



MSOC Economic Crime Team

Fraud Allocation and Investigation Policy

OFFICIAL

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Introduction and Background

This document outlines the procedure for allocating and investigating volume and major fraud offences.

The document outlines a 'triage' system for fraud investigation in line with Community First to ensure the most appropriate disposal, whilst keeping the victim at the heart of everything we do.

The triage system will provide a framework for staff to use their knowledge and discretion to make the most efficient and effective decisions to achieve the best possible result for victims of crime.

This document outlines the processes which will assist the Economic Crime Team, together with our partners to do the right thing in line with the force strategy. The force strategy guides us to utilise a problem solving approach to target the individuals and groups causing threat, risk and harm. This triage framework provides the team with the confidence to make sound decisions on behalf of the organisation and our communities.

In conjunction with our partners and National Fraud Intelligence Bureau (NFIB), the fraud triage team will process and score all fraud and cybercrime on behalf force ensuring a consistent and thorough approach.

Merseyside Police fraud triage system is designed to reinforce the national fraud 4 P strategy in tackling fraud and cybercrime.

Pursue

Perpetrators of fraud will face the risk of prosecution, loss of assets and dismantled operations at every opportunity. The combined law enforcement response will attack the finances of organised crime, across regional, national and international borders. All statutory enforcement option available to police and our partners will be exploited to detect, investigate and disrupt criminality at the earliest possible stage, prosecuting those responsible and recovering assets.

Prevent

The police and partnership approach will be to deter people from engaging in fraud by raising awareness of its devastating impact and showing that crime does not pay by marketing our successes.

Protect

By working together in a cohesive partnership we aim to educate the public and businesses to prevent them becoming victims of fraud. Activities across the full spectrum of public and private sector partners will ensure alerts of fraud are rapidly communicated to potential victims. By understanding our emerging threats we will effectively drive targeted communications to help individuals protect themselves and reduce repeat victimisation.

Prepare

Given the rapid increase in fraud both cyber enabled and otherwise, significant investment has been made to the future staffing and resourcing of fraud investigation. In conjunction with our partners we are ensuring an effective future response.

Fraud Triage Principles

In line with Community First, the ECT Fraud Triage Team have an opportunity to assess all fraud offence reports and take a common sense approach. We will also adopt an innovative and partner enabled approach where appropriate in tackling the most prevalent crime type. The triage team will always take cognisance that fraud effects more people in our community than any other crime type.

When considering an investigation following an allegation of fraud, a number of factors must be considered, including the nature of the fraud type, resources available and the potential success of the investigation.

However, the vulnerability of the victim and the impact of the crime will be of paramount importance in our decision making process.

Therefore, each offence identified will fall within one of the categories below.

CAT 1 - Cases that must be investigated by Merseyside Police either alone or in partnership with an enforcement agency (DWP, Trading Standards, HMRC, Pensions Regulator, Charities Commission etc.)

CAT 2 - Cases that following triage it is apparent that the offender does not reside on Merseyside and therefore would be more appropriately investigated by another force.

CAT 3 - Cases with cross border offenders or of such complexity that consideration should be given to referral through to Titan, NCA or SFO.

CAT 4 - Cases that due to the specific nature of the fraud would be more appropriately investigated led by a partner agency (DWP, Trading Standards, HMRC, Pensions Regulator, Charities Commission etc.).

CAT 5 - Cases where disruption would be the most beneficial course of action either alone or in conjunction with a partner agency (DWP, Trading Standards, HMRC, Pensions Regulator, Charities Commission etc.)

CAT 6 - Cases that should be sign-posted to civil procedures.

CAT 7 - Cases that should not be investigated, as not considered to be within the public interest.

Historically the Home Office Circular 47/2004 'Priorities for the Investigation of Fraud Cases' has been a reference point for forces in making decisions regarding the disposal of fraud investigations. However this circular is in the process of being withdrawn and therefore cannot be relied upon as justification going forward. Merseyside police must justify all decisions based on our own professional judgement in line with Community First.

Due to the unique and varied circumstances around each fraud case submitted, the list in the following section contains a guideline category or categories for consideration of the investigator. This is not exhaustive or prescriptive, however it is recommended that consideration be given to which category a case falls into and it must be noted on OEL within the investigation strategy.

