

# Financial Scamming

## Defining terms



## A guide to the common language of Financial Scamming

Working in partnership with:



Chartered Trading  
Standards Institute





# Foreword



Financial Scamming is a growing problem that is now being recognised as a crime. The negative impact it has on individuals and society as a whole is gradually becoming clear as further research probes into the consequences and damage caused by financial scamming. It has already emerged that these criminals purposely target some of the most vulnerable people in our society, who sadly, are not always able to protect themselves.

The National Centre for Post-Qualifying Social Work and Professional Practice have been working in partnership with key national organisations and politicians to develop further research and raise awareness of financial scamming to develop a better understanding of this

crime. We are working together to not only reduce the risk of financial scamming but to raise awareness to organisations and the public so that they too can join the fight against scamming.

I would like to thank our partners who have shared their experience and data with us to help formulate our thoughts and understanding. In particular, The National Trading Standards Scams Team, Chartered Trading Standards Institute, The Burdett Trust, North Yorkshire Trading Standards and the City of London Trading Standards Team.

This document provides clear and concise definitions to some of the language used within Financial Scamming and highlights the warning signs of scams which can be used to identify potential victims. It is vital that we are up-to-date and explicit with types of scams and their definitions to ensure that we can effectively support professionals, carers and anyone in contact with potential or actual scam victims. This document can be used in conjunction with our Financial Scamming: Our Campaign and research to date and Next of Kin leaflets (available to download from [www.ncpqsw.com](http://www.ncpqsw.com)) to offer further insight and advice.

We are continuing to work with our partners to develop our research and understanding of Financial Scamming. It is only via our collective determination that we will be able to tackle this growing issue. Please contact me to share your thoughts and ideas, we positively welcome your input and support.

Professor Keith Brown

Director

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# Defining Terms

This document provides a range of definitions for words and phrases used in relation to financial scamming. These terms are in general use but are frequently used to describe different things. This is confusing and can even hide the true breadth, reach and impact of scams on individuals and wider society. This document aids professionals, carers and anyone in contact with potential or actual scam victims.

## FRAUD:

The crime of getting money by deceiving people, the deliberate deception, trickery, or cheating intended to gain an advantage (Cambridge Dictionary).

## SCAM:

Is a slang term for personal fraud, generally used to describe “a misleading or deceptive business practice where you receive an unsolicited or uninvited contact (for example by email, letter, phone or ad) and false promises are made to con you out of money” (Office of Fair Trading, 2009, p.12). It is an illegal plan for making money, especially one that involves tricking people (Cambridge Dictionary).

## VICTIM:

Anyone who responds to a scam.

## VULNERABILITY:

Anyone can be targeted by scammers with different scams being aimed at different populations. People are made vulnerable by their circumstances, for example by poverty, age, loneliness, social isolation or cognitive dysfunction such as memory loss.

## DETRIMENT:

Any negative impact the experience of being scammed has on an individual. This might be on their financial, emotional or social situation.

## PSYCHOLOGICAL INCENTIVES:

Scammers use marketing techniques which appeal to visceral needs and desires such as financial rewards or gifts, security or relationships emphasising scarcity and urgency to encourage rapid decision making.

# Legislation



## FRAUD ACT 2006

**Fraud Act 2006** states that fraud is committed in three specific ways with different types of scams falling into each category:

- (a) Fraud by false representation
- (b) Fraud by failing to disclose information
- (c) Fraud by abuse of position (Fraud Act, 2006, Chapter 35 (1))

## THE CONSUMER PROTECTION FROM UNFAIR TRADING REGULATIONS 2008

**The Consumer Protection from Unfair Trading Regulations 2008** makes misleading actions or omissions by traders a criminal offence. This includes if a trade, business or service interaction is untruthful, likely to deceive, leads to a person engaging in a transaction they would not normally do, or hides or leaves out crucial information they would be in breach of the regulations (Age UK, 2015). This includes unscrupulous behaviour by legitimate traders.

Schedule 1 of the Regulations sets out specific banned practices such as:

Creating the false impression that the consumer has already won, will win, or will on doing a particular act win, a prize or other equivalent benefit, when in fact either:

- (a) there is no prize or other equivalent benefit, or
- (b) taking any action in relation to claiming the prize or other equivalent benefit is subject to the consumer paying money or incurring a cost which include “persistent unwanted solicitation by phone or email and pretending that a prize has been won”.

Banned practices also include the use of aggressive selling techniques which are often characteristic of scams and unscrupulous selling.

## THE CHARITY COMMISSION

**The Charity Commission** oversees the techniques charities use to raise funds, including frequent and aggressive contact with individuals who may be in vulnerable circumstances. The use of such techniques can impact significantly on individual well-being, with tragic consequences as in the case of Mrs Olive Cooke (Fundraising Standards Board, 2016).

