The previous chapter looked at the investigation and prosecution strategy of the Benefits Agency. This chapter looks at what the 45 people interviewed in depth as part of this research knew about these strategies and their attitudes towards them. Criminological research suggests that although they may be motivated to commit fraud, people may think twice about doing so if they believe that the chances of getting caught are high. Perceptions of the risk of getting caught are therefore important when addressing the issue of benefit fraud. Knowledge about possible penalties may also play a role in deterrence and so this knowledge is reviewed here.

Respondents had picked up some information about fraud investigation methods from the media, the grapevine and their own experience. It was widely believed that the most common way of being caught was through ‘informers’. A typical story was as follows:

‘The guy I knew ... was a butcher and he was made redundant and then he got odd jobs. He worked at a butcher’s down the road and somebody sort of grassed on him and the DHSS stopped his money for two weeks.’

Some respondents felt that, for some types of benefit fraud such as ‘living together’, the only way of being discovered was if someone told the Benefits Agency about it. Some neighbourhoods were thought to be more prone to informers than others. As one woman remarked:

‘Put it this way, if my husband decided to get a part-time job without telling them, I guarantee that somebody around here will say he’s working and he’s claiming.’

Another respondent noted that:

‘There’s that many bloody spies on the road ... every time anybody ever gets caught they’re always been grassed on the streets, so it’s very hard for you to get away with anything nowadays.’

Respondents speculated as to the motives of informers. Most felt that informers were nosy or jealous, particularly if those committing fraud were less than meek:

‘If his neighbour’s a nosy neighbour - and jealous, he’d go and say something to the DHSS.’

‘A lot of people get caught because they just brag about it - they go to the pub and say, “oh, I’m getting away with so and so” and people get fed up and either report them or somebody hears it anyway.’
One respondent thought that informers were likely to be members of a
neighbourhood watch scheme, acting out of duty to uphold all aspects of the
law in their area.

There was a widespread belief that informers were working for direct
financial rewards as they had heard that the Benefits Agency paid people for
information about benefit fraud. As one respondent commented:

'I did hear a little while ago that they actually offer rewards for people that do pass
information on to them and I think it's £50. I couldn't say that as being 100 per-
cent but I'm sure that's what they do, which I think is really worrying.'

One person believed that the Benefits Agency paid as much as £100 for
information. Others put the going rate at £25 for information leading to a
conviction or as little as £10.

Although it was thought that the Benefits Agency relied most heavily on
information from the public, there was also some awareness that there were
staff devoted to other forms of investigation:

'You see it in the paper and on television – they send out people with cameras and
catch people working and things like that. That's common that is.'

Some people said that they were aware that the Benefits Agency targeted
certain groups and had 'hit squads' to carry out investigations.

Underlying much of this was a fear that informers, snoopers and investigators
were out there somewhere. As one respondent characterised investigators:

'I imagine they go round, lurking around and asking questions and things, I don't
really know.'

Another respondent had been followed by a Benefits Agency investigator
when he visited a local pub. He felt victimised by the experience:

'They're sort of, like, near enough tarring everyone with the same brush.'

DSS officers were also known to visit people in their homes to check out
their circumstances. As mentioned earlier, the recently announced Five Year
Security Strategy recommends a reverse in the previous cuts in home visits,
partly as a means of reducing fraud (Benefits Agency, 1995a).

As well as relying on informers and observation work, it was thought that
the Benefits Agency also checked details of claims through the use of
computers and sending out repeat forms. One man thought that the Benefits
Agency tried to identify fraud by:

'Sending out the same forms and see if they can catch you out – see if you put the
same stuff down all the time.'
Respondents knew that the Benefits Agency carried out other checks to prevent and detect fraud, such as requiring birth and marriage certificates, as proof of certain circumstances. There was also a view that the Benefits Agency compared information with other organisations such as banks and the Inland Revenue. One respondent thought that there was a great deal of information-sharing going on:

'The banks give every statement to the tax man and the tax man informs the DSS.'

Respondents were therefore aware of various different ways in which people might be caught committing benefit fraud.

