

**8TH EUROPEAN HEALTHCARE FRAUD AND
CORRUPTION NETWORK
ANNUAL CONFERENCE
6TH-7TH OCTOBER
KRAKOW**

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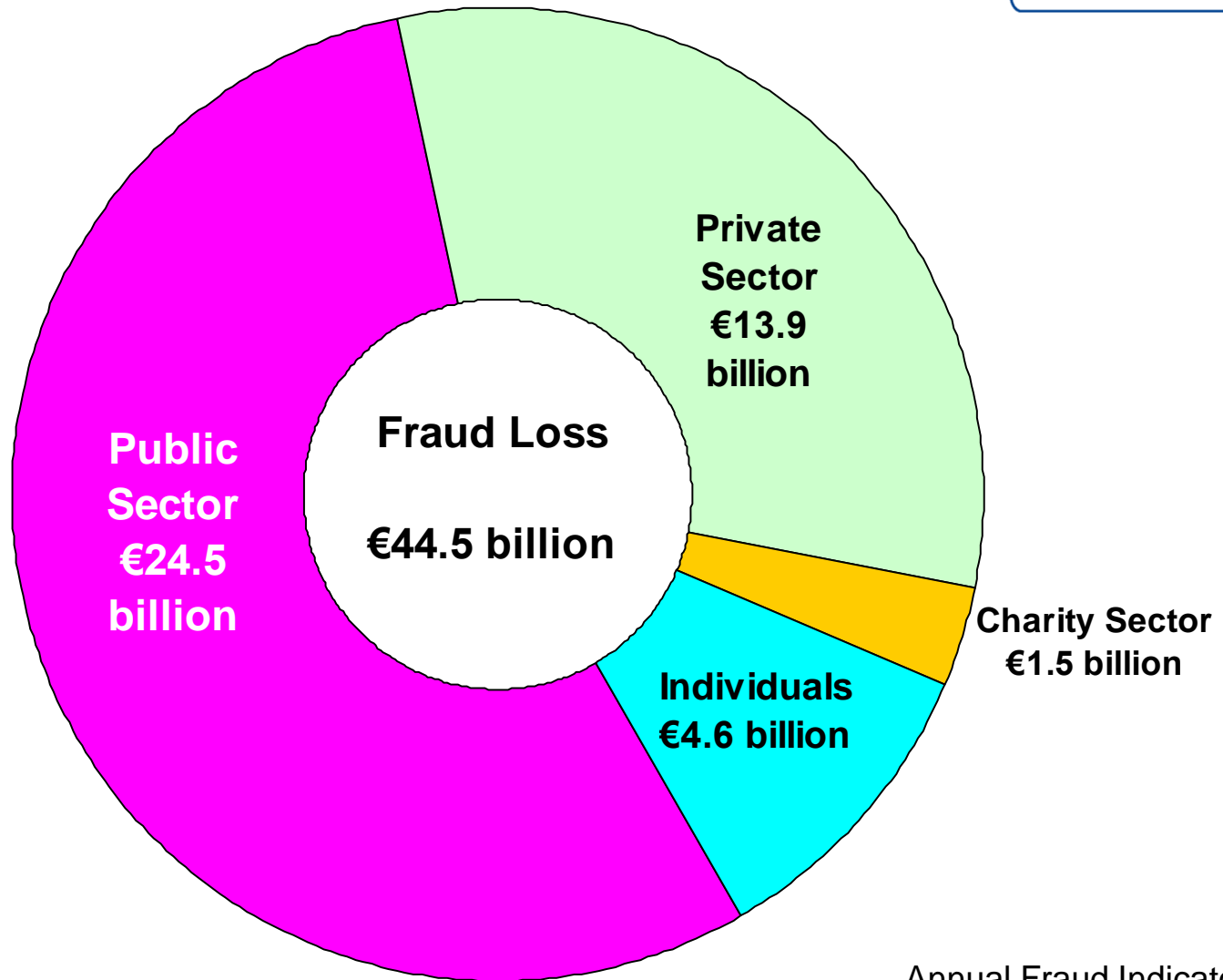
- Fraud strikes at every level of society – from Individuals to Companies to Government Revenues, Tax and Benefits Systems.
- We all pay the price of this from higher taxes, insurance premiums, and costs passed on from businesses in higher prices for goods & services.
- The consequences to a person, business or charity who has money taken from them by fraudsters can be devastating and in some circumstances, life changing.