# Types of scams

**MASS MARKETING FRAUD:** Victims are persuaded to part with money as a result of postal, telephone or electronic communication received into the home, for example:

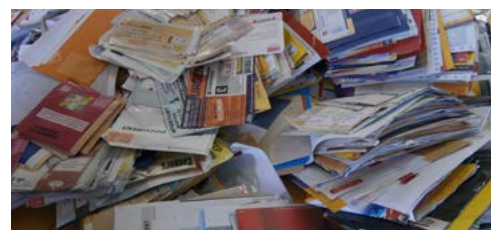
## Mail scams

**LOTTERY OR PRIZE DRAW SCAMS:** Claim the recipient has won a large sum of money in a competition or lottery they did not enter and a fee is required to release the prize. It is estimated that prize draw or lottery scams cost the UK public £60 million per year in detriment (National Trading Standards, 2015).



**CLAIRVOYANT SCAMS:** Offer contact with the deceased, predictions of the future or promises of protection in return for a fee. Victims may be groomed over time, leading to a relationship forming in which the victim has invested both emotionally and financially, and may be reluctant to end.

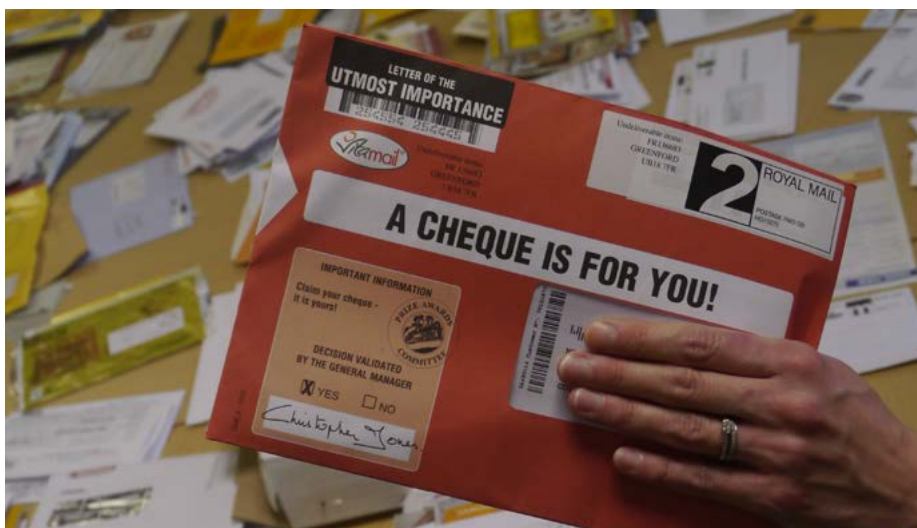
**CATALOGUE SCAMS:** Sell low value and unwanted products, vitamins and 'miracle cures' at so-called 'bargain' prices. Responding to one offer can lead to a flood of catalogues. Will often claim the recipient has won a prize but need them to purchase goods from the catalogue to receive it.



**419 LETTERS:** An advance fee scam where you are asked to help transfer money out of a country. As a reward you are offered a percentage of the money once you have paid for transaction fees or taxes. Repeated requests for additional fees are made. Once the scammers have your bank details the accounts are emptied.



**SIGNS OF THIS TYPE OF SCAM:** Excessive amounts of post including lots of post from companies abroad, lots of products, parcels, packages or 'free gifts', frequent visits to post office/bank, frequently ordering new cheque books and buying stamps.





# Telephone scams

**POSING AS BANK REPRESENTATIVES:** Scammers state that the bank account has been fraudulently accessed therefore a new 'safe' account is opened and require money transferred.

**COURIER SCAMS:** Scammers claim to be calling from a bank or another authority and obtain personal details before a fraudulent courier picks up bank cards.



**INVESTMENT SCAMS:** Scammers cold call and sell shares in emerging markets. They build trust with victims through extensive grooming, persuading the victim to part with large sums of money for false or low value business opportunities in products such as wine, diamonds or land. In the UK the loss to investment fraud was £1.2 billion in 2014/15 (Action Fraud, 2016).

**CHARITY SCAMS:** Scammers pocket charitable donations or use personal details to access bank accounts and sell these to other fraudsters. In addition charities have been criticized for their often aggressive or manipulative marketing techniques leading to a government review and recommended regulation (Etherington et al, 2015).

**FREQUENT AND PERSISTENT CALLS:** Legitimate as well as illegitimate organisations pressurise people to spend money.

**TEXT SCAMS:** Offer money for accidents, or prizes where texts/calls at premium rates are charged with no prize at the end.