7.2 Perceptions of the risk of detection

Respondents were asked to comment on the risk of being caught for the six different cases of benefit fraud, mentioned in Chapter 4. These were:

- Working full-time while claiming benefit
- Doing odd jobs while claiming benefit
- Living together as husband and wife
- Failing to declare savings
- Taking a giro cheque from the rightful recipient and cashing it
- Inventing false identities for two children and claiming for them

Working regularly or full-time while claiming benefit was seen as the most likely fraud to be detected. Respondents generally agreed that anyone who did this would definitely be caught 'in the end':

'It depends on the frequency, I suppose, the more they do it, the more the odds go up.'

'It's much more difficult to catch someone if they're doing odd jobs for different employers and there's no pattern. I think where a pattern is established there's always the risk of being informed on or even someone from the benefit office may see you working if you're working in a place regularly, that's the most risk.'

Cash-in-hand jobs were thought to be very difficult for the Benefits Agency to detect:

'If they're cash-in-the-hand there's no way he'd get caught.'

'How can they possibly monitor what people are doing if their employers are willing to pay cash-in-hand?'

Others thought the chances of catching and proving that someone had received money for a cash-in-hand job were non-existent unless certain surveillance techniques were used:

'There's absolutely no chance of getting caught because to be able to prove it they'd have to take pictures with him receiving the money.'

The amount of cash involved was also thought to be an important factor. One man said that he thought the chances of being caught were:
Some types of work, such as those involving contact with the public, were thought to be particularly vulnerable to discovery by the Benefits Agency:

'Working behind the bar in a pub – which is one way lots of people earn a couple of extra bob – which seems, inverted commas, “harmless” ... people come in, even DSS people go in pubs, I understand ... I think he’s playing with fire.'

'Working as a taxi-driver ... I don’t know how he could get away with it ... because they’re out in public life, aren’t they? Guaranteed you’re bound to see someone who’s going to work for the DHS.'

As well as being difficult to detect, respondents also thought that it would be difficult for the Benefits Agency to prove that fraud had been committed in cases of 'living together'. As one man explained:

'They can’t put cameras in your home and watch your door all the time – I should think it’s quite easy to get away with it.'

There were mixed views about whether undeclared savings might be detected. Some people thought that the banks automatically notified the Benefits Agency about people’s accounts. Others thought that there was no way the Benefits Agency could find out about bank details.

There were also mixed views about whether someone would be caught after stealing and cashing a giro cheque. Most people thought that it would be quite easy to get away with because the Post Office would not carefully check the signature or the identity of the person who cashed the giro. It was also said that the Benefits Agency might not believe the genuine claimant when they reported that their giro had been stolen. The Benefits Agency might think that the claimant had cashed it themselves so that they could get another. If the Benefits Agency took this attitude, then they would not think that an offence had been committed and would therefore be unlikely to investigate it seriously. Some respondents thought that the chances of being caught would be high because the local Post Office would know the genuine recipient and would recognise the impostor. There was also some awareness that Post Offices had cameras recording transactions over the counter and that these could be used to identify fraudsters.

When respondents were asked about cases of false identity – for example, where people invent dependants for whom they then claim benefits – virtually all were surprised that this type of fraud was possible. It was assumed that birth certificates would be needed in order to claim for children and it did not occur to respondents that people might use forged, borrowed or stolen birth certificates. When this possibility was put to them they were still sceptical about the chances of succeeding with such deception. They assumed that the Benefits Agency would notice the forgery or would
double-check the birth certificates with hospital or doctor's records. A

typical comment was:

'I can't see how they can do this. You have to send birth certificates off and not
photocopies — so you just can't do it.'

7.3 Fear of being caught

Most of the 30 people who had been involved in possibly fraudulent

activities had not thought that they would get caught. Indeed, the possibility

of being caught had simply not crossed some people's minds at all. Others

thought that the risk of detection was very low. These views were

particularly prevalent among those engaged in casual work or living in

unstable relationships.