Dr. Bernard Herdan CB
Chief Exec, National Fraud Authority



Fraud Losses

Annual Fraud Indicator 2011








Losses to the UK economy

The 2011 Annual Fraud Indicator has put the loss to the UK economy from fraud at €44.5 billion. This serves as a stark reminder of how much money fraudsters take from us each year, which affects everyone in the UK directly or indirectly. Broken down, this figure represents fraud costing each adult member of the population an average of €887 per year. In this time of austerity, it is money we can ill afford to lose.

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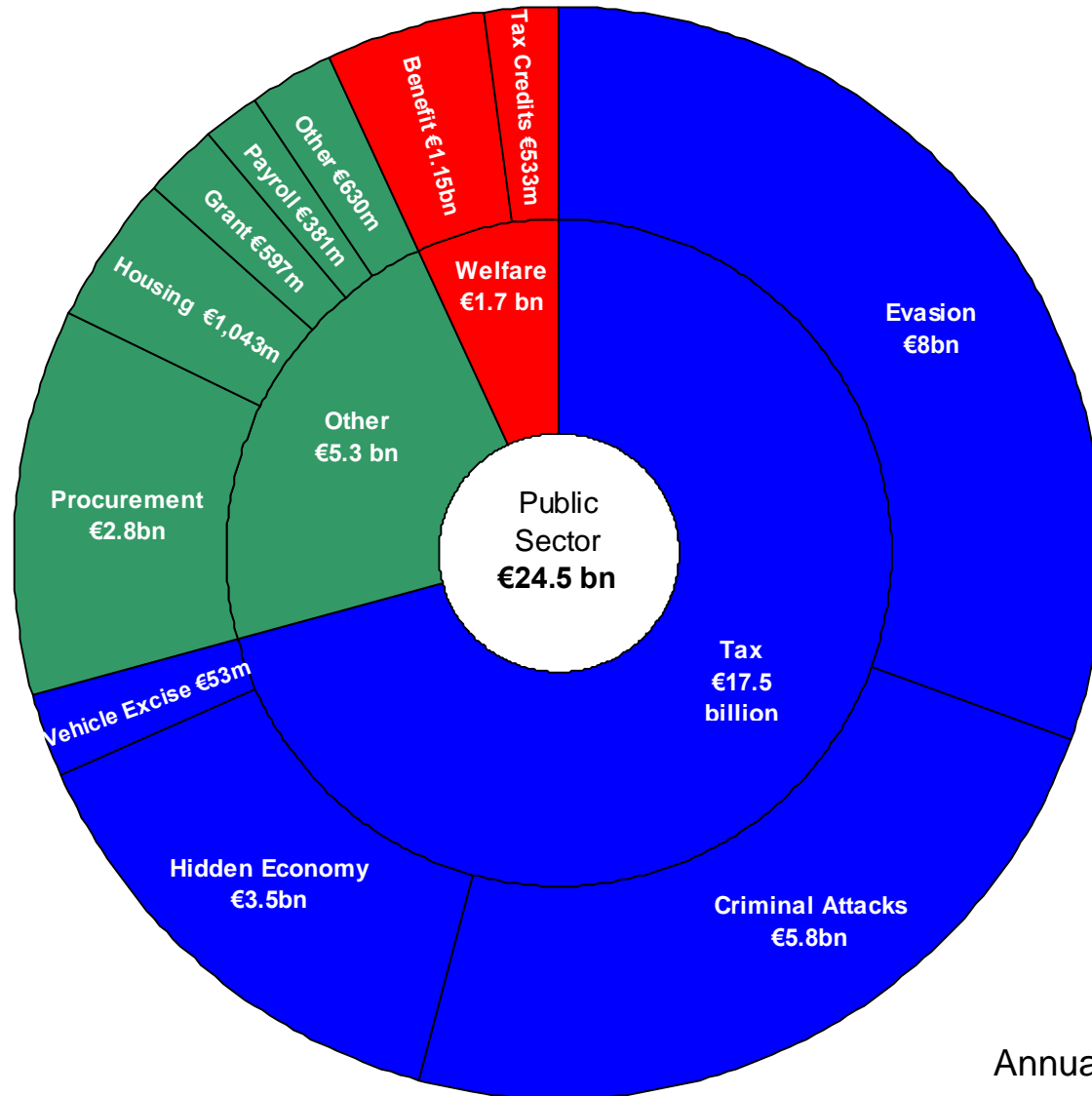


