

Fraudscape 2023

9 month update

Fighting Fraud and Financial Crime Together

Pioneering intelligence, analysis and statistics to illuminate the fraud and financial crime landscape, and direct our shared strategic response to the threats.



Data



Intelligence



Learning

Overview

64% of cases are identity fraud, with plastic cards and bank accounts heavily targeted.

88% come through online channels, with most victims over 61 years.

Misuse of facility is up 3% compared to the same period of 2022, with a notable increase on credit related facilities such as loans, asset finance and plastic cards.

66% of misuse on bank accounts holds intelligence indicative of money mule behaviour.

Facility takeover is up 9% on the same period of 2022, mainly targeting telecoms products but also plastic cards.

The number of individuals recorded for internal fraud is up 10% on 2022, with an increase in individuals being recorded for theft related incidents.

Key Observations

The cost of living crisis is still a key driver for a number of the phishing and smishing attacks targeting both to consumer and businesses. Threat actors have been sending emails purporting to be mortgage lenders to offer personalised rates, as well as phishing emails in relation to reducing energy costs. Threat actors have also been quick to target individuals who may be looking for a second role by posting fake job opportunities and harvesting personal and financial information to then apply for goods and services.

Impersonation of banking staff is still a key tactic being used to call victims and persuade them to move money into a “safe account”. Often they are calling under the guise that a suspicious transaction has been identified within their account and either persuade the victim to share their personal and financial information or share their screen to access accounts.

Threat actors are turning towards existing products and services potentially due to heightened affordability checks as a result of the current economic climate.

Threat actors are also targeting contact centres to socially engineer staff to gain access to accounts, taking advantage of those working remotely who may not be able to identify a fraudulent call. According to Pindrop¹, the fraudulent call rate into contact centres rose by 40% in 2022.

The growth in the targeting of companies demonstrates that threat actors view them as an easy target for maximum gain. Between 2021 and 2022, cases rose by 151% in the UK, according to KPMG’s Fraud Barometer 2022², which was published in early 2023. By impersonating a company, threat actors can not only apply for products and services, but they can also issue false invoices to genuine customers.

The impact of the current economic climate is evident with the increase of individuals being recorded for theft related offences in their employment, such as theft of equipment which is being sold online as well as theft of cash from the employer. Staff are also looking to recoup money by submitting false expenses and overtime submissions.

National Fraud Database Findings

Nearly 278,000 cases recorded to the National Fraud Database, down 10% compared to the same period in 2022 but up 5% on 2021. Facility takeover and false insurance claims were the only cases to record increases compared to the same period of 2022:

Case type	2021	2022	2023	Change in volume 2023 vs 2022	Change 2023 vs 2022(%)	Change 2023 vs 2021(%)	Proportion 2022	Proportion 2023
Asset conversion	485	246	503	257	104%	4%	0%	0%
False application	12,241	17,800	14,355	-3,445	-19%	17%	6%	5%
False insurance claim	408	325	335	10	3%	-18%	0%	0%
Facility takeover	30,298	27,862	30,296	2,434	9%	0%	9%	11%
Identity fraud	157,773	210,879	178,559	-32,320	-15%	13%	68%	64%
Misuse of facility	63,594	52,280	53,791	1,511	3%	-15%	17%	19%
Grand Total	264,799	309,392	277,839	-31,553	-10%	5%		

Identity fraud

Over 178,500 cases of identity fraud recorded, down 15% on the same period of 2022 but up 13% on 2021. Still accounts for 64% of cases recorded.

88% of identity fraud is through online channels.

37% of identity fraud cases targeted plastic cards and 22% bank accounts, which is up 7%.

Identity fraud is also up against loan products (3%) and credit file/identity services products (10%).

Most filing reasons are in relation to current address impersonation fraud (75%), however previous occupier impersonation fraud is up 8%.

Overall most victims are over 61.

Facility takeover

Over 30,000 cases of facility takeover recorded, up 9% on the same period in 2022 and accounts for 11% of cases recorded.

59% of facility takeover is through online channels and 18% through telephony channels.

42% of facility takeover cases targeted telecoms (up 71%) and 24% targeted online retail. Facility takeover is also up against plastic cards (11%), all in one products (247%) and credit file identity services products (2,637% - but note this is due to few cases the year before).

