

Shared Anti-Fraud Service

Preventing Social Housing Fraud - Conference November 2018



Shared Anti-Fraud Service

National Estimates of Fraud



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Types of Fraud

Social housing fraud occurs whenever a home is occupied by someone who is either not legally entitled to be there. It includes :

- ▶ False applications
- ▶ Fraudulent allocations
- ▶ Wrongful successions and assignments
- ▶ Key and place selling
- ▶ False identity
- ▶ Subletting or Abandonment
- ▶ *Right to Buy* and *Right to Acquire* fraud



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- ▶ Key and place selling
- ▶ False identity
- ▶ **Subletting or Abandonment**
- ▶ *Right to Buy* and *Right to Acquire* fraud



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Estimated Levels of Subletting

PPP suggests figures of 4% in London & 2% elsewhere.

Many commentators suggest that this is a very conservative estimate, with 5% to 7% often quoted. It is also suggested that large cities and other large conurbations are likely to have a figure closer to London's.

We suggest you may like to increase the base figure if :

- ▶ you are a popular area in which to live ;
- ▶ if you have done nothing much about housing fraud ; or
- ▶ you don't carry out regular tenancy audits.



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Level of Investigation

- ▶ 69% of all Local Authorities investigate Social Housing Fraud at an estimated value of £50m.
- ▶ Approximately 2,700 investigations were carried out nationally. It is estimated that 34% of all Local Authorities joint work with registered providers of social housing.
- ▶ This is a fraction of the number of estimated sublet properties.
- ▶ Every un-investigated case represents a missed chance to put deserving tenants into the property.

(PEPP 2016)



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What Does That Mean to You?

- ▶ How big is your housing stock?
- ▶ What level of abuse do you anticipate?
Multiply the two figures together : this is the number of properties currently being misused.
- ▶ How many families are missing out on a social house?
- ▶ What are the other effects?



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What Does That Mean to You?

Stock Size	3% Subletting	4% Subletting	5% Subletting	6% Subletting	7% Subletting
1,000	30	40	50	60	70
2,000	60	80	100	120	140
3,000	90	120	150	180	210
4,000	120	160	200	240	280
5,000	150	200	250	300	350
6,000	180	240	300	360	420
7,000	210	280	350	420	490
8,000	240	320	400	480	560
9,000	270	360	450	540	630
10,000	300	400	500	600	700



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- ▶ **What are the other effects?**



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Broken Windows

- ▶ If the tenant is not really supposed to be there, they have no reason to 'invest' themselves in the area.
- ▶ Whilst they might not cause damage or behave anti-socially, they have no real reason to care if others do.
- ▶ If the tenant is in accommodation that is rightfully theirs, and in which they want to stay, they have every reason to care about the area.
- ▶ This is likely to increase community involvement and reduce the cost of clearing up after 'bad behaviour'.



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- ▶ How many families are missing out on a social house?
- ▶ What are the other effects?
- ▶ **How much revenue are you losing from unclaimed compensation?**



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Money Laundering and PoCA



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What About the Money?

- ▶ If someone uses something of yours to make money, and you haven't given them permission, then who should get the profits?
- ▶ Under **common law**, the doctrine of **undue enrichment** says the money is yours!
- ▶ Under the **PoSH Fraud Act**, you don't need a separate writ : sections 4 and 5 create **unlawful profit orders**, which grant the landlord the difference between the rent earned and the rent paid.
- ▶ If you can't get an **unlawful profit order**, you may still be able to recover money using the **Proceeds of Crime Act (PoCA)**.
- ▶ **PoCA** may also be used if the UPO doesn't represent the full criminality of the case.



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Lost Compensation Revenue...

- ▶ How big is your housing stock?
 - ▶ How many one-beds?
 - ▶ How many have two bedrooms?
 - ▶ How many with three bedrooms?
 - ▶ ...
- ▶ What percentage are being sublet?
- ▶ For how many weeks has the subletting gone on?
- ▶ How much profit are they making per week?
- ▶ **Multiply the figures together : this is your lost revenue!**



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Unlawful Profit per Property

- ▶ Let's assume each sublet has lasted for two years (it's probably much longer!) : that's 104 weeks.
- ▶ What are the private rents locally? (This is roughly what a sub-letter will charge.)
- ▶ What are they paying you?
 - ▶ A single person or a couple (1 bedroom)
 - ▶ A family with one child (2 bedrooms)
 - ▶ A family with two children (3 bedrooms)



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UPOs...