Higher priority cases – Guideline Categories 1 - 5

- The victim(s) are believed to be vulnerable, for example, older people, people with disabilities and socially isolated individuals including other protected groups under the Equality Act 2010.
- Frauds having a significant impact on the victim(s). For example, a negligible loss to a large company could be catastrophic for a private individual or small business.
- The offence is believed to be part of a linked series.
- The offenders are part of an organised crime group and the activity reported would score 'high' on THR matrix.
- There are clear opportunities to identify and restrain assets from the criminals with the aim of pursuing confiscation or forfeiture proceedings.
- The circumstances under investigation fall under the category of a critical incident, or the decision not to investigate could have a significantly detrimental effect on public confidence or satisfaction.
- Frauds giving rise to significant public concern, possibly highlighted by a high degree of press interest.
- Frauds involving substantial sums of money. (NB. Cases meeting the acceptance criteria of the Serious Fraud Office may be referred directly to them, either by the victim or the police).
- Frauds committed by, or knowingly facilitated by, professional advisers, e.g. lawyers, accountants, merchant bankers.
- Frauds likely to undermine confidence in leading UK institutions or otherwise undermine the economy.
- Frauds committed by members of boards or other senior managers.
- Frauds where law enforcement action could have a material deterrent effect.
- Frauds which indicate a risk of more substantial/extensive fraud occurring.
- Cases where the victim has devoted significant resources to fraud prevention or has been willing to participate in appropriate crime prevention partnerships or otherwise assist the police.
- Frauds which it has been agreed should be a current law enforcement priority.

Lower priority cases - Consider All Guideline Categories

- The investigation would require a disproportionate level of resource to bring the case to a conclusion and would adversely impact upon our ability to investigate other crime.
- The victims are not willing to support a prosecution due to low level impact on them or where they have been obliged to report the crime by a financial or other institution so that they can be compensated appropriately.
- Frauds where the likely eventual outcome, in terms of length of sentence and/or financial penalty, is not sufficient to justify the likely cost and effort of the investigation.
- The victim has pursued civil recourse and has subsequently turned to the police for a criminal investigation as a result of dissatisfaction with the civil remedy.
- Delays to the investigation will be caused by the location of key evidence elsewhere.
- Victims have ignored guidelines that are designed to prevent them becoming victims of fraud, for example, online banking and auction sites.
- Frauds where the victim's conduct has contributed to the loss, in particular, where the police have previously given guidance or warnings to victims about fraud risks that have not been acted upon.
- Cases where the victim's motive for making the complaint appears to be malicious and is primarily focused on recovering monies owed, or designed to distract attention from the complainant's own involvement in the fraud. (Such cases might nevertheless merit investigation, particularly where there are other victims involved).
- Cases where victims are not prepared to co-operate fully with the investigation and prosecution, although we will always consider carefully how to assist victims and witnesses who have concerns about safety.
- Frauds more suitable for investigation by another enforcement or regulatory agency.
- Cases where another police force has decided not to investigate other than for geographical reasons.
- Frauds that have already been investigated by the police or another enforcement agency, or that have been the subject of regulatory proceedings, unless significant new evidence has come to light or the previous investigation had a narrow remit that did not address all the relevant issues.
- Cases where the existence of other proceedings might have a detrimental effect on a criminal investigation and subsequent prosecution.
- Frauds which took place a long time ago (probably more than 2 years), unless there are exceptional circumstances.

Once Fraud Triage have established the Category and Priority of each particular cases using the indicators above then a decision will be made to either progress to IAMs scoring and allocate as dictated by this system, or to consider no investigation or alternative resolutions in line with Community First ethos as outlined earlier.

No Investigation

Where a decision is made that no investigation is to take place, outcome type 21 is to be used to file the case on niche and NFIB advised. This decision is to be made when fraud triage supervision decide that further investigation, resulting from the crime report, which could provide evidence sufficient to support formal action being taken against the suspect is not in the public interest with the below considerations noted.

