

**REPORT TO:** Safer Policy and Performance Board  
**DATE:** 21<sup>st</sup> November 2017  
**REPORTING OFFICER:** Strategic Director People  
**PORTFOLIO:** Community Safety  
**SUBJECT:** The Trading Standards Scams Project  
**WARDS:** Borough wide

## **1.0 PURPOSE OF THE REPORT**

The report describes the work of the Trading Standard's Scams project. It explains the different types of scams; who can become vulnerable to them; the impacts of being scammed; the approach taken in Halton; the impacts of the project to date and an estimate of the extent of the problem in Halton.

**2.0 RECOMMENDATION: That the Board notes and welcomes the good done by the Scams Project.**

## **3.0 SUPPORTING INFORMATION**

### **3.1 What is a scam?**

3.1.1 There is no standard definition of a scam so we have developed our own: a communication (by letter, email, text, phone, pop-up internet advert or face to face contact) or activities that make a promise of something, appear to fulfil a need in an individual and that ultimately involve the development of a relationship and the illegitimate manipulation of the individual for the financial gain of another. A scam always involves trickery and a loss of either personal information or money to the person being scammed.

3.1.2 Scammers have a sophisticated understanding of human behaviour and have developed a scam for every consumer:

- Lotteries and prize draws for people who believe in fate and luck, risk-takers and those who may be in need of money but have no real prospect of increasing their income.
- Investment opportunities for people who have significant financial acumen, previous business experience and those who believe that they are in control of their own destiny.
- Clairvoyant letters for those who believe in luck and fate and

particularly those who are recently bereaved or who are still finding it difficult to cope with the loss of a loved one.

- Romance scams that are designed to catch out the recently bereaved or divorced.
- Masquerading as bona fide company or organisation which is intended to catch everybody out.

## **3.2 Who can become vulnerable to scams?**

3.2.1 Anybody can be caught out by a scam if they are taken off-guard or distracted. Different scams are designed to appeal to different personality types but a common theme with all scams is a sense of urgency that requires the victim to respond quickly, without being able to exercise their normal decision-making process.

3.2.2 There is often a misconception that people who respond to scams are foolish, greedy, stupid, or naive and that they are to blame for the decisions they've made. We have worked with a lot of scam victims who believe they have been foolish in falling for a scam when the reality is that a lot of people, in their particular situation at the time the scammer strikes, would make the same decision. If this wasn't the case scams would not be as prolific as they are.

3.2.3 From the people we have worked with, it seems to be the case that most people can have a scams blind spot and whilst they may be able to identify some scams they will not be able to detect others.

3.2.4 Whilst anybody can get caught out by a scam there are certain characteristics that can make a person more vulnerable to scams: recent bereavement or divorce, pre-existing financial difficulties, poor health including mental health issues such as depression, impaired cognitive ability such as dementia and those who feel lonely or isolated.

3.2.5 The work that we have done focusses mainly on mass marketing fraud, mainly postal scams. Older adults appear to be the targets of such scams with text and online scams being targeted at younger people.

## **3.3 What are the impacts of being scammed?**

3.3.1 Being scammed can have an impact on the individual's well-being; embarrassment, loss of self-esteem, a reluctance to trust people and a loss of enthusiasm for life. It can result in worry, stress and lost sleep. It

can cause financial hardship and homelessness and put family relationships under severe strain. It can lead to a fear of the future and social isolation. All of these impacts have been reported by the individual's we have worked with so far. The socio-economic impacts also increase a person's likelihood to experience ill-health and their likelihood to need care services in the future.

3.3.2 The National Centre for Post-Qualifying Social Work and Professional Practice published a report in December 2016 (Financial Scamming: The Value of Early Intervention by Trading Standards) which found that the population often targeted by scammers are those who do, or are likely to, require care and support services but whose ability to fund those services is reduced or eliminated. The report concluded 'Prevention of need, including the early intervention by Trading Standards, is a crucial factor in ensuring social care is sustainable in the longer term.'

3.3.3 In August 2016, The Telegraph featured an article on Harvard University's recent report about the health impacts of loneliness. Social isolation is known to activate the 'fight or flight' stress signal which increases levels of the protein fibrinogen in anticipation of injury and blood loss. Too much fibrinogen is bad for health, raising blood pressure and causing the build-up of fatty deposits in the arteries.