Based on a 10,000 stock with 3% fraud, a two year sublet (so 104 week UPO) and rental differentials of 50%, the saving could easily be...

OVER £5M!

Size	Stock	Sublets	Rents (pw)	UPO	Total
1 bed	2,000	60	Social Rent - £100 Private Rent - £200	£100 per week for 104 weeks = £10,400 per ppty	£624,000
2 bed	3,000	90	Social Rent - £150 Private Rent - £300	£150 per week for 104 weeks = £15,600 per ppty	£1,404,500
3 bed	5,000	150	Social Rent - £200 Private Rent - £400	£200 per week for 104 weeks = £20,800 per ppty	£3,120,000



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Making a Case...

- Based on a 10,000 stock with 3% fraud, a two year sublet (so 104 week UPO) and rental differentials of 50%, the saving could easily be...

OVER £5M!

- That would require only 300 successful investigations.
- It takes no account of the savings in reduced ASB.
- It takes no account of the positive impact of reduced waiting lists.
- It takes no account of the excellent publicity.



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Proceeds of Crime Act

- ▶ If a person has made a profit by subletting a social house, this is fraud.
- ▶ It also counts as money laundering under the Proceeds of Crime Act.
- ▶ An accredited Financial Investigator can freeze the person's assets.
- ▶ A court can order substantial payments to be made.



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Advantages of PoCA

- ▶ There are extensive investigation powers.
- ▶ Orders do not need to take account of the ability to pay immediately.
- ▶ You can go beyond the UPO and look at *loss of facility*.
- ▶ Once the court has made an order, that can be enforced in the future, if they come into money.
- ▶ PoCA is more likely to lead to assets being forfeited.



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SAFS and PoCA

- ▶ A portion of the forfeited funds goes to the partner organisation – the landlord.
- ▶ The way PoCA works means that *AFIs* are paid out of forfeited cash / assets.
- ▶ This makes the use of an *AFI* a no-risk option for partner organisations.
- ▶ SAFS have an *AFI*...



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Working with an AFI

- ▶ Consider how you will prove how much has been gained.
- ▶ Start noting the nature and location of all the person's assets, as soon as you can.
- ▶ Don't tip the person off – they may try to disperse their funds.
- ▶ The sooner the *AFI* is involved, the better – they can use their powers in the investigation.



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Investigation Techniques and Powers



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To Think About...

- ▶ Who should be investigating Housing Fraud?
- ▶ Who can prosecute offences?
- ▶ Who is responsible for monitoring Housing Fraud?
- ▶ What is your policy on Housing Fraud?
- ▶ What does your latest audit report say about Housing Fraud?
- ▶ What powers and skills do you have, when it comes to investigating fraud?



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Investigation Rules

Investigators must work within a set of rules derived from various sources. These cover the treatment and questioning of suspects, the way they record information and the methods used to obtain evidence.

These rules mostly derive from :

- ▶ Criminal Procedures and Investigation Act 1996 (CPIA)
- ▶ The Human Rights Act 1998
- ▶ The Police and Criminal Evidence Act 1984
- ▶ The Criminal Justice Acts
- ▶ The Criminal Procedure Rules



Don't 'Go It Alone'

CPIA Compliance

You must have protocols in place for ensuring that CPIA is complied with in all criminal investigations.

The Roles

You must have record the appointment and change of the **Investigation Officers, the Officer in Charge and the Disclosure Officer.**

Record...

... all information in a durable form,

Retain...

... it on the investigation file,

Review...

... it constantly and

Reveal...

...relevant stuff to the prosecutor.



Working Together

PoSH Fraud Act - s.3 : Prosecution of offences

- (5) A local authority may prosecute an offence under section 1 or 2 in relation to a dwelling-house—
- (a) whether or not the dwelling-house is or was let under a tenancy under which the local authority is or was the landlord, and
 - (b) whether or not the dwelling-house is located in the local authority's area.



SAFS can Prosecute...