The nine who had been doing casual work had not thought that there was

much risk of being caught. As one explained:

'You do it because you think you can get away with it ... It's obvious, isn't it,
you don't do anything unless you think you're going to get away with it.'

This reinforces general perceptions mentioned earlier, that irregular cash-in-

hand jobs were seen as difficult for the Benefits Agency to detect.

Some of the 11 who were working full-time or had regular part-time jobs

also thought that there was little chance of being caught. One man said that,

if he had thought about it, he would have asked his employer to pay him in

cash, but he simply had not considered the chances of being caught:

'I didn't even give it a thought, to be honest with you. The guy phoned me up,
"can you do us a little favour?" that's how it started off. It was stupid. I mean I
didn't even give it a thought, I didn't even hide it.'

As in many of the other cases, this man had started off working casually and

then was slowly offered more and more work. But since the process was

fairly gradual, he did not reflect on what was happening and the possible

consequences. With hindsight, he could now see that he had been taking a

big risk, but he was unaware of it at the time.

Other people confessed that they had not realised that what they were doing

was wrong or serious and so did not consider the possibility of getting caught

until it occurred:

'You don't realise how serious it is until you get caught.'

Some regular workers, however, had realised that they were running a high

risk of getting caught but they felt they had no option but to take chances.

One woman had been frightened about the prospect of getting caught, but

said that she had been in great need of the money. As her casual work

became more regular she found it difficult to know when to start declaring

her earnings:
'When I started working I was casual and [my daughter] wasn’t at school and I had to pay childcare fees. My hours were casual so they weren’t regular so I didn’t declare it … then when I started to work more often I had to pay for childcare fees which was like £180 a month. So to work and pay that … and pay the rent … I had to work and claim … I’m glad they did catch me because it’s something that would keep going on and on and on.’

This was one of the women who had not been aware that she could claim Family Credit. Another woman told a similar story:

'I was always worried. When I went to work I never ever walked down the road in my overall - I’d always have a coat on top of my overall so it wasn’t publicly known that I was going to work … It did worry me that I was going to get caught or reported but I needed the money and I’d got to do it … People take the chance that they’re not going to get caught. I mean I wasn’t caught, I was reported. I think people would take the chance that somebody isn’t going to report them.'

Another woman was aware that she was breaking the law and that there was a risk of getting caught. But she also felt she had little option but to try her luck:

'When you’re in a position where you have no money, the law goes out of the window.'

A similar picture emerges for those caught ‘living together’. Those who were in casual relationships did not feel that they were doing anything illegal or wrong and so did not think that they had to declare themselves as a couple to the Benefits Agency. Of the two who were in more permanent relationships, one still felt that her chances of being caught were low, even though she was in a stable relationship. The other knew that she was taking a risk, but was prepared to take it in order to retain her financial independence.

The nine who had never been involved in fraudulent activity were not generally being deterred by fear of being caught. Most said that they did not think that the chances of being caught were high, unless the fraud was carried out on a regular basis over a long period of time. Only one person (the one who had described himself as ‘the nervous type’) said that he did not commit fraud for fear of being caught. He thought both that the general risk of being caught was high and that he was in any case bound to have bad luck and be caught:

'It’s very easy to get caught I should think. I mean, they’ve got it weighed up pretty well … I would be one of the first to get caught … I’m that type, I’d be nervous I’d be caught … so it ain’t worth it.’

As mentioned in an earlier section, the main reason that these people gave for not having committed fraud was that they had not been given the opportunity for short-term casual work.
The majority of respondents had found out about penalties either via the media, the informal grapevine or their personal experiences. None of the respondents said they had found out about penalties for benefit fraud through publicity from the Benefits Agency. As a result, they had very little hard information about the likely punishments for people who are caught.

Most respondents had gained their knowledge of penalties from their own experiences and those of friends and neighbours. A number were able to cite cases of benefit fraud involving friends or family. This gave them information about methods of investigation, how people were actually caught and the punishments they received. In one case a respondent developed his knowledge of the penalties for benefit fraud from what had happened to the person who stole his benefit cheque. This method of obtaining information about isolated incidents, however, afforded respondents very little knowledge about the system of detection and punishment in its entirety.