Key trends within the GB economy

- Insurance Fraud  - 15% (2008/09)
- Plastic Card Fraud  - 28% (2008/09)
- On line Banking Fraud  - 14% (2008/09)
- Cheque Fraud  - £12m (2008/09)
- Benefit Fraud  - 0% (2008/10)
- Identity fraud  - 4.7%



Public Sector Fraud



Public Sector Fraud Loss

- €24.5 Billion.
- Fraud losses by HMRC & DWP = 80% of total public sector fraud loss.
- Fraud in the welfare system is estimated at €1.7 Billion (about 0.9% of total welfare expenditure).
- DWP has one of the most sophisticated methodologies in the Public Sector for measuring the level of Fraud & Error.
- Over 30% of all benefit expenditure is measured on a continuous basis.



This is not a silver bullet, but a long, hard road



How we measure Fraud & Error

- Fraud & Error is measured on a rolling programme with one off snap shots as necessary. A common sample is used to measure incorrectness.
- The Monetary Value of Fraud & Error is projected from the sampling programme.
- €3.8 billion overpaid, €1.5 billion underpaid.
- Department for Work and Pensions has been recognised by the National Audit Office to be in the forefront internationally in understanding and estimating incorrectness in the welfare payment system.
- The difference between customer mistake and fraud is that the fraudster had guilty knowledge and fraudulent intent.