Most filing reasons are in relation to unauthorised security/personal details changes (28%), followed by unauthorised addition of a facility (19%, up 393%), unauthorised despatch of goods instruction (15%, up 408%) and unauthorised facility upgrade (14%, up 167%).

Victims of takeover tend to be over 61.

¹ go.pindrop.com/2023-voice-intelligence-and-security-report

² [Fraud Barometer: Half Year Highlights 2022 - KPMG UK](#)

Misuse of facility

Nearly 54,000 cases of misuse of facility recorded, up 3% on 2022. Accounts for 19% of cases recorded.

76% of misuse of facility cases targeted bank accounts, which is down 6%. Misuse of credit facilities has increased, with misuse of loans up 78%, misuse of plastic cards up 35% and misuse of asset finance products up 80%.

Overall most filing reasons are in relation to where an individual is unable or unwilling to explain the unusual activity on their account (24%), followed by retaining wrongful credit (14%).

A large number of filing reasons on bank accounts are in relation to where an individual is unable or unwilling to explain the unusual activity on their account (30%). Of note, payment fraud on bank accounts is up 210% (+3,509).

A large number of filing reasons on loans accounts are in relation to evasion of payment (94% - up 27%).

A large number of filing reasons on plastic cards are in relation to payment fraud (24%, up 32%).

A large number of filing reasons on asset finance products are evasion of payment (48%, up 153%) and theft of the asset (41%, up 88%).

Money mules

Nearly 27,000 cases of misuse of bank accounts hold intelligence indicative of money muling. This accounts for 66% of misuse of bank accounts. This is down 10%.

92% of these cases are in relation to personal current accounts, with a slight increase in company savings accounts (+14).

38% of accounts are recorded in under six months. 61% of these tend to be within the first 3 months from account opening.

Most individuals recorded are aged between 21 and 30 years.

False application

Nearly 14,400 cases of false application recorded, down 23% on 2022 and accounts for 5% of cases recorded.

71% of false application is through online channels and 13% through broker channels.

43% of false application cases targeted bank account, followed by asset finance and insurance (14%) each. "Other" has increased by 34%, with these mainly in relation to an increase in tenant referencing (+23%) and gambling accounts (55%).

Overall, most filing reasons are in relation to false documents (29%), undisclosed address with adverse (22%) or altered documents (19%). False no claims discount has increased by 132% (+748) which may be reflective of insurance premiums increasing.

Insider threat

249 individuals recorded – up 10% on the same period in 2022 .

48% of cases are in relation to dishonest actions, which is up 35% and 34% were in relation to unsuccessful false employment application.

Case types that saw increases include successful false employment application (+233%, +7) and unlawful obtaining and disclosure of personal data (+36%, +5).

Overall, most individuals are aged between 21 and 40 years, however there has been a 56% increase in those aged between 51 and 60 years.

Dishonest actions

- 128 cases, up 35% on 2022.
- Most individuals are aged between 21 and 30 years (42%), which is up 29%.
- Most individuals have been in employment for over 10 years (23%) or under six months (17%).
- 45% of employees work in branch and 29% in customer contact centres.
- 53% of incidents are identified through internal controls, but there has been a 38% increase in staff identifying fraudulent conduct.
- There has been a 74% increase in overall theft related incidents. Theft of IT equipment accounts for 21% of filing reasons but is up 227%. Theft of cash from customer accounts for 16% and is up 27%.

Unsuccessful false employment application

- 90 cases, down 19% on 2022.
- Most individuals are aged between 21 and 30 years, (49%)
- 49% of filing reasons are in relation to concealed adverse credit history and 25% are in relation to concealed employment history, which is up 75%.

Unlawful obtaining or disclosure of personal data

- 19 cases, up 36% on 2022
- Most individuals are aged between 21 and 30 years (53%).
- Most individuals have been in employment for over 10 years (31%).
- 59% of employees work in branch, which is up 43%.
- 47% of incidents are identified through internal controls, but 24% have been identified through law enforcement investigation.
- 32% of filing reasons are in relation to contravention of systems access policy, which is up 50%. Disclosure of customer data to a third party features in 42% of cases, compared to none in 2022 and unauthorised alterations to customer data is up 300% (+3).

