



## **FLA SUBMISSION TO THE ALL-PARTY PARLIAMENTARY GROUP ON IDENTITY FRAUD**

FLA is the principal representative of the asset, consumer and motor finance sector in the UK. FLA members achieved £84.7 billion of new business in 2005. Of this, £26.8 billion was provided to the business sector and UK public services, representing over 30% of all fixed capital investment in the UK in 2005 (excluding real property). The remaining £57.9 billion was provided to the consumer sector, and FLA members represented 25.6% of all unsecured lending in the UK. In the above total is £18.6 billion of finance provided to the motor sector. FLA members financed at least 50% of all new car registrations in the UK in 2005.

Our members comprise banks, subsidiaries of banks and building societies, the finance arms of leading retailers and manufacturing companies, and a range of independent firms. The facilities they provide include finance leasing, operating leasing, hire purchase, conditional sale, personal contract purchase plans, personal lease plans, secured and unsecured personal loans, credit cards and store card facilities.

### 1. OVERALL COMMENTS

The prevention and investigation of fraud, including identity fraud, is something that our members and FLA itself take very seriously indeed, and something on which our members have worked collaboratively for some years. We take a leading role in the credit industry in initiating imaginative projects in this area (see annex), and we maintain a number of standing groups of members on fraud-related issues. We are keen to encourage any initiatives that will reduce the level of identity fraud and the harm caused by it but, in our view, the Home Office is already carrying out excellent work in this area, so it is unclear as to why the All-Party Parliamentary Group (APPG) has set up this Inquiry.



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## 2. SPECIFIC INITIATIVES ALREADY UNDER WAY

As the APPG is no doubt aware, the Home Office established an Identity Fraud Steering Committee (IFSC) and an Identity Fraud Forum (IFF) in 2003, with the aim of identifying and implementing cost-effective measures to counter identity fraud. Since the start, FLA has been represented on the IFSC and the IFF, and on various sub-groups established under them to tackle specific aspects of the problem. These include groups on:

- Cross sector data sharing, which is working towards the sharing of data on fraudsters between the public and private sectors. We consider this to be a particularly important piece of work, but it is currently hampered by the fact that the vires of many relevant government agencies (DVLA, HMRC, DWP, etc) may prove not to allow data on fraudsters to be shared with the private sector.
- Improving the prosecution of identity fraud. In this regard, clearly we welcome the Fraud Bill, which should make the prosecution of fraudsters considerably easier. We intend to help the police with training on prosecution under the new legislation on fraud
- Impersonation of the deceased, the most obnoxious form of identity fraud in that it can cause misery to the relatives of the deceased victim. CIFAS, the UK's fraud prevention service, has been leading the campaign for the sharing of data from the Office for National Statistics in order to prevent this type of fraud.
- Corporate identity fraud. It is not only consumers that can become victims of identity fraud – it can happen to companies, too. FLA has led the work of this sub-group with Companies House, which has identified a solution to the problem (password-protected electronic filing at Companies House), but still has to persuade all but 50,000 of the 2,000,000 companies registered at Companies House to switch to filing only electronically.
- Consumer awareness group, led by APACS, which has tried to raise public awareness of identity fraud via a leaflet and poster campaign.

In addition, of course, the Attorney General has instigated a thorough review of fraud, but this is not focusing specifically on identity fraud.

### 3. CONCLUSION

There is already so much good work being done to tackle identity fraud that it is difficult to see what benefits an APPG inquiry can bring, but we would be happy to meet to discuss this with APPG members or to comment on any specific proposals the APPG may put forward.

### 4. FLA CONTACT DETAILS

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For more about FLA please visit our e-politix micro-site at  
<http://www.epolitix.com/forums/FLA>

## ANNEX – FLA’S WORK ON FRAUD PREVENTION AND INVESTIGATION

### VEHICLE FRAUD UNIT

In 1997, we joined forces with the Merseyside Constabulary to launch what was known as Operation Pimpernel, whose purpose was to investigate finance industry crime in order to recover vehicles and arrest offenders in a cost-efficient manner, and to reduce the occurrence of vehicle fraud. Between 1997 and 2000, Operation Pimpernel, which was funded by a number of finance houses, resulted in a decrease in fraud-related allegations in the Merseyside area. Following the success of this pilot scheme, other Constabularies were approached for participation in another project. The Metropolitan Police Service agreed to participate. As a result, the Vehicle Fraud Unit was launched in September 2001, again funded by FLA members. Since its inception, the unit has recovered cars worth over £9 million, and has made about 300 arrests. Where there is evidence to do so, those arrested are typically charged or cautioned with deception matters, often involving impersonation fraud. Investigations have revealed links between vehicle finance fraud and other serious offences. For example, one fraud involved a gang involved in unlawful possession and trafficking of controlled drugs. In another, a suspect fraudulently obtained 36 vehicles by impersonating a legitimate company.

FLA members have agreed to provide funding for the VFU for at least another three years.

### PORT OF TILBURY/MERSEYSIDE POLICE

In addition, FLA members have provided some funding for a police officer at the Port of Tilbury, to investigate vehicles being exported by that route, and for motor finance fraud investigation work by the Merseyside Police.

Many of our members are also participants in PATSY, the Ports Anti-Theft System, run by CIFAS.

## UV LAMPS

In a move to reduce fraudulent credit applications, which cost motor finance members almost £15 million each year, members of FLA agreed that, from 1 September 2003, no applications for dealer-introduced motor finance would be accepted unless the dealer checked the applicant's identity. Specifically this means there must be mandatory production of a full driving licence or a photocard driving licence, or a provisional driving licence with photocard, in every case bearing the customer's current address. Where the driving licence does not bear the customer's current address, additional proof of current permanent residence is required. Dealers are required to check the validity of the driving licences. Photocard driving licences and their paper counterparts have special security features that show up only under ultra violet light. Dealers must therefore check these licences using a UV lamp. FLA and its members have provided UV lamps to every dealership in the UK.

## COLLABORATION WITH OTHERS

As well as developing anti-fraud policies and projects itself, FLA also works enthusiastically with other organisations:

- As stated above, we are represented on the Home Office's Identity Fraud Steering Committee (IFSC) and Identity Fraud Forum (IFF) and we chair, and act as secretary to, two IFSC sub-groups, one on corporate identity fraud and one on websites offering false documents.
- We are members of the Fraud Advisory Panel.
- We are members of the Fraud Prevention Liaison Group, which includes BBA, APACS, CIFAS, CML and about 10 other trade associations.
- We collaborated with APACS and CIFAS on the production of a UK manual on identity fraud.