Local Government Act 1972 Section 222

- 1) Where a local authority consider it expedient for the promotion or protection of the interests of the inhabitants of their area ;
 - (a) they may prosecute, defend or appear in any legal proceedings and in the case of civil proceedings may instigate them in their own name.
 - (b) they may in their own name make representations in the interests of inhabitants at any public enquiry held by or on behalf of any Minister or public body under any enactment.



PoSH Fraud Act Powers

Information can be required from :

- ▶ any bank ;
- ▶ any credit provider ;
- ▶ any water supply or sewerage company ;
- ▶ any gas company ;
- ▶ any electricity provider ;
- ▶ any person who provides a telecommunications service ; and
- ▶ any servant or agent of any person mentioned above.



Who Gets the Powers?

A Local Authority can authorise :

- an individual employed by that authority;
- an individual employed by another billing authority or joint committee that carries out functions relating to housing fraud investigation purposes on behalf of that authority.

An *Authorised Officer* can get information about :

- ▶ a person who has committed, is committing or intends to commit an offence listed in section 7(7) of the Prevention of Social Housing Fraud Act 2013 ; or
- ▶ a person who is a member of the family of a person described above.



Offences Covered

The offences covered are :

- ▶ Offences under the PoSH Fraud Act ;
- ▶ Sub-letting social housing (under the Fraud Act 2006) ;
- ▶ Parting with possession of social housing (under the Fraud Act 2006) ;
- ▶ False applications for allocation of housing (under the Fraud Act 2006) ;
- ▶ Homelessness offences (under the Fraud Act 2006) ;
- ▶ Right to Buy or Acquire offences (under the Fraud Act 2006) ;

and any 'associated offence' - which means :

- (a) an offence of aiding, abetting, counselling or procuring the commission of that offence,
- (b) an offence of attempting or conspiring to commit that offence, or
- (c) an offence under Part 2 of the Serious Crime Act 2007 (encouraging or assisting crime) in relation to that offence.



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What is 'Open Source'?

If it is available to the public, either for free or by paying a fee, it's Open Source.

- ▶ Information contained in news websites and the like.
- ▶ Things people post about themselves or each other.
- ▶ Trails that people leave lying around whilst on the net.
- ▶ Data that is indexed (by search engines such as Google) or that is not indexed but is publicly available.
- ▶ Everything in print – books, papers, magazines, lists...
- ▶ An site that anyone can access (like social networks)
- ▶ Sites that you need to pay for (such as 192.com)



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Web Search Engines

- ▶ Google, Yahoo, Everyclick, Ask...
- ▶ They don't search the web - they only search their indexes.
- ▶ They only index sites that are submitted for search.
- ▶ These sites are called the **Surface Web**.
- ▶ Many engines rely on the website creator to set the **Meta Tags** that are used to index.
- ▶ Unless you use **advanced searching**, you may drown in the results.
- ▶ You may get better results from **Metasearch Engines** such as *WebCrawler* and *HotBot*.



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Social Networking

Look as much as you like...

- ▶ People post the minutiae of their lives.
 - ▶ Profiles may be visible without log in.
 - ▶ Privacy settings change, leaving accounts unlocked.
 - ▶ You can go back through a person's life history.
 - ▶ You may find photographs and / or video.
 - ▶ Family details may be disclosed.
 - ▶ Just because it's there, doesn't mean it's true!
- ...but is it surveillance?**



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Surveillance or Informant..

If you are monitoring someone...	View information No personal contact	View information <i>and</i> Communicate with 'S'
Public profile / page, No permission needed to view	Open Source (...or is it?)	Informant
Private profile / page, Permission needed to view	Informant	Informant



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Surveillance Online?

If you are monitoring someone...	View information No personal contact
Public profile / page, No permission needed to view	<p><i>It's probably not surveillance, however...</i></p> <p><i>...if you intend to watch them online, by regularly monitoring their activities, this is really no different to watching them in person. If you intend that they are not aware that you are looking, then you should consider a directed surveillance authorisation.</i></p>



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I Know My Rights!