The article stated that Harvard researchers had compared levels of the blood-clotting protein with the numbers of friends and family in a person's social network and found striking correlations. As the number of social connections fell, the level of fibrinogen rose.

The researchers found that having less than 13 friends had the same impact on fibrinogen levels as taking up smoking.

Previously research reports have linked loneliness to a compromised immune system, high blood pressure, and ultimately, premature death.

3.3.4 A recent study by the University of York found that lonely people are around 30% more likely to suffer a stroke or heart disease, two of the leading causes of death in Britain.

3.3.5 The following are quotes from participants in the project, talking about the impact of scams on them:

*"While this has been going on I just lost like the enthusiasm, that's probably the right word...And I get asked to do things for friends and*

*such like and, I've just not had the enthusiasm. It does really affect you and I never thought it would."*

*"Because I'm getting older you know and you get to think "my mind is starting to go" so I think (laughs) you know that I might get sort of conned".*

*"I mean my son is just, well he was around here last night very, very, very angry about the whole thing, he says that (people) have ruined me because I have sent them a lot of money. A lot, a lot, a lot of money."*

### **3.4 The approach taken in Halton**

3.4.1 In the summer of 2014 Halton Trading Standards received information from a National Trading Standards team that a significant number of Halton residents were being targeted by scammers. Early experience of working with victims allowed the team to identify some of the unexpected barriers that would need to be overcome if the interventions with scam victims were to be successful. It became clear that simply providing information to victims on what scams were and what to look out for was not enough; time needed to be spent looking at why somebody was vulnerable to scams and identify ways of changing behaviour.

The core team did not have capacity to provide the support required by victims and it was decided that dedicated scams officer/s were required. To maximise the benefit to victims it was important that all staff involved in the Project had a broad knowledge and experience of Trading Standards including the civil and criminal law that the Service advises upon. The Project recruited two officers (1FTE) who met these criteria and they were in post by early October 2014.

The Scams Project Officers are employed on a fixed term contract which ends on 31st March 2018.

3.4.2 The project was designed to avoid stigmatising victims and frame the issue in a consumer rather than a criminal context. The project designed a misleading offers flyer and standard letter which was sent to areas of the Borough that we had identified as being targeted by the scammers. The letter explained that Halton was being targeted by misleading offers; Trading Standards Officers would be in their area in the next few weeks and would knock to see if they're getting any of this type of post.

3.4.3 The project had three phases which were not time bound and were tailored to the individual needs of those who had been caught out by scams:

**Phase one:** the team door knocked the target addresses with the intention of merely establishing contact with residents. A very general conversation was had around whether or not the person was aware of this sort of mail and whether they received it. The officer asked householders to keep any of this kind of mail for them to collect in a couple of weeks so that the project could learn what types of misleading offers the borough was being targeted with.

**Phase Two:** officers would re-visit periodically to collect the mail and to talk about the different types of mail that people had received. The intention in this phase was to build trust and engage the person in conversation that could result in them sharing their experiences if they had responded to scam mail.

**Phase Three:** officers would begin to work with the person with the aim of facilitating them to identify, for themselves, the reasons they were responding to scams and to look at how that behaviour could be changed.

3.4.4 As the project started to make contact with potential victims it became clear that moving people through the process of acknowledging that they had been scammed, identifying any features of their lives that increased their vulnerability to scams, being able to recognise scams and changing their behaviour so that they stopped responding, was a lot more complex and time consuming than at first envisaged. It became clear that some people required an incredibly gentle approach over repeated visits before sufficient trust could be developed for them to talk to the officer about what they had been responding to.

3.4.5 Officers decide on how frequently to visit individual participants according to what support they assess is required. Officers continue to visit until they are satisfied that the person has been empowered with the knowledge, skills and abilities to identify scams. There has been one case where despite intensive support from Trading Standards, Adult Social Care, health professionals and family members, the individual was unwilling or unable to stop responding to the scammers. Once all avenues had been exhausted, and with great reluctance, we stopped supporting this individual.

3.4.6 Various research papers had identified pre-existing loneliness was a risk-factor in a person's vulnerability to scams and also a consequence of being caught out by scams. The team also recognised that for some people, responding to scams provided a routine or a 'relationship' that was valued by them. The project was therefore designed to address the issue of loneliness and isolation and to encourage the individual to replace the routine of responding to scams with some other activity. Information about local groups and activities and leaflets for Silverline (the telephone befriending service) was given to those that we visited.

