

Yorkshire-based frauds nearly trebled in value to £36 million, according to the latest KPMG 'Fraud Barometer'

KPMG's bi-annual Fraud Barometer has shown that despite a slight drop in the number of frauds to 24 in 2013, the total value of the offences in Yorkshire has nearly trebled – increasing from £13.3 million to £36.2 million – over the past year.

The dramatic rise, which sees the average fraud value rise to £1.5m from £530,014, can be attributed to a case in Leeds that saw an IT manager fraudulently procure and sell on £19 million of computer equipment from a business to feed his online gambling addiction. The regional results differ to the national findings which saw average case values fall.

Other cases in the region include a woman from Sheffield who took over £470,000 from an elderly relative after being granted power of attorney, a building society manager from Barnsley who stole more than a quarter of a million pounds from her own family and friends to help her sons repay debt and a retired primary school headteacher from Birstall who was jailed after fraudulently taking £215,000 from an elderly woman.

Vivien Osborne, Forensic Director at KPMG in Leeds, said: *“Like the national picture, Yorkshire’s Crown Courts predominantly dealt with ‘low-level’ fraud activity in 2013. We have seen some worrying incidents where people have abused their positions of responsibility and trust to defraud the vulnerable. In some cases, it has been their own family or the elderly that have been targeted.*

We are likely to see this type of activity continue in 2014 across the region as inflationary pressures on income and difficulties in managing debt tempt lower level con artists, rather than career criminals, to commit fraud.”

National findings

- **Traditional ‘low tech’ fraudsters make hay as organisations focus on ‘high tech’ attacks**
- **Cheque fraud incident is one of the largest cases in past year**
- **High volume of lower value frauds in contrast with previous years - 96% of cases under £10 million**



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Quick links

- [Fighting Fraud report](#)
- [Profile of a fraudster](#)

Infographic of results



Nationally, the research revealed a high volume of fraud cases prosecuted in the UK in the past year but at much lower value levels than recorded in previous years – the average case value this year being £2.9 million, compared to £6.1 million over the last five years. The Fraud Barometer also shows that while fraudsters are at the cutting edge of technology - attacking banks in the virtual world for example - some have reverted to 'paper and pen' as organisations focus efforts on technology-driven defences.

Vivien Osborne added: *"It is certainly the case that we have seen fraudsters using very clever high tech frauds to attack banks, businesses and local authorities, but we have also seen some of the biggest frauds in more low tech scams. As traditional forms of transactions, such as cheques, are phased out, organisations are focussing on developing sophisticated lines of defence. Yet, rather than putting criminals off, many fraudsters are ignoring the challenge of triumphing over technology in favour of using simpler methods of deception."*

Old fashioned habits die hard...

The data shows that con artists still rely on 'old technology' to perpetrate fraud, with a number of schemes in 2013 based on fraudulent cheques. In one strikingly simple case a local government employee processed cheques for legitimate payees using disappearing ink. She secured the signatures of senior management for cheques reaching a total value of £162,000 and waited for the 'payee' details to disappear before substituting them with her own name.

In a case worth £20 million a businessman paid a series of worthless company cheques into an account based in the UK. He, and the gang involved, succeeded in transferring three-quarters of the funds into a foreign account before suspicions were raised and the account was frozen.

Another case involved a conman who attempted to buy £1 million of cars by visiting dealerships on six occasions, paying for an Aston Martin, Maserati, Ferraris and a Bentley by cheque. He was caught when the cheques bounced and one of the dealership visited his home to reclaim the vehicles.

Fraudsters' determination to focus on the so-called old-fashioned scams and avoid elaborate methods of deception is also evident through a resurgence of cases involving tax rebates, loans and mis-selling. Combined, the three forms of fraud totalled more than £343 million – up from £41 million in the previous 12 months. It shows that, although the motivation to deceive comes in a variety of forms, many criminals are still prepared to rely on the traditional con artistry of making financial gain through misplaced trust, attacking people's vulnerabilities and sensibilities.

But the virtual world is becoming a home to fraudsters...

Meanwhile, there were cases where banks and businesses were attacked online, with fraudsters using computers, turning to robotics and malware in an attempt to avoid detection. One example involved eight people, arrested in connection with a £1.3 million theft by a gang who took control of a bank's branch computer system. They had placed a 'keyboard video mouse' and 3G router by one of the computers inside

the branch when one of the fraudsters posed as an engineer, saying he was there to fix computers. The 'fix' enabled the gang to control the computers remotely using code and surveillance to find holes in organisational cyber defences and transfer money into different bank accounts.

In another case fraudsters posted fake adverts for work at Harrods on a website as part of a £1 million scam to trick desperate job hunters out of their savings. The con involved writing 'Trojan' malware which was hidden in job application pack downloads posted on the free website Gumtree. Once embedded on computers, the software copied bank log on and security details of those seeking work, before forwarding them on to the criminals who netted in excess of £1 million.

Bribery and corruption on the radar

Despite organisations seeing a decline in internal cases of fraud, the latest Fraud Barometer highlights the first prosecution of individuals relating to their business activities under the UK Bribery Act. In a case adding £23 million to the total figure, three senior executives were charged with making and accepting a financial advantage in breach of the Bribery Act. Their company was investigated over the selling of bio-fuel investment products after the authorities were alerted to the possibility they were providing false information to clients.

Vivien Osborne concludes: *"The pressure to compete lies at the heart of attempts to bribe and corrupt and the old adage of every person having their price is now much more likely to trigger criminal repercussions. The UK has seen its first prosecution relating to individuals undertaking commercial activities under the new anti-bribery legislation, and with it widely known that other cases are in development, fraudsters may begin to fear the ramifications of being caught. If guilty verdicts are returned and heavy punitive measures imposed, perhaps we will start to see people thinking twice before attempting to corrupt others in the pursuit of unfair advantage."*

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Notes to Editors

The latest KPMG Fraud Barometer measures fraud cases in the UK from 01 January 2013 – 31 December 2013, and considers major fraud cases being heard in the UK's Crown courts where the charges are in excess of £100,000.

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