- ▶ Article 8 gives a right to **privacy**.
- ▶ This right is not **absolute**, it is **qualified**.
- ▶ You may breach this right, so long as you **PLAN!**
 - ▶ **P**roportionate
 - ▶ **L**awful
 - ▶ **A**ccountable
 - ▶ **N**ecessary



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Recording Your Results

Keep a log of all the searches you carry out, even if these are not successful.

Date & Time	Site	Search Terms (if applicable)	Product (including print reference)

[Ctrl]+[PrtScrn] all results of searches that you deem relevant and copies of sites which have relevant information. Give these a reference and note in the log. **Remember CPIA rules apply to web-searching!**



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Share and Share Alike

- Data Protection rules apply.
- So long as both organisations have a signed agreement to work together, data may be shared lawfully.
- Schedule 2, section 2(1) - the prevention or detection of crime / the apprehension or prosecution of offenders, if failure to disclose is likely to prejudice any of the matters mentioned in the subsection.
- Schedule 2, section 5(3) - where the disclosure is necessary for the purpose of, or in connection with, any legal proceedings (including prospective legal proceedings).



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Verifying Identity



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Identity Verification

- ▶ Who is responsible for verifying the identity of all applicants?
- ▶ What are the best documents to accept?
- ▶ How can you spot forgeries and counterfeits?
- ▶ How do you use *ultra violet light* effectively?
- ▶ (...and where did we put those lamps?)
- ▶ What's an *Identity Interview*?



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What is identity fraud?

- ▶ Identity is made up of personal details and records, such as :
 - ▶ Name
 - ▶ Address
 - ▶ Date of birth
 - ▶ Bank accounts, passports, driving licence etc.
- ▶ Identity thieves aim to take these details and use them to access goods and services.
- ▶ This includes access to Housing Services!



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The Top Five Scams

- ▶ **The Phisherman** (imitation of reputable websites)
- ▶ **The Squatter** (previous address fraud)
- ▶ **The Bin Raider** (one man's junk...)
- ▶ **The Jackal** (Thank you Frederick!)
- ▶ **The Cold Caller who doesn't hang up!** (usually claim to be from a bank or building society to get info)

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Which Documents?

Red	X	Be very wary of these documents. It is difficult to imagine circumstances where you would accept any 'red' document as identification on its own. These are documents that you can obtain with ease, and without proving your own identity. You might get these documents by simply completing a form or they might be documents that could be bought blank or made with ease.
Amber	?	You may accept these documents as identification as long as you are satisfied that they are who they say they are. These are documents that are not straightforward to get but do not provide the best identification as they are difficult to 'tie' to the presenter.
Green	✓	These documents are about as good as you're going to get to prove a person's identity (excluding taking their fingerprints and DNA). No document is perfect proof of ID but you should be confident, with normal checking, that a person is who they say they are when they provide one of these.

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Make Up Your Mind!

Document	R/A/G	Photo ID, security features
UK Passport		
Driving Licence		
UK Birth Certificate		
Foreign ID Card		
Credit Card		
Medical Card		
National Insurance Card		
Bus pass		
Letter from solicitor		
Marriage certificate		
Utility bill		
Bank statement		

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Make Up Your Mind!

Document	R/A/G	Photo ID, security features
UK Passport	G	Photo – many security features
Driving Licence	G	Photo – many security features
UK Birth Certificate	R	"This document is not proof of ID"
Foreign ID Card	G	Photo – many security features
Credit Card	R/A	Credit checks and ID proof to obtain BUT is it theirs?
Medical Card	R	No security, easy to obtain
National Insurance Card	R	"This document is not proof of ID"
Bus pass	R	No security, easy to obtain
Letter from solicitor	R	They charge for writing them...
Marriage certificate	R	"This document is not proof of ID"
Utility bill	R	No proof of ID to register with company
Bank statement	R/A	Credit checks and ID proof to obtain BUT is it theirs?

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Watermarks



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UV Marks



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Odd One Out?



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What About These?



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And These?



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The Identity Interview

Their history and background :

- ▶ Where and when they went to school?
- ▶ Where they have worked in the past?
- ▶ Which official bodies have they had dealings with in the past?
- ▶ Which utility companies have they used before?
- ▶ Professional persons (solicitors, doctors etc.) who they've dealt with before.
- ▶ Who do they bank with now or in the past?

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