

Why should I teach about fraud and financial crime?

Developing new knowledge in Citizenship

Fact Sheet

What is fraud?

Fraud is the crime of cheating or lying to gain money or financial benefits, or to cause someone else a loss (or expose them to risk of loss). It often involves someone being tricked or deceived into doing something (or not doing something) that results in a financial loss

Fraud Act

- 1) False representation – deliberately lying when conducting transactions in order to make a financial gain or cause loss to another party.
- 2) Failure to disclose information when there is a legal duty to do so – the act must be dishonest.
- 3) Fraud by abuse of position – when someone has a position in which they were expected to safeguard, or not act against, the financial interests of another person. They may have abused that position, been dishonest and intend to make a gain or cause a loss

Statistics

- Reported losses due to fraud from businesses and individuals in 21-22 totaled £2.46 billion
- Fraud accounts for around 40% of all offences in England and Wales.
- 1 in 17 adults were victims of fraud in year ending December 2022.

Cifas, the not-for-profit cross-sector fraud prevention organisation, revealed on the BBC's Crimewatch Live that there has been:

- A 78% year-on-year increase in accounts of people aged under 21 bearing the hallmarks of money mule activity, and
- A 76% year-on-year increase in accounts of people aged between 21 to 30 bearing the hallmarks of money mule activity, compared to
- A small 26% increase in accounts of people ages over 30 bearing the hallmarks of money mule activity

What is a money mule?

A money mule is an individual who allows their bank account to be used to transfer money to be used in the proceeds of crime, and it is a criminal offence which can result in up to 14 years in prison. Money mules are paid by criminals to hide cash made from illegal activity, and many don't realise they're involved in criminality.

Birmingham has recorded the highest number of money mule cases of any council area in the country, with statistics from the Cifas fraud prevention service showing West Midlands police identified nearly 3,000 likely cases between January and September last year.