We also introduced a Breakfast Club to facilitate peer support and enable people who have been, or who are at risk of being, scammed to meet and share their experiences. Attendees have formed friendships and some now meet outside of the Breakfast Club meetings.

3.4.7 As well as working on a 1-2-1 basis with people who have been caught out by scams, we put a lot of effort into raising awareness of scams and how to spot them with the general public, other council services and other agencies via iCAN, press releases and the attendance at events and meetings.

3.4.7 The project respects the right of all individuals to make unwise decisions – the aim of the project is to provide people with the information they need to be able to make an informed decision and to offer support where it is needed and wanted.

### **3.5 The impact of the project in Halton**

3.5.1 In November 2015 we carried out a survey with the participants in the project. The main findings were:

- 38% said they were embarrassed that they had believed a misleading offer
- 58% felt that after their contact with Trading Standards they think they are a lot better at spotting scams.
- 62% said that after contact with Trading Standards they spend less money on scams.
- 57% said that after contact with Trading Standards they definitely will not respond to scams in the future.
- 24% said that after contact with Trading Standards they felt better about the future.
- 38% said that after contact with Trading Standards they felt less worried and less isolated.

- 28% said they had lost sleep because of scams.

3.5.2 We have worked with the National Trading Standards Scams Team to refine a detriment calculator which attempts to calculate the detriment caused by scams, the actual savings to consumers and the estimated savings to the local economy. We have worked with over 200 people, 100 of whom have confirmed that they are scam victims. Using data from these 100 people:

- The detriment caused to Halton consumers is £95,355
- The **actual** savings to Halton consumers is £140, 851
- The estimated savings for the economy is £5,013

Every £1 spent on the project resulted in £3.16 savings for consumers or the local economy.

3.5.3 Age UK, in a report published in April 2015 called 'Only the tip of the Iceberg', stated that 53% of people aged over 65 believe they have been targeted by scammers and that one in 12 had responded. It should be noted that this is an area of massive under-reporting because of embarrassment, stigma and the fear that others will consider you to be unable to look after your own affairs.

The Age UK figures have been applied to the age profile of Halton residents to produce an estimate of likely scam victims in the Borough.

Halton has 22,300 people aged 65 and over. Using Age UK's figure, if 53% of this age group has been targeted there will be 11,819 Halton residents who have been targeted by scammers. If one in 12 of these people have responded, there will be 984 scam victims in Halton. Applying the detriment calculation to these figures results in the following estimate of the scale of the problem in Halton:

- The estimate of annual detriment caused to Halton consumers is £437,453
- The estimated annual savings for the economy would be £49,325

3.5.4 The following are quotes from participants in the project talking about what impact the project has had on them:

*"They've given me the confidence to get onto them and ask them to help and the confidence to be able to say 'I'm not happy about this, do*

*something'. Yes, that's it, it is confidence, and knowing someone is there to help. I would certainly recommend them to anybody".*

*"I feel a lot more confident yeah. Gives you more confidence doesn't it when there's people you can talk to who know about these things, gives you a lot more confidence."*

*"I'm in the process of setting up an IVA to try and at least dodge some of my debts. And I went to see the CAB to talk to them about that. And (Trading Standards office) came with me to that meeting and she's going to be with me when I talk to the IVA lady as well.... I'm very grateful for the degree of involvement that both social services and Trading Standards have had."*

### **3.6 Case studies**

3.6.1 Detailed case studies can be found in Appendix 1. The case studies demonstrate the range of losses and impacts suffered by those who get caught out and also the challenging circumstances that those individuals are often already experiencing at the time.

3.6.2 One of the earliest cases we dealt with involved a man in his late 60's, living alone, he had few friends and no family. He spent so much of his disposable income on scams that for five years he lived without a cooker, surviving mainly on soup, beans and bread.

3.6.3 Another early case involved a 97 year old man, who was referred to us by Social Services when they learned that he was overdrawn, had no money for food and he had stopped paying for his care charges.

3.6.4 One lady had been unable to sleep because she'd given her driving licence details to a scam telephone caller; another lady was spending £200 a month to enter prize draws; a gentleman lost £102,000 to a boiler room scam; a gentleman lost £24,000 to a romance scam and faced eviction;

### **4.0 POLICY IMPLICATIONS**

None

### **5.0 FINANCIAL IMPLICATIONS**



- 5.1 The annual cost of employing 1 FTE Scam Project Officer from 1<sup>st</sup> April 2018 is £45,890.

