



KEY  
FINDINGS

Financial Scamming:  
The Value of Early Intervention by  
Trading Standards





## Foreword

This report provides a summary of research undertaken by the National Centre for Post Qualifying Social Work and Professional Practice (NCPQSWPP) commissioned by the Chartered Trading Standards Institute (CTSI) on behalf of the CTSI College of Fellows to identify the value of early scam intervention by Trading Standards. The original contract was to provide support to a local authority adult safeguarding team who were commissioned to undertake the research. In order to improve the quality of this research NCPQSWPP agreed to extend its remit so that further meaningful data could be collected and analysed. This work is based on a wide ranging literature review and original research providing insights into the experience of scam victims of receiving support from Trading Standards and the economic and personal detriment caused by scamming.

Scamming is a growing problem and this work is part of the work of NCPQSWPP and partners, to develop better understanding of this issue, its scale and impact.

I would like to thank the research participants whose accounts of their scam experiences have added valuable insights into this work. Thank you also to the Trading Standards teams who, despite struggling to find time to contact potential participants, enthusiastically collaborated and created links with a number of scam victims.

This research recognises the value of Trading Standards to individual scam victims and their families. Appreciating this value is essential in light of funding reductions affecting the scope and range of services available to people at risk of abuse and neglect. It is equally important to recognise the value of early scam intervention to the economy; put simply when people are targeted by scammers not only is their health and well-being affected but, in many cases, they can no longer afford to meet their needs. This creates an economic burden for local authorities.

Intervention from Trading Standards provides a unique contribution to wider social policy priorities, including prevention and safeguarding. It is essential that agencies work together to promote these priorities drawing on knowledge, expertise and intelligence from each to develop robust, cooperative strategies to tackle scamming.

### **Professor Keith Brown**

Director National Centre for Post Qualifying Social Work and Professional Practice  
(NCPQSWPP)

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The National Centre for Post-Qualifying Social Work and Professional Practice  
Bournemouth University  
4<sup>th</sup> Floor, Royal London House  
Christchurch Road  
Bournemouth  
Dorset  
BH1 3LT

# Executive Summary

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## 1. Introduction

This report has been commissioned by the Chartered Trading Standards Institute and sponsored by CTSI College of Fellows to provide an evaluation of current evidence regarding the detriment caused by financial scamming and the personal and economic impact of early intervention by Trading Standards (TS).

## 2. Why evaluate early intervention by Trading Standards

Understanding the role TS plays in addressing the specific risks associated with financial scamming is important for a number of reasons:

- a) Scamming is a growing issue (Financial Fraud Action UK, 2016) with negative social impact beyond financial detriment.
- b) Financial abuse is the second most common form of abuse experienced by adults at risk (SCIE, 2011).
- c) The Care Act 2014 requires local authorities to promote well-being and prevent and protect people at risk from abuse and neglect (including financial abuse) through effective partnerships.
- d) In times of budget cuts it is vital that agencies work together to support victims of financial scams by using their resources to achieve optimum results.
- e) Living free from harm and abuse is a fundamental human right and serious abuse is a violation of Article 3 of the Human Rights Act, 1998. Local authorities must promote Human Rights in all their functions, proactively preventing abuse and neglect where and when possible. TS provide an essential, and particular, contribution to this policy agenda.

## 3. Defining early intervention

**Early TS intervention in scams: is any activity which protects or prevents people becoming involved in scams and from chronic victimisation.**

This document is the first to offer a definition of early scam intervention by TS. The definition is purposefully broad, enabling a person centred approach where the intervention activity is led by, and meaningful to, the person. This means intervention activities range from universal and strategic programmes which raise public awareness and inform people of their right to live free from abuse, such as community safety services, Friends Against Scams, media campaigns and educational activities, to more targeted approaches such as 1:1 and group education, working with family and networks of support to inform and advocate, forewarning about existing and new scams, and arranging the installation of call blockers.