Many respondents had gained knowledge from the press. A sizeable proportion had read reports of cases of benefit fraud involving prosecution in the local paper. A few very serious cases had reached the national press. Similarly, several respondents mentioned a recent television programme on claims for Invalidity Benefit which may have involved fraud or abuse. These sources of knowledge, too, left respondents with only a hazy picture and with very little understanding of the detailed workings of the system.

Virtually everyone knew that people found committing benefit fraud were liable to repay any money they received to which they had not been entitled. A number of respondents also believed that suspension of benefit was another possible penalty for benefit fraud. Currently, however, benefit suspension is not formally available as a penalty for benefit fraud. Benefit suspension was sometimes confused with the withdrawal of benefit from people whose lack of entitlement came to light as part of a fraud investigation. For example, someone caught breaking the cohabitation rule will cease to receive benefit in their own right. This is not a punishment for benefit fraud, but rather a reflection of changes in their entitlement. Some of the lone parents in this study, however, said they were informed that if they ceased claiming the investigation would be taken no further:

‘They said, “is he living here?”’, and I said, “no”, and they said, “well do you want to give it a go because then you wouldn’t have to sign on” ... and they stopped my money.’

A few respondents believed that there was a warning system for benefit fraud which allowed first or small-scale offenders an opportunity to reconsider their behaviour before they became subject to official sanctions. Quite a number expressed the view that people caught for a first offence or for fraud involving very small amounts of money would simply receive a ‘slap on the wrist’ or ‘a telling off’. However, there is currently no formal system of warnings in benefit fraud investigations.
Respondents had high levels of awareness of prosecution as a possible outcome from benefit fraud. A number were also aware of the accompanying penalties—fines, prison, suspended sentences, probation, community service and publicity. They were not as knowledgeable, however, on the likelihood of prosecution in the event of being caught committing benefit fraud. Opinions varied as to whether prosecution occurred in every case or only very few. Two respondents who had been prosecuted for working and claiming held different opinions. The first believed that everyone who was caught committing benefit fraud was taken to court. The other believed that a policy existed which stated that everybody should be prosecuted although this rarely happened in practice:

'I've heard of people what have never been to court ... they've just paid it back gradually and they've never been to court but they're supposed to take everybody to court who's caught.'

In the main, respondents seemed to think that prosecution was fairly rare. They associated it with benefit fraud only where it involved another offence—such as theft—which they automatically perceived as criminal. Prosecution was also associated with 'serious' cases involving very large amounts of money; longterm fraud; or persistent offenders.

'You either pay it back, depending on whether they think the amount's big enough to take you to court. If they think it's a serious amount they take you to court and prosecute you, people have gone to prison for it, had big fines ... there is high penalties for it but ... it all depends on the situations.'

This belief was based largely on the view that prosecution was an extreme form of punishment intended to 'make an example' of offenders.

A few claimants believed that fines could be charged without prosecution. Fines were perceived by these respondents to be set by Benefits Agency staff and to reflect the severity of the offence:

'You repay all your debts to the DHSS and you get a fine on top.'

Currently there are no administrative fines associated with benefit fraud. Under the existing system fines are always set by the courts for individuals found guilty of benefit fraud.

In general, respondents believed that people who commit benefit fraud fell into two broad categories. First, there was thought to be a small group of hardened 'fraudsters' who were greedy, persistent and determined. This was a small group, however, and respondents believed that the majority of cases of benefit fraud were casual or opportunist and motivated by need. Unlike the first group, these people were not seen to be involved in long-term, persistent fraud involving large amounts of money. Respondents believed that the second group of people resorted to benefit fraud to earn small amounts of money in order to make ends meet.
These views about the types of people who commit benefit fraud were extremely influential in determining views about penalties. Respondents were aware of a range of reasons why people may become involved in benefit fraud and also believed that this would impact on the effectiveness of different types of deterrents:

'It depends on the individual ... what sort of personality they’ve got and how brazen they are or if it was a one-off thing and if they were doing it for their family ... their motives were genuine.'