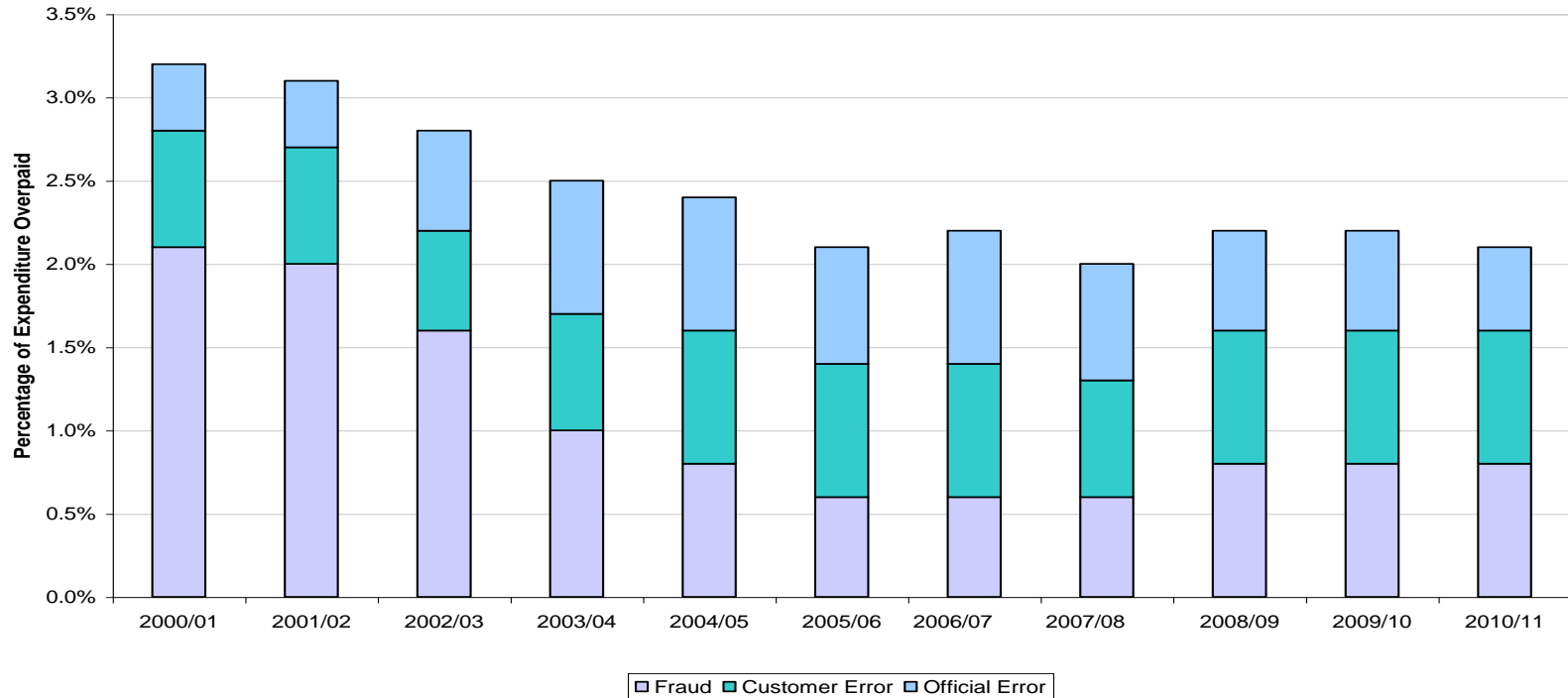


- Jobcentre Plus pays
 - €9.2 billion Income Support (2010/11).
 - €5.2 billion Jobseekers Allowance (2010/11).
 - €406 million (4.4%) Fraud & Error in Income Support.
 - €336 million (6.5%) Fraud & Error in Jobseekers Allowance.
- Majority of this was paid correctly.
- Mistakes are made by both customers & staff.
- Error reduction strategy published in 2007 sets out how we will improve error prevention:
- Correct errors
 - Process compliance
 - Training & qualifications for staff
 - Help Customers understand their responsibilities and exactly what they need to tell us and when to tell us about changes.



Monetary Value of Fraud & Error

Total Estimates of Benefit Overpayments due to Fraud and Error



Fraud on a consistently downward trend until 2008/09 results (increase to 0.8% from 0.6%)

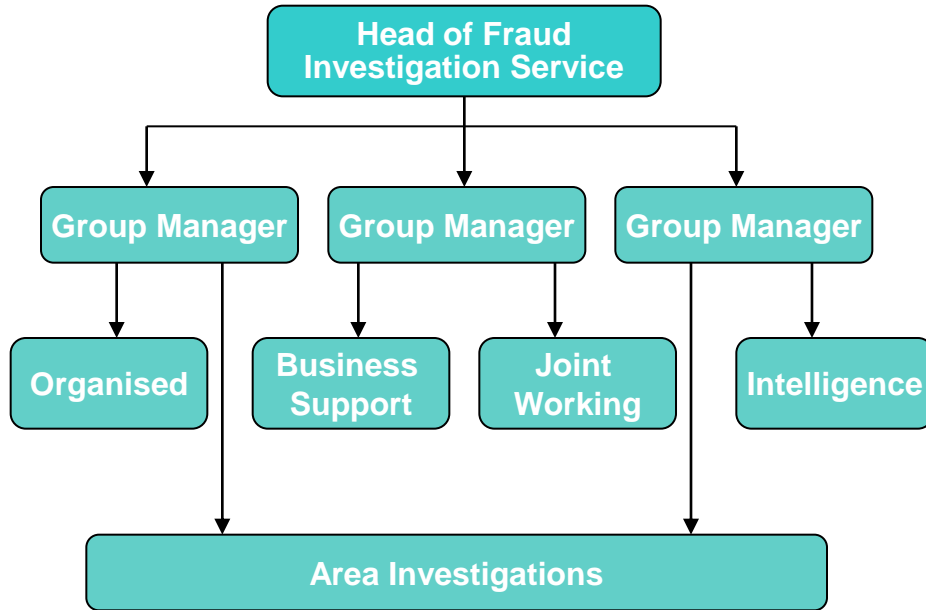
Customer Error has remained broadly at the same level