In light of the shared indicators of social care need and scam victimisation indicated above the definition devised here purposively draws on descriptors of prevention and early intervention used within the Care Act 2014 and Statutory Guidance, 2016. Early intervention activities of TS reflect the primary and secondary levels of prevention detailed in sections 2.6 – 2.8 of the Care Act 2014 Guidance (2016), most relevant to TS being:

- Provision of universal access to good quality information.
- Support safer neighbourhoods.
- Where the provision of services, resources or facilities may help slow down or reduce any further deterioration or prevent other needs from developing.
- Early support can help stop a person's life tipping into crisis

## 4. Detriment caused by scamming:

Being scammed causes detriment to the economic and personal health and well-being of individuals and wider society (Lonsdale et al, 2016). Bournemouth University has been working with CTSI and the National Trading Standards Scams Team to raise national awareness and produce publications for professional and the general public including Financial Scamming: Defining Terms and Financial Scamming: Our Campaign and Research available from: [www.NCPQSW.com](http://www.NCPQSW.com). Detriment caused to health and well-being makes scamming a public health issue which creates additional demands on health and social care services. Local authorities have responsibility for public health with oversight provided by Health and Well-being Boards. The work of these boards is complemented by the strategic duties of the Safeguarding Adult Boards made a legal requirement by the new safeguarding framework introduced by the Care Act 2014.

The Health and Well-being and Safeguarding Adult boards oversee policy and practice across a whole authority and its partner agencies, promoting three core duties which focus on:

- 1) Promoting well-being.
- 2) Preventing health and social care support needs.
- 3) Safeguarding people at risk of abuse and neglect.

Early intervention by TS contributes to each of these core duties through activities such as enforcement, prevention and safeguarding current and future victims, and raising public awareness promoting well-being and aiding safeguarding. TS also provide 1:1 support for scam victims which helps prevent further harm occurring.

Reduction in the resources available to TS from £213 million nationally in 2009, to just £124 million in 2015, (Silvester, 2016) consequently impacts on the service's ability to contribute to national policy priorities. For example the average number of rogue traders prosecuted in 2014/15 was just under 1 per local authority (Day, 2015) and although local TS support the work of The National Trading Standards Scams Team (NTS Scams Team), their capacity to support scam victims, including follow up on intelligence provided by NTS Scams Team on the (at least) 240,000 names on 'suckers lists', is dependent on resources (Lonsdale et al., 2016, p. 54). This threatens NST's ability to extend the reach of public awareness strategies such as the Friends Against Scams and media campaigns.

## Economic detriment: Scamming creates an economic burden

Money lost to scamming reduces individual and national and global wealth. Many scams are sited outside of the UK, therefore reducing national economic activity. Proceeds of scams have been discovered funding international criminal networks (Lonsdale et al, 2016, p64).

Research reveals the impact of scams on the physical, psychological and emotional well-being of individuals and their networks (Button et al., 2014). The effect of being scammed can, like other forms of crime such as burglary, undermine the ability to live independently (Donaldson, 2003), for example by leading to the neglect of basic needs such as food and shelter. Monetary loss also reduces funds available for current and future care and support needs.

Scammers and unscrupulous legitimate traders target specific groups of people made vulnerable by their circumstances. These circumstances correspond with several indicators of social care need, including age (James, Boyle and Bennett, 2014; Age UK, 2015), cognitive impairment (Alzheimer's Society, 2011, 2014), loneliness and social isolation (Dury, 2014; Age UK, 2015) and major life changes such as bereavement (National Trading Standards Board, 2015). Therefore the population targeted by scammers, who may lose significant sums of money, are those who do, or are likely to, require care and support services but whose ability to fund those services is reduced or eliminated. This creates an economic burden for ASC.

The shared indicators of social care need and vulnerability to scam victimisation mean that ASC and TS focus on a shared population. Recognising the relevance and value of each service to its partner is a positive move towards preventing and addressing the needs created by scam victimisation. Therefore increased collaboration between TS and ASC to identify those at risk within communities, including TS involvement in Safeguarding Boards to develop shared strategies is a way of advancing the prevention agenda. Additionally collaborative work is required to raise professional awareness through the development of training materials to enable recognition of the signs of scams and appropriate action.

