

PRIVATE CLIENTS, SMES,
DIRECTORS & SHAREHOLDERS

Different types of individual fraud explained



1 Advance fee payment frauds

CHEQUE OVERPAYMENT FRAUD

This fraud involves the presentation of fraudulent cheques for the payment of goods or services which are in excess of the actual value. On occasion, the seller will reimburse the purchaser with the excess prior to the purchaser finding out that the cheque is fraudulent.

CAREER OPPORTUNITY FRAUD

Career opportunity frauds are used where individuals respond to adverts that state they will help an individual's career to take off. Examples of this can come in the form of false model and casting agents. The scam takes place as the individual must pay an upfront fee to carry out further exploratory work. The help and assistance to launch their career is then never given.

CLAIRVOYANT OR PSYCHIC SCAMS

In this type of fraud, a fraudulent psychic states that they are able to see into the victim's future and can foresee great or awful things in their future. In order to get the report, the individual must pay a fee to obtain a full copy of it. The report is then never given.

FRAUD RECOVERY SCAMS

In these types of fraud, a fraudster poses as a recovery agent in order to obtain personal information and money of an individual.

INHERITANCE FRAUD

This is a fraud that requires the victim to make a payment in order to free up an "inheritance" which they state is due. Despite the payment being made, no inheritance payment occurs as it never existed in the first place.

DATING FRAUD

Dating websites are used to get to know a victim who is then persuaded to hand over money to the fraudster following an elaborate story being told. The victim often takes pity in their new friend and sends them their money.

IMPERSONATION OF OFFICIALS

This fraud involves the impersonation of officials (for example HMRC) by fraudsters to victims. It often includes false promises about tax rebates or attempts to avoid tax payments and can include fraudulent demands for customs payments and VAT payments.

LOAN FRAUD

Victims in these frauds respond to an advert for a fast loan which they can access even if they have bad credit. Before this loan is sent a fee is payable. Once the fee has been paid the loan is never sent and they never hear from the fraudsters again.

RACING TIPSTER FRAUD

A potential victim is sent a leaflet which tells them how they can make a large income from investing money in racing – often stating that the results are 100% guaranteed as a result of so called expertise. A fee is payable for this which is never returned as often the racing tips even exist

LOTTERY, PRIZE DRAW & SWEEPSTAKE FRAUD

In this type of advance fee fraud, a person is informed that they have won a large cash prize and in order to receive the prize they need to pay an administration fee. The cash prize does not materialise or is a low value item

RENTAL FRAUD

In this type of fraud, prospective tenants are misled into paying advanced fees/rent for the rental of premises which, either don't exist at all, are not for rent, are already rented or are rented to a multiple of victims at the same time. As a result, the accommodation in question is not available and the advance fee is lost. A common target for this type of fraud are students.

WORK AT HOME & BUSINESS OPPORTUNITY FRAUD

In this type of fraud, a registration fee is paid by the victim in return for a supposed paid job working from home – eg stuffing envelopes. No skills are required to work for this company. After the registration fee has been paid the victim discovers there is no job.

WEST AFRICAN LETTER OR '419' FRAUD

These frauds involve some form of communication soliciting money from the victim – often including emotive reasons why the victim should assist the fraudster. The author often claims to be a senior foreign government official, an accountant with a state owned corporation or a relative of a deposed or dead politician who needs help in transferring money to a bank in the victim's country. The writer asks to use the victim's bank account and promises the victim can take a large slice of the transferred amount for themselves.

VEHICLE MATCHING FRAUD

This fraud occurs where an individual is selling their car and places an advertisement for sale. The fraudster calls the individual to say that they have a buyer and that there is a fee for their services which is refundable if the car is not sold. The car is not sold and the refund is never made.

2 Investment frauds

PROPERTY INVESTOR AND LAND BANKING FRAUDS

Often in property investor frauds, victims (after attending a free presentation about how to make money from a property), are persuaded to hand over money to allow them access to the company's methods and the opportunity to buy properties which have yet to be built. This is often at a "discount". Victims lose their joining up fees and end up with no property.