Official Error initially increased, but has been on a downward trend since 2006/07

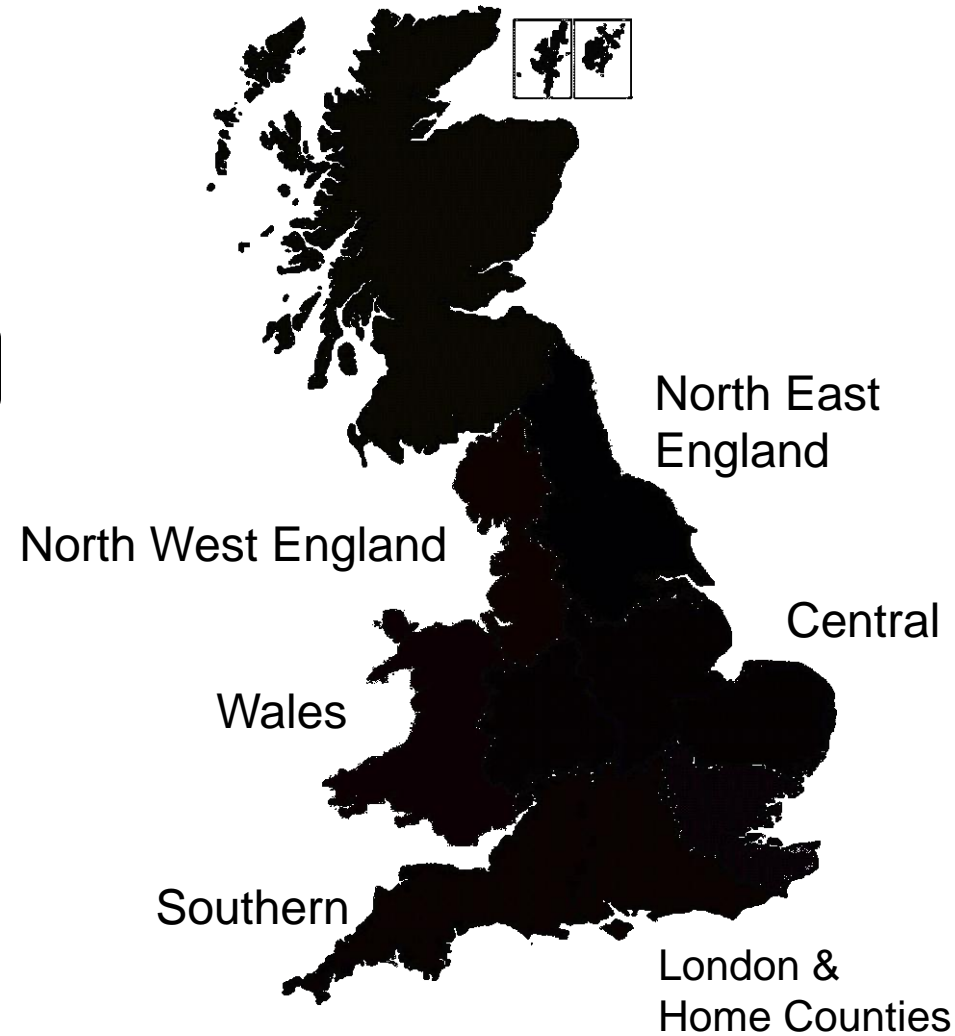
- An allocated resource of around 2800 professionally trained and well equipped Investigators.
- Intelligence led investigations.
- Specialist Teams/Personnel to deal with Organised Fraud, Financial Investigations, Disability Related and Living Together investigations.
- Use of statutory powers.
- Improved data matching.
- Increased Sanctions, particularly Prosecutions.
- Maximising publicity.
- Develop partnerships.
- Exploit new IT and equipment.