Calculating economic detriment is made difficult by:

- i. Reluctance of victims to disclose the full extent of their loss, and the general under reporting of scamming.
- ii. The current measures of economic detriment: these often focus on specific, but overlapping, crimes relevant to specific agencies, for example doorstep scams (Doorstep Crime Survey, 2015), online scams (Get Safe Online, 2016) or mass marketing fraud (National Scams Team) rather than giving a global assessment.

The Annual Fraud Indicator 2016 (University of Portsmouth) provides a more comprehensive figure and calculates that up to £9.7 billion was lost to personal fraud in the UK to 3.25 million victims (p26). This figure roughly corresponds with the addition of calculations made by The National Scams Team (NST), reported by Lonsdale et al, (2016), that Mass Marketing Fraud costs up to £5.77 billion, and from The National Doorstep Crime report that in 2015 up to £2.2 billion was lost to scams, totalling £7.9 billion.



## 5. The value of early intervention:

In the UK we are living longer and often with complex health needs (Poppi, 2015,; Age UK, 2015; Alzheimer's Society, 2015). This change correlates with increased demand for social care and health services which are now facing unprecedented fiscal challenges with an anticipated £1.9 billion budget gap in 2016/17 (The Nuffield Trust et al., 2016). Prevention of need, including the early intervention by TS, is a crucial factor in ensuring social care is sustainable in the longer term.

Early intervention by TS contributes a unique part of the multi-agency response to the growing issue of financial abuse. TS is at the front-line of work with scam victims and shares the responsibility of safeguarding those at risk with adult social care (ASC), the police, housing, the financial sector and other partners. Investment in prevention services, such as TS early intervention activities contribute to the sustainability of social care.

To strengthen the evidential link between scamming and increased need further research is required, in conjunction with ASC, to:

1. Assess the frequency of scamming as a factor leading to, or exacerbating existing health and care needs;
2. To quantify the cost of scams to social care by examining the links between the experience of being scammed and the type and extent of subsequent need.

Nationally 16% of safeguarding enquiries concern financial and material abuse (Adult Social Care Statistics, 2016). The data does not indicate consequent costs of ongoing care and support needs resulting from the abuse. However, other currently available data provides helpful information demonstrating the savings made by Trading Standards to individuals and the costs of ASC services:

1. Estimated loss of £9.7 billion annually to personal fraud (Annual Fraud Survey, 2015)
2. Savings made by consumers following TS intervention. Lonsdale et al, (2016) illustrate the complexity of calculating savings, however what is clear is that the NTS Scams Team secured £35,616,193.29 savings by December 2016 since it started to work in 2013.
3. Total public expenditure on ASC 2014/15: **£17.0 billion** (This figure represents gross current expenditure and includes income from client contributions) (Health and Social Care Information Centre, 2015).

This includes short and long term care for people aged 18 and over.

Long term support for people aged 65 and over includes:

- £4.5 billion on physical support,
- £1.2 billion with memory and cognition,
- £534 million on learning disability support,
- £494 million on mental health support and
- £136 million on sensory support.

Specific services for people aged 65 and over:

- £3.0 billion residential care,
- £1.4 billion home care,
- £1.3 billion nursing care.

In 2014-15 the average cost of care per adult, per week was

- £716 for long term residential care
  - £596 for long term Nursing Care.
  - The average cost of internally provided Home Care was £30.75 per hour
  - And externally provided Home Care was £14.28 per hour.
- (Health and Social Care Information Centre, 2015)

The Care Act 2014 sets out charging regulations (s14, 17, 69-70). The upper capital limit, above which an individual is assessed as self-funding, and therefore responsible for the full cost of their care, is currently set at £23,250 (this includes a property if they live alone, although there are specific exemptions). An assessment of an individual's assets and income is used to calculate their contribution towards the cost of care. If their personal wealth has been reduced by involvement in scams their contribution will reduce, and therefore the cost to the local authority will increase.