In essence, the majority of respondents believed that determined, persistent offenders were unlikely to be deterred regardless of the severity of penalties. Similarly, for those motivated by extreme need, benefit fraud was likely to be worth the risk whatever the outcome. A young female respondent who admitted to having worked and claimed expressed this belief:

'I don’t think anything would put them off because they’re that desperate for money, they’d do anything to get something.'

Tough custodial sentences were presented as being most likely to deter the hardened offenders. Respondents were far more generous and sympathetic in their suggestions for deterring the needy from resorting to benefit fraud. They expressed a firm belief that prevention was a more useful strategy in these cases than punishment. One respondent felt that claimants should not be in a position where committing fraud was possible:

'If they get away with it I think it’s the DHSS’s fault for not following it up ... it’s up to them ... they should check.'

They offered a number of practical suggestions for reducing levels of need, clearly illustrating where respondents located the motivation for most benefit fraud. Several respondents pointed out that benefit fraud was not always deliberate but could result from ignorance or misunderstandings.

Respondents demonstrated a strong sense of desert-based justice in relation to penalties and there was a widespread feeling that the punishment should ‘fit the crime’. A young female claimant who had worked while claiming argued:

'If they’ve done it once I’d just say a warning. People that keep doing it, I’d say either a suspension of the benefit or official caution.'

Moving on to specific penalties for benefit fraud illustrates more clearly why respondents held particular attitudes to different penalties. In addition, respondents expressed their views as to the likely deterrent effect of a range of penalties.

7.5.2 Financial penalties

There are a number of possible financial penalties. The only formal financial penalty which currently exists is a fine set by the courts following a conviction. The requirement to repay benefit which has been fraudulently
obtained is more an administrative issue than a formal penalty for benefit fraud. It is, however, sometimes perceived as a punitive measure in the same vein as other financial penalties since people may face great difficulties in repaying money out of their basic benefit entitlement. Respondents were asked about these sanctions and also about the likely effectiveness of a system of fixed administrative fines and benefit penalties.

Repaying benefit Few respondents considered that making people repay the amount of benefit they had obtained fraudulently was an effective deterrent for benefit fraud. One respondent thought that it may work because it meant that there was nothing to be gained from benefit fraud. Another respondent was adamant that a penalty which meant that people only lost something to which they had never been entitled to was no real penalty and so would not operate as an effective deterrent. This was thought to be particularly true in cases of ‘hardened’ offenders. As in any theory of deterrence, however, it is possible that this is imputing an unrealistic degree of rationality to decision-making about benefit fraud.

Fines In general, respondents held quite strong views about fines as a penalty for benefit fraud. Objections fell into two schools of thought. In the first, objections stemmed almost wholly from beliefs about the motives behind the majority of cases of fraud. For these respondents, fines were believed to be too harsh a penalty. The second school of thought, however, objected to fines on the grounds that they were not harsh enough to be a deterrent.

Respondents who supported the first school of thought believed that it was inherently unjust to fine people living on the breadline. This opinion was expressed consistently regardless of whether respondents had been involved in benefit fraud themselves. An unemployed man in his late fifties who had never committed benefit fraud said:

‘There’s no way you should be allowed to take the money off people, you’ve got to live and the government states ... that every man has a certain amount of money.’

In these situations anything which reduced the amount of money available for people to live on was thought to exacerbate the situation, particularly for families with children:

‘Well usually if there’s children involved it’s not the parents that suffer most, it’s usually the children that suffer the most.’

Fines were seen to increase levels of hardship and need and, potentially, increase the likelihood of re-offending, the very reverse of an effective deterrent. Even respondents who had never been involved in benefit fraud could see the link between increasing levels of hardship and the raised potential for committing further offences. One asked ‘what would I live on? ... I’d have to go out thieving and stuff like that ...’. Another said:
‘People need money, you know ... they can’t go around with empty pockets all the time because they’re just going to get into crime, they’re going to end up in jail.’