In Land Banking frauds, small plots of agricultural land are advertised on the internet or over the phone as investment opportunities. In common with these types of fraud, the plots for sale are usually located in nearby areas where house prices are high or near to urban areas or to land zones allocated for development. Potential investors are told that once planning permission is granted the land can be sold to a developer for a substantial profit. Unfortunately however for the victim, there is normally very little chance of planning permission ever being granted and virtually no development potential.

GOODS SOLD AS INVESTMENT

These frauds involve advertising an investment in commodities which are out of the norm – such as fine wines, art and antiques. The lure is a higher return on investment than most conventional commodity types of investment. The reality is often that the commodity offered is either overpriced, very high risk, hard to sell on or totally non-existent.

PYRAMID OR PONZI SCHEMES

These well-known types of fraud involved a non-sustainable business model in which the investments of later investors are used to pay earlier investors, giving the appearance that the investments of the initial participants dramatically increase in value in a short amount of time. These types of frauds often appear at the outset of a recession when investors want to remove their money from the scheme, leading to its sudden collapse and exposure.

SHARE SALES, BONDS OR BOILER ROOM FRAUD

This fraud occurs where calls are made by people pretending to be stockbrokers and persuade the individual to buy shares and bonds in a company that are either of very little value or do not materialise.

PENSION LIBERATION FRAUD

This fraud is where pensioners are persuaded that their pension can be converted into cash before retirement due to a “legal loophole”. There are of course no legal loopholes but the fraudster obtains a percentage of the amount paid to “cover taxes and their fee” in dealing with the matter. The tax is never paid and so the near pensioner is left with a very big tax bill.

PRIME BANK GUARANTEE FRAUD

These frauds involve an alleged investment scheme involving so called bank guarantees claiming to offer very high yields in a relatively short period of time. Victims are encouraged to send money to a foreign account where it is then transferred to an offshore account controlled by the fraudster.

3 Non-investment fraud

INSURANCE BROKER FRAUD

Insurance broker fraud is when an individual obtains insurance cover from a broker or someone purporting to be a broker. When a claim is made or the policy checked, they discover that they are not insured, or that the cover which they have paid for and thought they had is not what they have.

MIRACLE HEALTH AND SLIMMING CURES FRAUD

This fraud involves selling pharmaceutical and medical related products which have not been tested to be safe and can be unsafe. The reviews on the products have been made up by people who have supposedly tested the product and write about how great the product is.

INTERNET DIALLER FRAUD

Victims of this fraud open a spam email, click on a pop-up box or visit a pay-per-view website and unwittingly download dial up software which changes their computer setting and reroutes their internet connection via an expensive telephone line.

SHOPPING AND AUCTION FRAUD

Shopping and auction fraud is where products are purchased which are not as described or which are never delivered (often involving internet auction sites) and can utilise payment through service providers such as PayPal to appear legitimate.

DOOR-TO-DOOR SALES AND BOGUS TRADESMEN

This can include pressure selling via the telephone or door to door for overpriced items. It can also include home maintenance which is not of great value for the price charged.

TIMESHARES AND HOLIDAY CLUB FRAUD

These frauds involve schemes in fake timeshares and holiday clubs, often accompanied by professional glossy brochures, presentations, high pressure sales techniques and offers of a free holiday or prize. In these cases the offer does not deliver the promised benefits, and/or requires victims to pay for expensive extras.

CONSUMER PHONE FRAUD

Consumer phone fraud works by persuading victims to inadvertently make phone calls or send texts using premium services that are very expensive. These can include prize scams which allows the person to believe they have won a prize and so they call an expensive telephone number and are kept on the line whilst costs are mounting up. Generally the person kept on the line ends up with a prize of far less value than they thought and can then also be charged for delivery of the prize.

3 Abuse of position of trust

This fraud involves the misuse of a position of power against an individual. This can be done in one of two ways, either through an omission or an action. The goal is to cause loss to someone or for personal gain. An example of this is someone who has authority over an individual's financial affairs and the fraudster withdraws money from someone's account.

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