Fraud Investigation Service



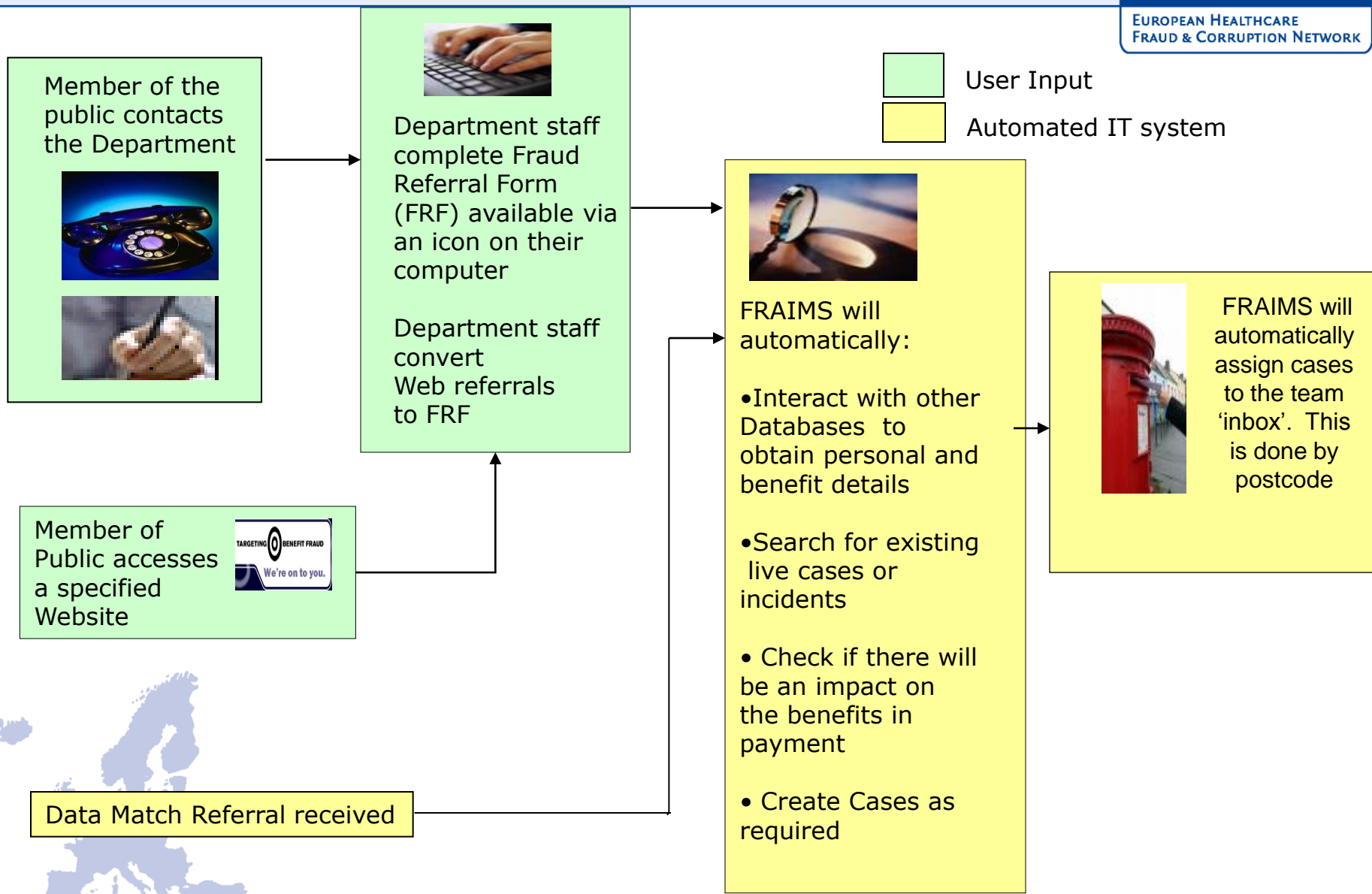
Scotland



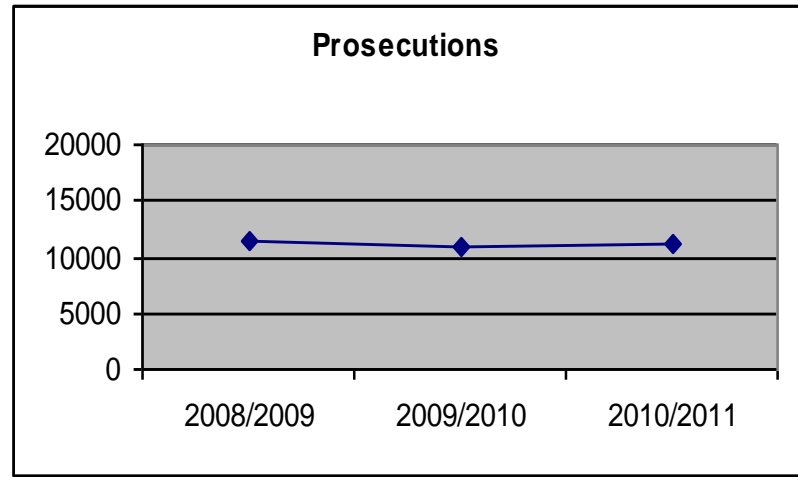