**PHISHING:** Unsolicited email purporting to be from a legitimate company requiring personal details.

**VISHING:** A telephone call is used in an attempt to steal personal information.



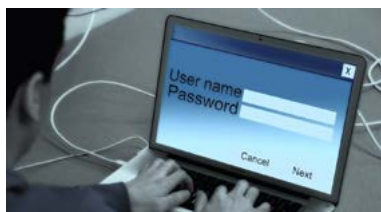
**SMISHING:** Mobile phone SMS text messages are used in an attempt to scam the victim into divulging their personal information.

**COMPUTER SCAMS:** A telephone call states that there is a problem with the victim's computer or laptop and help is offered to fix the issue.



**SIGNS OF THIS TYPE OF SCAM:** High volume of phone calls and/or texts, frequent payments, callers referred to as friends, reference to 'opportunities' offered by callers, Talk about a helpful caller who has helped them to 'fix' their computer. Feel that the people calling them are friends as the scammers are the only people they have regular contact with.

# Online scams



**PHISHING:** An email from the “bank” designed to trick victims into revealing their personal information and passwords.

**PHARMING:** Directs you to a website which spoofs a legitimate website in order to access your personal details.

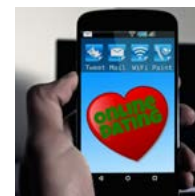
**IMPERSONATION OF UK OFFICIAL WEBSITES:** For example HMRC.

**IMPERSONATION OF UK OFFICIALS:** Criminals impersonate a UK official to obtain personal information and steal money, often claiming that the victim is due a refund or must make an urgent payment. Example of this scam: HMRC Tax Rebate Scam and the Council Tax Scam.

**INVESTMENT SCAMS:** Online offers of worthless, overpriced or non-existent shares.

**419 EMAILS:** this scam uses the same techniques as the 419 Letter scam but using email instead.

**ROMANCE SCAMS:** Bogus online dating or chat room accounts where relationships are established which aim to take money from groomed victims. Sometimes victims are asked to pass money from another country through their account – this may in fact be money laundering.



**PENSION SCAMS:** Offer to convert pension benefits to cash benefits, targeting older people who have to face high fees and tax bills. This has become particularly relevant in light of the changes in pensions access made in April 2015 (Action Fraud, 2016). Large pensions have become available as cash, making the individual a potential scam target.

**PONZI SCAMS:** Offer get-rich-quick schemes with high financial rewards for low risk payments. Receiving and passing money through your account may constitute money laundering.

**RECOVERY ROOM SCAMS:** Offer victims, who have previously lost money to investment scams, the false opportunity to recover their funds for a fee.

**SHOPPING AND AUCTIONS:** Scammers will steer victims away from online sites and request unusual payment methods e.g. money transfer agents or Emoney, a digital equivalent of cash.



**COMPUTER PROGRAMMES:** Scammers may attempt to put programmes on your computer that can steal, wipe or lock your data.



**SIGNS OF THIS TYPE OF SCAM:** The victim may talk of on-line relationships, frequent and suspicious emails, talk of ‘business opportunities’ and frequent on-line payments. Discovery of unexpected payments have been made from their account. Talk of unexpected refunds or final demands from a UK official, such as HMRC or the local council. Talk of a new online relationship where they mostly have contact by telephone, email or on the internet and the person is in need of money.



## Doorstep scams

**ROUGE TRADERS:** Who offer overpriced or substandard home maintenance or improvements such as window/gutter cleaning, path and driveway repairs, roofing or building work, gardening and tree lopping. They often say the work is urgent and will normally ask for immediate payment, even offering to go to the bank with you.



**BOGUS TRADERS:** Who try to get into your home or obtain personal details by pretending to be someone from organisations such as the council, police, market researchers or utility and phone companies.

**PRESSURE SELLING:** Scammers can be charming and appear sincere, eliciting sympathy or gratitude. They use their personal skills to make people feel obliged to buy goods and services.

**BOGUS CHARITY COLLECTIONS:** Using the techniques of pressure selling to elicit cash contributions which are then pocketed by the scammer.

**DISTRACTION BURGLARS:** One person may keep you at the front door while another one gains entry to your home from the side/rear.



**UNFAIR CONTRACTS:** There are specific laws about door-to-door sales which require many to give a 'cooling-off' period. Bogus tradesmen will offer none of these, and even if they do, you can be sure their 'guarantee' will not be honoured.

### SIGNS OF THIS TYPE OF SCAM:



A van is parked nearby with workmen in, on, or near the victim's property. Ladders or scaffolding suddenly appear. Unusual or unexpected noise such as banging, drilling, or chainsaws. Trees are suddenly removed or pruned in the victim's garden. Poor quality work visible on the roof, driveway, or property. The victim appears anxious or distressed. The victim leaves their house more frequently to visit bank, building society, or post office accompanied by a trader.