The objections expressed by respondents in the second school of thought centred on the fact that fines were not perceived to be harsh enough punishments. Several were concerned that fines would be meaningless because people could not, or would not, pay them. One respondent believed that some people would just ‘pay it for a few weeks and then stop’. Another, who had never been involved in benefit fraud, commented:

‘They say “I can’t afford much” so they pay £1 a week, you read that in the paper, sometimes they’re a bit too easy with some of them.’

Fixed financial penalties As well as the general concerns about financial penalties mentioned above, respondents were also quite sceptical about the idea of introducing fixed administrative fines. Such fixed fines already exist in other spheres, such as parking tickets or the £10 penalty fare from London Underground. Respondents’ scepticism appeared to relate largely to their sense of (in)justice. They felt that any financial penalty which was fixed at a predetermined level would not ensure that the punishment fitted the crime. In addition, respondents felt that the ‘one-off’ nature of fines reduced their effectiveness as a long-term deterrent. Several respondents expressed the view that having paid the fine people tend to forget all about it. As one respondent put it:

‘If you’re going to get a fine, you pay your fine and start again in a different name, different area.’

Benefit penalties Virtually all respondents were firmly opposed to the idea of benefit penalties, such as withdrawal, suspension or reduction of benefit. They were viewed as being much too harsh and as cutting off all legitimate means of survival. One respondent described them as ‘a death sentence’, particularly for families with children:

‘If you suspend it, take it away from them altogether, I mean how are they going to feed the children if they’ve got a family?’

A female respondent prosecuted under the cohabitation rule expressed similar sentiments:

‘That is very frightening ... they can’t possibly leave people that have got children, or people themselves, without any money ... if they’re left with no money I think that would make matters worse because they would have to get money from somewhere. You can’t let your children starve or your bills mount up.’

One respondent prosecuted for benefit fraud felt that benefit suspension was a much harsher penalty because the whole family suffered rather than simply the individual involved. This certainly offended his sense of justice:
I'm the guy who's done them sort of things so why should I put [my wife] in that position?'

Another respondent had a similar view:

'I don't know how we'd go on, we'd have to starve ... I still don't see how you can punish children for what their parents have done.'

Removing the sole source of income as a penalty for benefit fraud was also viewed as likely to lead by default directly back to some form of criminal activity:

'If the social were taking the money out of the person who'd done the crime ... they'd go out and do more crime to ... make their money up.'

One respondent who had never attempted to defraud the system felt that benefit penalties would reduce respect for the social security system even further. This could, subsequently, result in a further attempt at benefit fraud:

'I think it would drive them the other way that once they get their benefits back they would be more determined to get even more out of them because of what they lost.'

7.5.3 Prosecution

When an individual is found guilty of benefit fraud there are a number of possible outcomes. First, they may be required to pay a fine, the level of which is determined by the courts. Attitudes to fines have been dealt with above. Second, they may receive a suspended sentence, conditional discharge, probation or community service. Third, they may receive a custodial sentence.

Non-custodial sentences

Levels of awareness about these penalties were quite low and very few respondents talked about them in any depth. Among those who did express views, feelings were mixed about the deterrent effect of non-custodial sentences. In essence respondents appeared to perceive non-custodial sentences as 'getting away with it' or at the very least 'getting off lightly'. Some respondents felt that these punishments were often not harsh enough to match the crime, let alone deter an individual from re-offending. A few respondents merely said that non-custodial sentences 'didn't mean much'. These views have to be placed in the context of general public opinions on penalties which are typically very harsh – for example, with the majority of the general public in favour of a return of the death penalty (Brook and Cape, 1995).

A few respondents expressed more positive views about community service. These opinions were based on the fact that community service meant that people were 'putting something back into the community'. It could therefore perform the function of re-integration and also involve some degree of public shaming. One respondent noted that by keeping offenders
busy, community service cut down their opportunities to become involved in working and claiming. A typical view of community service was that:

‘They should make them clean the roads up ... they wouldn’t like to do that, especially in the middle of a town where they know everybody.’

