment of how at risk that person is and increase protections accordingly and reimburse more readily.

For example, scammers often prey on people who are socially isolated or lonely. The OFT found that chronic scam victims are typically older, socially isolated and/or in declining mental health.³² In polling, of those older people targeted by fraudsters, a quarter (27%) of single people responded to the scam, compared to a tenth (9%) of their married counterparts.³³ Bereavement and separation can lead to isolation or loneliness and these are life events that banks can observe and respond to by:

x stronger Government action to tackle telephone-based scams by banning all cold

- b) 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?

Cifas provides an important service sharing data across sectors to reduce fraud, including a specific service for protecting vulnerable people.⁴¹ We support movements such as the force as a way of sharing and disseminating best practice.⁴² The Association of British Insurers has also carried out work on vulnerability.⁴³ The Competition and Markets Authority has a programme of work on vulnerable consumers.⁴⁴

However, it is vital that promising initiatives such as the Vulnerability Taskforce are not one-off exercises but form the basis of ongoing work, with regular reviews of effectiveness.

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

The Joint Fraud Taskforce (JFT) was convened by the Home Office in 2016 to improve collaboration between the Government, banking industry and law enforcement. The JFT has led some important and effective pieces of work, including the Banking Protocol. Following its recent review, the JFT should make public commitments to action and longer-term strategic goals, and be held accountable for progress.