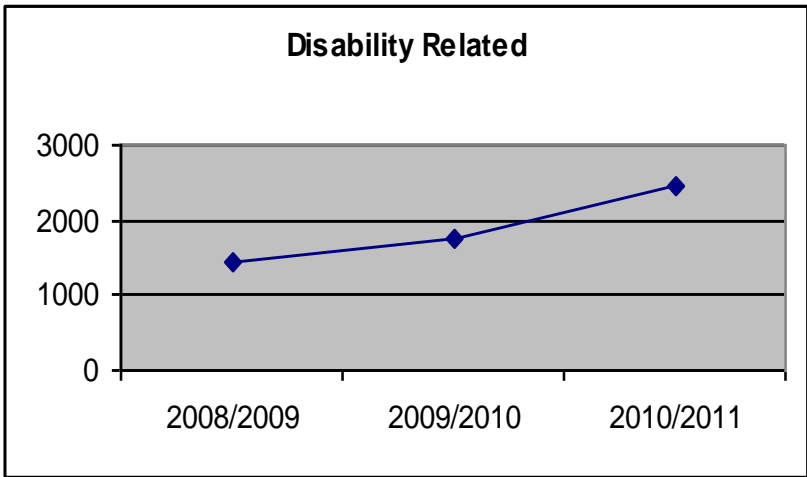
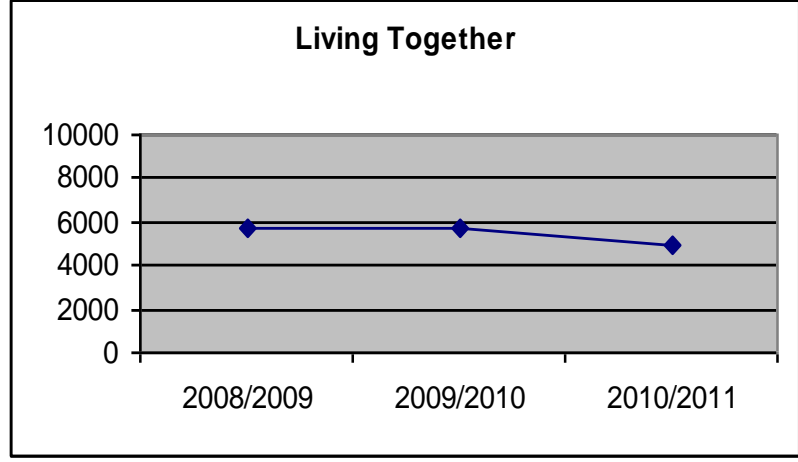
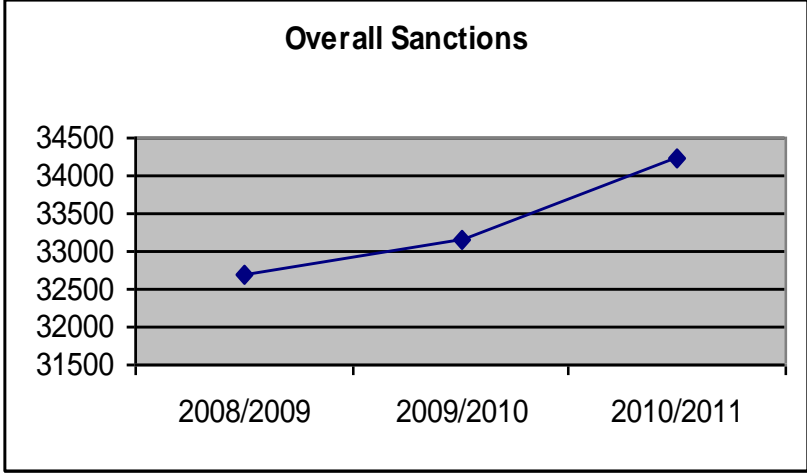
Equipment