## 'Suckers' Lists

Victims of scams often have their personal details put onto 'suckers lists' which are shared with other criminals. Lists vary but frequently record names, contact details, ages or date of birth, details of any scams previously responded to and the amount of money that was handed over. These lists are sold globally and can lead to people being repeatedly targeted.

# How to support victims of Financial Scamming

Being the victim of a financial scam can be a life-changing event. It's not just about the loss of money but the impact on the individual's confidence, their loss of trust, physical health and sense of wellbeing. It's important to support the victims of financial scams to reduce the impact and consequences of such an event. Below is a list of things you can do today to help protect and safeguard a vulnerable person.

## TO DO

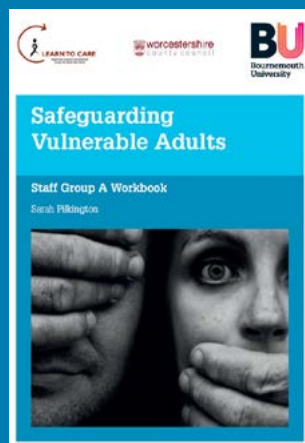
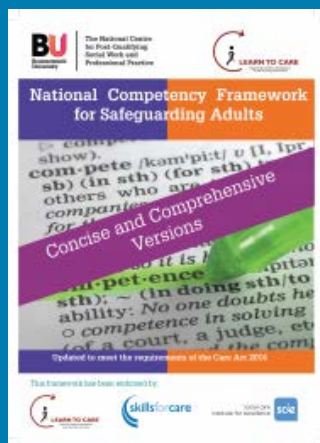
### Support victims by:

- ☒ Listening not judging
- ☒ Reassure the person that they're not alone
- ☒ Present them with different options so they remain in control
- ☒ Let them tell their story
- ☒ Report an incident to Citizens Advice consumer support line
- ☒ Set up telephone and mail preference services
- ☒ Mail redirection
- ☒ Arrange a call blocking service
- ☒ Help people say no
- ☒ Assist with setting up new bank account/change cards
- ☒ Report an incident to Action Fraud and the local Trading Standards service

# Our Publications

## Safeguarding Adults at Risk Resources

These workbooks provide the information and training needed to establish the minimum standard of competence required of those who work with adults.



The National Competency Framework for Safeguarding Adults and these workbooks, used together, enables employers and employees to establish consistency in approach to Safeguarding Adults.

These workbooks will enable employees to demonstrate competence in their practice in a way that is in line with their occupational role and responsibilities.

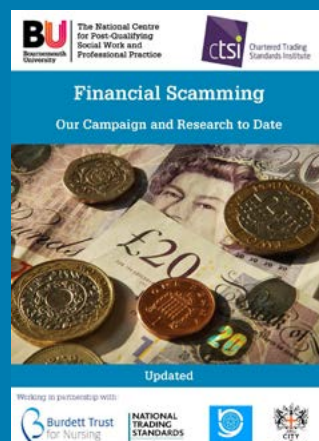
## Next of Kin: Understanding decision making authorities

The term 'Next of Kin' is often used in Health and Social Care as a euphemistic shorthand for 'Who is the person we communicate with about you and who do we contact when you are dead?'

This helpful leaflet clarifies how people can plan ways, with those they love, to ensure their wishes are taken into account if through illness they cannot take decisions for themselves. I cannot stress enough how important it is to plan ahead and let our wishes be known, in the event we cannot express them.



## Financial Scamming: Our Campaign and Research to Date



Financial scamming and its impact have been receiving a higher public profile in recent months, yet though it is a recognised as a growing problem, there is a lack of clear research and evidence into the scale of the problem, its causes and the impact on the public.

We have been working with key national organisations in the UK to develop a better understanding of this issue, seeking ways and solutions to reduce the risk of financial scamming.



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National Trading Standards (2015) Consumer Harm Report, [ONLINE] Available at: [http://www.nationaltradingstandards.uk/site\\_assets/files/National%20Trading%20Standards%20Consumer%20Harm%20Report%202014-15.pdf](http://www.nationaltradingstandards.uk/site_assets/files/National%20Trading%20Standards%20Consumer%20Harm%20Report%202014-15.pdf) [Accessed: 18/01/2016]

Office of Fair Trading (2009) The psychology of scams: Provoking and committing errors of judgement University of Exeter School of Psychology, Exeter

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## Contact details

We are able to offer a single point of contact for all questions and enquiries regarding all the educational programmes we administer. Our contact details are below:

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