- The use of outcome 21 will not be appropriate in relation to 'serious' offences such as domestic abuse, hate crime, child abuse or any indictable only matter including. For a full list please search 'HOCR Recorded Crime Outcome Guidance' on Force Intranet and go to annex B. If, in exceptional circumstances, use of outcome 21 is deemed appropriate for a 'serious' offence, this must be ratified by the Force Crime Registrar (FCR) at the earliest opportunity.
- Any decision to apply outcome 21 should only be taken after careful consideration which is documented in a comprehensive entry on the niche OEL. The decision to apply this outcome can only be applied when authorised by a supervisor at a point when the decision is made.
- In order to ensure the highest standards of integrity and victim focus the Force Crime Registrar in conjunction with the Crime and Demand Unit will review the application of outcome 21 in all cases and will refer unsuitable cases for full investigation.
- Standards of outcome 21 compliance will be reported on at force level meetings.
- There must be a named suspect in the case before deciding that no investigation will be undertaken in relation to a notifiable offence.
- The views of the victim, or their representative, will always be an important consideration when taking the decision not to investigate an offence where there is a named suspect and must be recorded in clear and auditable manner.
- There will be exceptional circumstances when it would be in not the public interest to investigate an offence contrary to the victim's wishes. Where this is the case, the decision must be endorsed by a supervisory officer with the rationale fully documented the crime record OEL, confirming the victim has been made aware of this outcome. All such cases must be referred to the FCR for authorisation before the victim is informed of the outcome.
- Regard must be given to the public interest test considerations set out in the Code for Crown Prosecutors Para 4.12 a-g: key points are as follows:-

How serious is the offence committed?

The more serious the offence, the more likely it is that a full investigation is required.

What is the level of culpability of the suspect?

Regard should be given to considering culpability as to whether the suspect is, or was at the time of the offence, suffering from any significant mental or physical ill health as in some circumstances this may mean that it is less likely that an investigation is required.

What are the circumstances of and the harm caused to the victim?

The circumstances of the victim are highly relevant. The greater the vulnerability of the victim, the more likely it is that further investigation is required. This includes where a position of trust or authority exists between the suspect and victim.

An investigation is also more likely if the offence has been committed against a victim who was at the time a person serving the public.

Regard must be given as to whether the offence was motivated by any form of discrimination against the victim's ethnic or national origin, gender, disability, age, religion or belief, sexual orientation or gender identity; or the suspect demonstrated hostility towards the victim based on any of those characteristics. The presence of any such motivation or hostility will mean that an investigation is required.

In deciding whether an investigation is required in the public interest, any decision should take into account the views expressed by the victim about the impact that the offence has had. In appropriate cases, this may also include the views of the victim's family.

Consideration should be given as to whether an investigation is likely to have an adverse effect on the victim's physical or mental health, always bearing in mind the seriousness of the offence. If there is evidence that any subsequent prosecution is likely to have an adverse impact on the victim's health it may make further investigation less likely, taking into account the victim's views.

Was the suspect under the age of 18 at the time of the offence?

The criminal justice system treats children and young people differently from adults and significant weight must be attached to the age of the suspect if they are a child or young person under 18. The best interests and welfare of the child or young person must be considered including whether any potential prosecution is likely to have an adverse impact on his or her future prospects that is disproportionate to the seriousness of the offending.

What is the impact on the community?

The greater the impact of the offending on the community, the more likely it is that further investigation is required.

Alternative Resolutions for Fraud

As outlined above reference is made to disruption, joint agency working and civil resolution (**CAT 4/5/6** specifically).

Within this section, individual types of fraud crime will be highlighted with specific examples of potential alternative resolutions starting with the most prevalent offences and is categorised into 3 main types. Each report of fraud must be treated on its merits and on a case by case basis.

- **Cyber Enabled Volume Fraud**
- **Mass Marketing and Miscellaneous Fraud.**
- **Investment and Banking Fraud**

Please note. This is not an exhaustive list and must be used in conjunction with the Category and Priority sections of the policy to justify an alternative to a standard criminal investigation and all reasoning must be fully expressed and endorsed on niche occurrence OEL for future scrutiny and transparency.

Cyber Enabled Fraud

Advance Fee / Ticket Fraud / Telecommunication scams / Internet Auction Fraud

This is the most common fraud type dealt with by Merseyside Police and is when fraudsters target victims to make advance or upfront payments for goods using or services that do not materialise using the internet or telephony. Potential alternatives to investigation may include the following:

- Criminality notice to offender.
- Referral to Trading Standards to use bespoke powers if they wish to proceed.
- Intelligence to be submitted accordingly on niche.
- Victims to be advised of outcome and crime prevention advice offered.
- Online platforms e.g. EBay and Gumtree as well as payment facilitators (Paypal) also have their own investigation and resolution departments and consultation may be required with them regarding their role in respect of indirectly facilitating fraud.

Online Dating / Romance Fraud

This type of fraud preys on potentially vulnerable people in our community whereby the victim is led via development of a long distance e-mail or phone relationship into believing they are in an intimate relationship with someone they have never met face to face, building up enough emotional attachment to ask for money to be sent to them for fictitious reasons. Potential alternatives to investigation may include the following:

- Ensure safeguarding around the victim is in place and crime prevention advice is given.
- Intelligence to be submitted accordingly via niche with correct dissemination (noting the offenders are mainly abroad).