The estimated annual detriment for the 100 confirmed victims we are already working with is £44,457.

The estimated annual savings for the economy in relation to the 100 confirmed victims we are already working with is £5,013.

The actual savings the project has already delivered for the 100 confirmed victims we have been working with is £140,851.

The average actual saving per scam victim that we have worked with is £1408.50

- 5.2 Modelling the detriment and savings figures on the likely scam victim population of Halton (984 victims):

The estimated annual detriment to Halton residents would be £437,453

The estimated annual savings for the economy would be £49,325

The estimated actual savings to scam victims would be £1,385,964, assuming there are 984 victims in Halton and we could engage successfully with all of them.

It should be noted that there is massive under-reporting by scam victims so the above figures are very conservative.

- 5.3 Empowering residents to identify scams will enable them to avoid the health and financial impacts of being scammed; preventing premature access to health and care services and preventing people from losing their savings so that they can pay for their own care should they need it in the future.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 6.1 **Children and Young People in Halton**  
None.

## **6.2 Employment, Learning and Skills in Halton**

None

## **6.3 A Healthy Halton**

6.3.1 Being scammed can have an impact on the individual's well-being; embarrassment, loss of self-esteem, a reluctance to trust people and a loss of enthusiasm for life. It can result in worry, stress, lost sleep and a fear of the future.

## **6.4 A Safer Halton**

6.4.1 Scammers are criminals and those they catch out are victims of crime. The project will make the Halton population more resilient to scammers.

## **6.5 Halton's Urban Renewal**

6.5.1 The project has already realised savings for the local economy. Since the project began in October 2014 it has achieved actual savings to the victims of £140,851. At least some of that money, which has been diverted from the scammers, will have been spent in the local economy.

## **7.0 RISK ANALYSIS**

None – the report is for information only

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 The project to date has mainly focussed on mass marketing fraud because the intelligence we had related to this type of scam. 85% of the people we have worked with are aged over 60 with 36% aged over 75 and 26% report they are living with existing health issues.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None under the meaning of the Act.

**Case Studies**

**Case study 1**

Mr F was in his late 60's, lived alone and had been without a cooker for five years. He had lived on soup, beans and bread because this was what he could cook in his microwave. Mr F had spent more than £6000 on scam lotteries and prize draws in a 10 month period (he said he had been doing it for years) and exhausted his savings. The microwave had started to fail but the gentleman had no money to replace it.

As well as supporting Mr F with the scams we assisted Mr F to complete an application for a grant from United Utilities for a cooker. United Utilities noted that he lived on his own and with his agreement arranged to have a water meter installed to save him money on his water rates.

**Case study 2**

Mr E was 97 years old when we started working with him. He had lost around £20,000 to scam mail but was reluctant to stop replying. He was receiving approximately 20 letters a day and numerous phone calls. Social Services reported to us that in one week his bank account balance had gone from £60 credit to £220 overdrawn - he had no money for food and he'd stopped paying his care bills.

Mr E agreed to have his mail redirected to Trading Standards so that we could filter out the scam letters.

Mr E was being sued by a betting company for an unpaid debt of £59, we arranged for that to be cancelled. This victim had bought a call blocker device for £85 which was very poor quality and would not afford the protection he needed. Trading Standards obtained a full refund for him.

Unfortunately, a few months after we started working with him he had several falls at home and is now in residential care. Mr E renewed his mail re-direction for over two years so that Trading Standards could continue to filter his post. Mr E told us that if he received the mail he would continue to respond.

### **Case Study 3**

Mrs V had received a scam call and provided her driving licence details to the caller. She had been worried about this and by the number of nuisance calls that she was receiving each day - she was in a constant state of anxiety and wouldn't answer the phone.

Her husband had died 2 years previously with Alzheimer's and at the same time her daughter was diagnosed with breast cancer. She had not been sleeping with worry over the phone calls and was constantly crying. Trading Standards contacted the DVLA who put a note on her records to say that if they receive a request for changes they would ask more security questions.

We provided Mrs V with a call blocker device which is now blocking all of her unwanted calls. Within the first week of having the device she was sleeping again and felt so much better, she stated that we have given her her life back.

