

# What substantive knowledge can support our teaching of fraud and financial crime in the Citizenship curriculum?

## Key Legislation

[The Fraud Act \(2006\)](#)

[Failure to Prevent Fraud Bill](#)

[Economic Crime & Corporate Transparency \(2023\)](#) - This is only applicable to large organisations

## Types of Fraud

- 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
  - The conduct must be dishonest
  - The person committing the offence must know that the representation is, or might be, false
  - Their intention must be to make a gain for themselves or someone else, or to cause a loss (or the risk of a loss) to someone else
  - The intended gain can be for the defendant or someone else
  - No gain or loss needs actually to have been made for an offence to have been committed

## What types of fraud might our students encounter?

*Courier Fraud:* Commonly used with a person posing as a bank, a delivery agent or even the police. They explain the urgency of securing your account or delivery slot. You hand them your details because they seem legitimate.

*Ticket Fraud:* Common with the hardest to get tickets for sports and music. Fraudster will make a ‘too good to be true’ offer usually with a seemingly legitimate excuse. Direct bank transfer only - this limits the consumer’s rights to recoup their money and offers less protection. The ticket might look legitimate but doesn’t work!

*Invoice Scam:* People are targeted with a fake invoice demanding payment. They usually request urgent payment. The invoice will normally come from an email account that looks real and will contain a link to a website that looks real too.

## What is a money mule?

A money mule is someone who allows their bank account to be used by someone else, who transfers money into it. They usually allow the person to keep a little bit as payment. Young people are easy targets for money mule recruiters.

The money transferred is normally proceeds of crime like drug dealing and ultimately can be used to fund serious organised crime and even terrorism.

Young people (under 35) are the most likely targets. Increasingly, 12-21 are being targeted. Recruiters use online messaging and even games to recruit people. Some are even approached on the street and coerced into muling.

## Outcome of money muling

- Up to 14 years in prison
- Banned from opening accounts
- Negative impact on credit score
- No access to student finance so no university
- Criminal Record