Mandate Fraud

This type of fraud is when someone gets a member of the public or business to change a direct debit, standing order or bank transfer mandate, by purporting to be an organisation they make regular payments to either by sending targeted or random e-mail requests via the internet (phishing) or phone. Potential alternatives to investigation may include the following:

- Criminality notice to offender.
- Intelligence to be submitted accordingly on niche.
- Victims to be advised of outcome and crime prevention advice offered.
- The clearing banks also have their own investigation and resolution departments and consultation may be required with them regarding their role in respect of indirectly facilitating fraud.

Gambling Fraud

This type of fraud involves the fixing of odds or results to deceive bookmakers or members of the regulated gambling sector. Potential alternatives to investigation may include the following:

- Referral to Gambling Commission (the regulatory body in this sector) should be consulted to ensure that the member is not complicit and provide bespoke crime prevention advice to the member.

Intellectual Property Fraud

This is when fake goods are passed off as originals and affects many industries including health, music, film, fashion and fragrances. Potential alternatives to investigation may include the following:

- Referral to Trading Standards
- Referral to the Intellectual Property Office.
- Referral to FACT (Federation Against Copyright Theft) if music or film related offences.

Domain Name Scams

This scam is done by offenders offering businesses first refusal on a domain name, saying someone else is just about to buy it or by sending out bogus domain name renewal notices. Potential alternatives to investigation may include the following:

- Criminality notice to offender.
- Intelligence to be submitted accordingly on niche.
- Victims to be advised by letter of outcome and crime prevention advice offered.
- Referral to Nominet to consider whether abusive registration.

Mass Marketing and Miscellaneous Fraud

Bogus Tradesman Fraud

This type of fraud preys on potentially vulnerable people in our community whereby the victim is tricked or pressured into buying goods or services that the victim doesn't want or something that's poor value for money. Potential alternatives to investigation may include the following:

- Ensure safeguarding around the victim is in place and crime prevention advice is given.
- Criminality notice to offender.
- Referral to Trading Standards to use bespoke powers if they wish to proceed.
- Intelligence to be submitted accordingly on niche.

Charitable Publication Fraud

Charitable Publication Frauds occur when a telesales agent calls a business selling advertising space in a bogus publication for a seemingly good cause. Potential alternatives to investigation may include the following:

- Disruption visit to business premises with Trading Standards and DWP and criminality notices served.
- If the business is limited company then Companies Investigation Branch of Department for Business, Energy & Industrial Strategy should be consulted to wind up the business in the public and disqualify directors of the company.
- Intelligence to be submitted accordingly on niche

Insurance Fraud

Insurance related fraud happens when false claims are made to insurance companies. Potential alternatives to investigation may include the following:

- Referral through to City of London Police's Insurance Fraud Enforcement Department (if high volume and organised criminality).
- Criminality notice to offender.
- Intelligence to be submitted accordingly on niche.
- Victim to be advised of the outcome.

Mail Scams

Legitimate mail boxes and post redirections can be used in the application of fraud. Potential alternatives to investigation may include the following:

- Criminality notice to offender.
- Referral to Royal Mail Investigations Unit to use bespoke powers if they wish to proceed.
- Intelligence to be submitted accordingly on niche.
- Victims to be advised of the outcome and crime prevention advice offered.

Money Laundering & movement

This is when proceeds of crime from fraud, or money needed to fund fraudulent activity is moved either using virtual payment systems or by the use of money mules, or when fraudsters buy stolen credit cards or bank account details. Potential alternatives to investigation may include the following:

- Criminality notice to offender.
- Intelligence to be submitted accordingly on niche.
- Referral to HMRC/DWP.

Long/Short Firm Fraud

This is when criminals set up an apparently legitimate business, develop a relationship with suppliers/wholesalers and once having won their trust place several large orders before disappearing with the goods to sell elsewhere. Potential alternatives to investigation may include the following:

- Disruption visit to business premises with Trading Standards and DWP and criminality notices served.
- Intelligence to be submitted accordingly on niche
- Victims to be advised of the outcome and crime prevention advice offered.

Investment and Banking Fraud

Account Takeover Fraud

This type of fraud occurs when a criminal poses as a genuine customer, gains control of an account and then makes unauthorised transactions. Potential alternatives to investigation may include the following:

- Criminality notice to offender.
- Referral to the victim's bank's fraud investigation team to close account and restrict use.