Fraud Referral and Intervention Management System (FRAIMS) - Fraud suspected



Performance – Overall and Specific Categorised Fraud



An integrated strategy

- New strategy is based on five elements, focused on preventing fraud and error entering the system in the first place;
- seeking it out and correcting it where it does exist;
- meting out effective punishments to those who do attack the system,
- deterring others from considering the same course of action

PREVENT

Stopping fraud and error getting into the system in the first place

DETECT

Increasing the likelihood of finding incorrect and fraudulent claims

CORRECT

Quickly putting incorrect cases right, getting back what we're owed

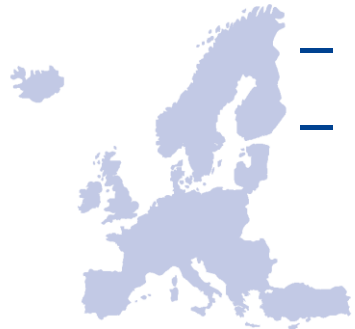
PUNISH

Strengthen sanctions for those caught

DETER

Publicise harsh punishments and the high likelihood of being caught

- Single Fraud Investigation Service
- Mobile Regional Task Force
- Integrated Risk and Intelligence Service
- Cross Departmental Identity Fraud Unit
- Hotline
- Sanctions and Civil penalties
- Threats
 - ID Fraud
 - Cyber Crime
 - Organised Fraud



Rogues Gallery

Clare Jones, from Rhondda in Wales told DWP she was “virtually unable to walk” and that it took her up to ten minutes to move 80 feet using crutches. However, she was caught out after being filmed skydiving at 12,000 feet.

Jones was given a 12-week sentence, suspended for 12 months, and she will also do 150 hours’ unpaid work.



A former Iron Maiden frontman was really swinging the lead when he claimed he had sciatica, but was in fact rocking all over the world performing concerts.

He pleaded guilty to falsely claiming €52,000 in Income Support, Housing and Council Tax benefits between September 2002 and May 2008.

Mr Andrews was sentenced to nine months imprisonment.



David Ray, 55, Played 18 holes of golf twice a week despite claiming he could 'barely walk'. He also claimed to have a degenerative condition that left him so ill he couldn't even cut up his own food.

He falsely claimed €39,000 over nine years.

He was given a four month prison sentence suspended for 12 months and ordered to wear an electronic tag for four months.



A Baronet's widow claimed to be Graham Young's landlady but in reality was living with him as man and wife.

Young was convicted of 11 counts of failing to inform a change in circumstances and Bowden was convicted of five counts of money laundering and one of dishonestly retaining unlawful credit in this €104,000 benefits scam.



Any Questions