## 6. What consumers say: Key themes emerging from research interviews

**Consumers value early intervention from TS: “TS were brilliant. When it happened I sat at the back door and cried. They (TS) helped me get my money back and I didn't feel so alone or scared.”**

The research participants were universally positive about the intervention from TS. It was evident that some participants were not aware of what constitutes a scam; providing they received a service or product they did not believe it was a scam. Hence the surprise expressed when identified from ‘suckers lists’ or seized mail. This suggests the importance of education and raising awareness about consumer rights and scams. Training programmes directed at those groups most at risk of falling victim to scams, which include learning about scammers’ techniques and improve financial literacy would aid prevention.

Without TS support these individuals would probably have continued, increasing their financial loss. Other participants knew they had been/were being scammed but only felt able to stop when approached by TS. Another participant continues to send money to prize draws, but at a reduced rate, while two have taken a proactive ‘intelligence gathering’ approach keeping all mail. This indicates the value of a person-centred approach, involving the victim in all decisions and actions.

**Financial detriment to research participants: the degree of impact is not necessarily related to the amount lost.**

All the participants lost money to scammers, and one continues to send money for ‘prizes’. The losses are variable ranging from £1080 to over £250,000 over a ten year period. The impact of loss was variable: some reporting no impact, one had become dependent on a friend for accommodation; one required a debt counselling service to assist arranging a long-term repayment plan and another had experienced short-term difficulties meeting their housing costs. These experiences have disrupted the individual’s economic well-being.

**Personal, physical and emotional detriment:**

Participants expressed a range of negative emotional responses to their experiences, such ‘feeling stupid’ and ‘being taken as an idiot’. These negative feelings can lead to loss of confidence in personal capabilities: ‘I don’t know if I can trust myself anymore’, which erode the sense of self and can lead to, or exacerbate, mental health issues. But comfort was also found in the routine and purpose scam involvement can provide when personal circumstances change, such as following bereavement. Returning home to an empty house was made easier for Mr. L by the anticipation of personal messages from clairvoyants. Over thirty postal items gave him a structure to his day, which had lost focus since his wife’s passing away three years ago. He recognises the value this sense of utility gave him during a period of personal transition and stated that although he has lost a significant sum of money, the activity was helpful and in his mind outweighed the cost.

This research and the literature (Olivier et al, 2015), reveal similar insights from other research participants, which suggest that vulnerability to scams is experienced during times of personal transition, such as bereavement or illness, when an individual might be low in mood and seeking comfort. Therefore interventions need to be targeted at people undergoing life changes (for example TS collaborating with GPs).

Anger was also expressed by participants in this and other research, including ‘righteous anger’ provoking a desire to take the scammers on. This may draw on earlier professional roles for some participants who had spent their working lives promoting social justice. Participating in the NTS Scams Team Mail Marshal Scheme is one way people have been able to contribute to TS work and aid enforcement.

### Conclusion

This report has provided a summary of findings emerging from a literature review and research interviews investigating the value of early TS intervention to scam victims and the financial impact on ASC resulting from scams. The report finds that early intervention is valued by victims and contributes to wider social policy priorities concerning safeguarding, the promotion of well-being and the prevention of ill-health, abuse and neglect. Calculation of the cost of scamming to ASC requires further research; however, it is apparent that when victims lose money to scams their ability to pay for services to meet their care needs is reduced, resulting in costs incurred by local authorities.

The report concludes that extending the collaboration between TS and ASC is necessary and appropriate as it offers an effective way of advancing the shared concern for scam victims and those at risk of victimisation.

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## Contact details

The National Centre for Post-Qualifying Social Work and Professional Practice

Bournemouth University  
4<sup>th</sup> Floor, Royal London House  
Christchurch Road  
Bournemouth  
Dorset  
BH1 3LT UK

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