- Referral to DCPCU to investigate if linked or volume offender(s).
- Intelligence to be submitted accordingly on niche.
- Victims to be advised of the outcome and crime prevention advice offered.

Credit Card/Bank Card/Cheque Fraud

This type of fraud occurs when personal information is stolen from a card, or the theft of the card itself leads to unauthorised transactions. Potential alternatives to investigation may include the following:

- Criminality notice to offender.
- Referral to the victim's provider's fraud investigation team to close account and restrict use.
- Referral to DCPCU to investigate if linked or volume offender(s).
- Intelligence to be submitted accordingly on niche.
- Victims to be advised of the outcome and crime prevention advice offered.

Investment Frauds

This type of fraud comes in a variety of guises, however the basis of the offence is the same with potential investors giving money on the basis of getting a return and the losing their investments.

Due to the prevalence of these types of offences there are multiple government regulatory bodies and alternative law enforcement agencies where these cases could be referred. A selection of offences and appropriate specialist investigative bodies are listed below.

- False Accounting Fraud – HMRC/DWP/CIB/Insolvency Service
- Bankruptcy Related fraud – Insolvency Service
- Business Opportunity/Trading Fraud – FCA/CIB/Trading Standards
- Insolvency Related Fraud – Insolvency Services
- Ponzi/Pyramid Scheme Fraud – FCA/CIB
- Property Investment Fraud – FCA/CIB
- Land Banking Fraud – FCA/CIB
- Loan Scams – FCA/Trading Standards
- Mortgage Fraud – FCA/SRA
- Pension Liberation Fraud – Pensions Regulator.

If the above organisations will not take on an investigation, potential alternatives to investigation may include the following:

- Disruption visit to business premises with appropriate above agencies and criminality notices served.
- Intelligence to be submitted accordingly on niche
- Victims to be advised of the outcome and crime prevention advice offered.

Prosecution as Money Laundering

It may be deemed appropriate at triage stage that due to the category and priority of the offence, it is most efficient and effective to investigate the matter as a money laundering case as opposed to the fraud offence.

Fraud triage are to justify this decision and provide guidance and advice to investigators in relation to points to prove alongside the relevant investigation strategy.

Process

All volume fraud investigations should be assessed by the Economic Crime Team.

Following assessment of the category and priority, if the report is deemed suitable for investigation then it will be scored using bespoke IAMS system.

Suitable cases will be scored and assigned to the relevant level of investigator –
With the following exception:

Fraud offences which are received predominately directly from our safeguarding partners (e.g. Adult Social Care) reporting fraud accompanied by significant safeguarding issues that require a specialist unit to take primacy. For example financial control of domestic abuse victims or financial abuse of a vulnerable adult or child in a care home. This type of case will be retained / referred to the appropriate PVPU so that threat, harm and risk via mainstream safeguarding procedures. The Economic Crime Team will be available to provide support / work in partnership with regard to evidence gathering in respect of the fraud.

Escalation Process

As per the Community First principles a common sense approach will be taken in respect of allocation of viable investigations. It will be key that effective, collaborative relationships are built between Economic Crime Team and the Band 1 Investigation Teams to ensure open discussion in the interest of the victim and our community to determine the most appropriate resource to investigate fraud across Merseyside.