### **Case study 4**

Mrs H lives alone and had been scammed by a doorstep caller. On a visit to his mother, Mrs H's son learnt of this incident and phoned Trading Standards for advice. The officer discussed mass mailing scams with the son who stated that each month his mother sent off in the region of £200 to enter prize draws.

Mrs H had suffered a stroke 18 months previously, could no longer drive and was missing getting out and about. Our officer put her in touch with a community development officer and Mrs H is now attending local exercise classes. At the time of our first visit she was receiving a lot of cold calls, we signed her up to the Telephone Preference Service and she reports that the number of calls have now reduced.

### **Case study 5**

Mr G invested £102,000 in a sophisticated boiler room scam in which he visited London and met the scammers in their luxurious offices. This individual has an investment background and thought that he knew what he was doing and what to look out for.

### **Case study 6**

We were made aware of Mrs D, who is 88 because the National Trading Standards Scams Team seized her response to a prize draw letter.

During our visit Mrs D admitted that she had been responding to prize draw type mail for a long time. Her family were aware of it and were concerned about the number of letters she was responding to. Family members had attempted to persuade her to change her behaviour but unfortunately the techniques that had been used had resulted in Mrs D feeling embarrassed and ashamed and the subject became too sensitive for any of the family members to discuss.

She told her family that she was no longer responding but she told our officers that she is. Mrs D has stressed to us that she did not want her family to know the reason for our visits.

During one visit a family member arrived and quietly raised concerns that Mrs D was continuing to respond to scams on a daily basis and because of this she was heavily in debt. The family member claimed that Mrs D was receiving up to 20 letters a day and made daily visits to the Post Office. The family member did not want Mrs D to know they had spoken to us because the problem was severely affecting their relationship.

### **Case study 7**

Mr J is 66 and has been the victim of two concurrent romance scams that appear to have started shortly after he lost his wife. He was referred to us by Social Services at the beginning of August 2015 in an already dire situation. He had given the scammers £30,000 in less than 12 months, taking loans out for £24,000 in order to raise the money. They had also used him to launder their money. He was convinced that the ladies were genuine and that one of them was moving to England to marry him.

He was investigated by the Police for money laundering. The Police seized £14,300 from his account (money sent by the scammers that he was to return to them) which was later forfeited at a Forfeiture Hearing. The bank closed his account because of the money laundering and he now has to use expensive banking facilities designed for people with very poor credit ratings.

Mr J lived in a shared ownership house - 25% mortgage and 75% rent. Whilst he had negotiated a reduction in his mortgage payments with the building society, he had failed to pay his rent for 3 months and he had not made any payments on any of the loans which he took out in November 2014. Mr J had his car repossessed. He had his phone cut off because he didn't pay the bill but he continued to pay for broadband so that he could contact the two ladies.

We assisted Mr J to attend the CAB for advice on an IVA and we made arrangements with Silverline for him to have a Silverline friend because he felt

lonely – there's normally a 3 month waiting list for this service. We discovered that Mr J was interested in learning to play the guitar, we found a local group that he joined and enjoyed attending.

Social Services referred Mr J for psychological therapy.

We continued to work with Mr J who very slowly appeared to be accepting that the two ladies didn't exist and that he was actually in contact with scammers. In December 2015 Mr J said that his belief that the ladies were real had fallen from 100% to about 10%. Unfortunately, during the same conversation Mr J told us that he had met another young American lady online who was going to marry him, that he had been in contact with her solicitor and sent money to help her and her mother.

### **Case study 8**

Mr S's daughter contacted us for help as she was very concerned about her father (in his 80's) as he was receiving and responding to lottery and prize draw scams on a regular basis. Mr S was showing early signs of dementia. She explained that the family had tried telling him that the letters claiming he has won large sums of money are all fake but he would not believe them and continued to send cash on a weekly basis, sometimes several a day.

We made contact with the gentleman, and continue to visit him every 2 weeks. During this time Mr S had been identified as a priority referral from the National Trading Standards Scams Team as they had seized a completed prize draw acceptance form along with £20 in cash, which he had sent to an Australian lottery scam. When we visited Mrs S was extremely grateful, she explained that she was at her wits end with it all.

Mr S has agreed to keep the mail for us and over time it has reduced slightly and we feel that we are progressing slowly with the gentleman. His wife is grateful for our regular visits and support as Mr S does admit that on occasion he is still very tempted to respond.