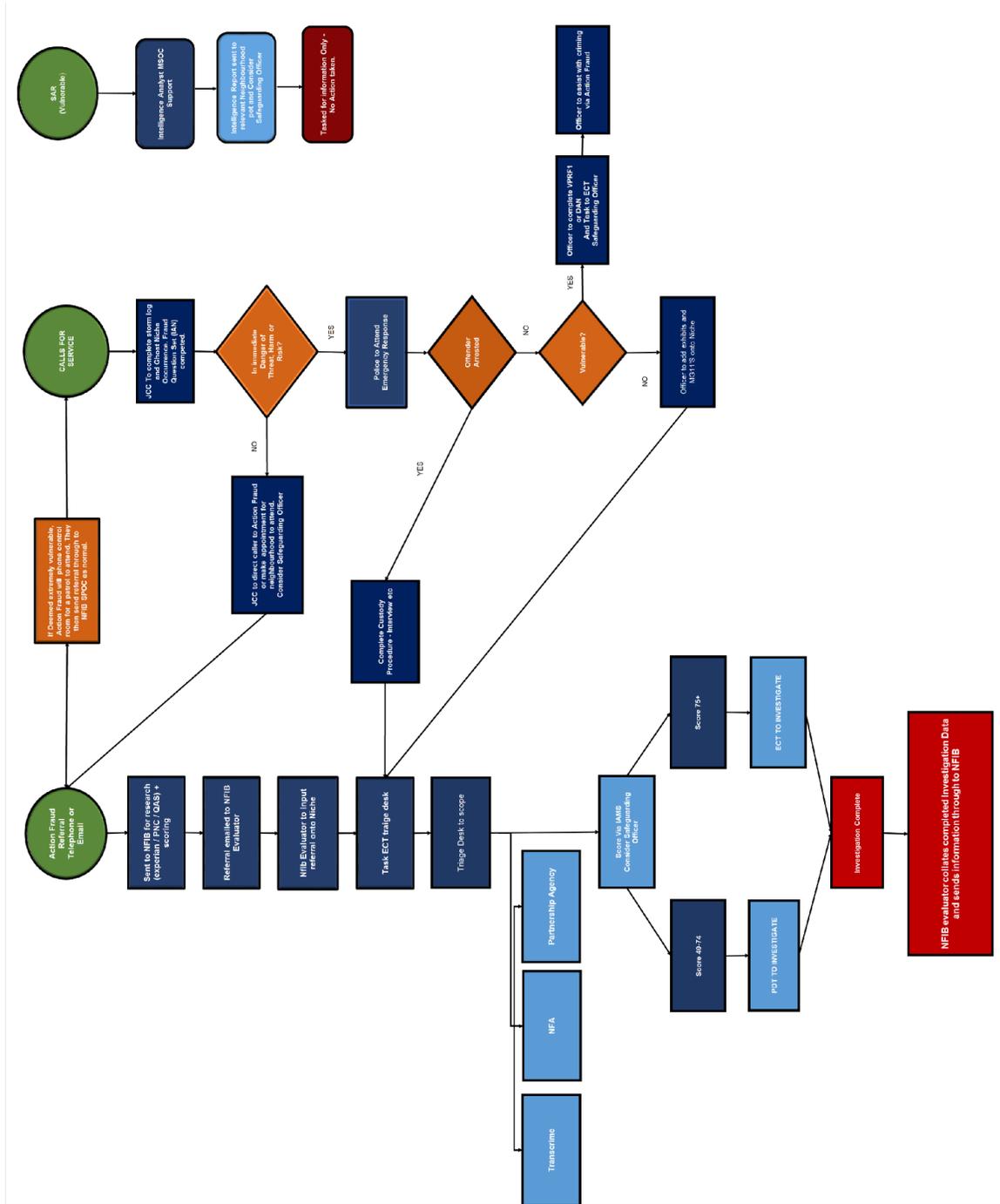
If Band 1 Investigation Team supervision have a query in relation to scoring rationale by fraud triage then they are asked to make telephone contact with fraud triage supervision to resolve at the earliest opportunity.

If Band 1 Investigation Team supervision do not believe that the correct scoring process has been attributed to the case then contact is to be made by e-mail to ECT supervision stating the reasons and requesting re-score.

If there is no resolution to the re-assessment request then it should be escalated to Band 1 Investigation Team Inspector to support the request to re-score. If in agreement the Band 1 Investigation Team Inspector will discuss with ECT Inspector.

If during the course of a Band 1 Investigation Team investigation new evidence is uncovered that it is believed would alter the IAMS score to such a degree that it would fall within ECT terms of assignment then this should be discussed between supervision as above.

Fraud Triage Flow Chart



Roles & Responsibilities

First Responder

If you are the first responder dealing with a report of a fraud crime, you should:

- Conduct a thorough initial investigation. This will include taking statements and securing all available evidence. Consider making an arrest if the offender is immediately available, and it is in the best interests of the investigation
- Victim Care such as Fraud Prevention Advice to be provided and consideration should be given to completing VPRF1
- Crime to be recorded with Action Fraud
- Advice and assistance can be obtained from officers within the Economic Crime Team

Band 1 Investigators

If you are the band 1 investigator dealing with a report of a fraud crime you should:

- Contact Fraud Investigation Team with any request for advice and guidance and utilise weekly fraud surgeries held by the Fraud Investigation Team
- On the conclusion of fraud investigations a task should be forwarded via a Niche Task to MSOC Fraud Triage advising of the outcome to allow Fraud Triage Team to update NFIB with conclusion of investigation.

Fraud Triage Team

All Fraud will be assessed by the Economic Crime Team Triage Desk as per Sections 1 and 2 prior to scoring through IAMs.