Custodial sentences
Again, there was no across the board support for the use of prison as a deterrent. It was generally seen as too harsh for ordinary people and too soft for hardened criminals. It was widely viewed, however, as being the harshest penalty and by virtue of that alone, the most effective deterrent. A respondent known to have worked and claimed said:

‘I think if you’re going to get put away for it you won’t come out and do it again.’

This tends to be more a reflection of respondents’ understanding of the severity of prison than of their belief in its potential to deter people from offending. The majority felt that the prospect of going to prison was ‘terrifying’. For these respondents, the loss of their freedom was viewed as a very severe punishment which would make most people think twice about committing benefit fraud. Many viewed prison as an unnecessarily harsh punishment for people who commit benefit fraud out of financial desperation. A lone parent who admitted to having broken the cohabitation rule in the past argued that in these cases:

‘A prison sentence would be bloody stupid ... there must be some good reason why they’re doing it ... they can’t afford to live under the circumstances they’re living in so they need extra money ... so instead of going out, well I suppose it is stealing in a way, but [they are] actually earning it.’

Not all respondents believed the threat of prison to be the most effective means of deterring benefit fraud. Some felt that custodial sentences merely led to the ‘criminalisation’ of people who were not really criminal when they went into prison. Other respondents pointed to the inconsistency of sentencing which resulted in weaker sentences for some people. A respondent who had been prosecuted for working and claiming commented:

‘I don’t know, some people seem to get more than others ... I just think it’s up to the judge when he’s there what mood he’s in.’

Another respondent in the same situation said:

‘I know some people ... that have been in the same situation as me, they’ve got caught but they’ve got away with it ... it’s just been a slapped hand ... then there’s people like me that try ever so hard ... and they throw the book at me.’

A few respondents expressed the view that women, older people, or people with families got lighter sentences. Some respondents felt that these inconsistencies reduced the deterrent effect of prosecution and custodial sentences.
Although the majority of respondents felt that the threat of a custodial sentence would be an effective deterrent to benefit fraud, a few disagreed. These respondents believed that for the few persistent, determined offenders even the prospect of a prison sentence may not be perceived as particularly daunting. They felt that, for these offenders, prison had become a way of life, or, in the words of one respondent, a 'bit of cake'. Another respondent, who admitted working and claiming, felt that prison was, in some cases, a 'soft option' compared with living on benefit: 'Prison's not the answer. Bed and breakfast, three meals a day'. In addition, one respondent who had never been involved in benefit fraud argued that 'they probably don't get the people that are best at doing it'.

7.5.4 Warnings

The belief that people committing minor offences should initially be warned of the possible consequences of their actions before being punished fitted in with many respondents' sense of justice. In particular, respondents felt that as the majority of offenders had genuine reasons, such as poverty, for their offence they should not be treated as 'criminals'. Respondents believed that in most cases of 'genuine' benefit fraud a warning would be sufficient in making them stop. One respondent, in particular, felt that a system of early warnings might raise claimants' perceptions of the risk of being caught:

'I think it's actually more beneficial for there to be more resources put into people checking up and warning off. People will still do it but if they could get onto it quickly, I mean now [respondent's friend] won't do it again because she wouldn't risk it.'

Again, respondents believed that warnings would not be sufficient to deter 'hardened cases' who would probably still consider benefit fraud to be worth the risk.

Formal caution

It was suggested to respondents that individuals who admit having committed benefit fraud could be given a formal caution. The details of their offence would be kept on record and potentially used against them in court should they re-offend.

The general opinion among respondents was that this was a fairer penalty than immediate prosecution, particularly in cases where the motive was financial need:

'If it's a genuine case then it would be fairer than dragging it all through the courts.'

It was also viewed as a much more efficient and cost-effective way of dealing with first offenders:

'It would obviously save the court's time, the guy's time, because, after all, if it's just a small case he's not going to get done much when he goes to court. It must cost a lot of money to go to court and a lot of the time of the DSS officers to spend a period in court.'
Respondents felt that issuing a caution for the first offence gave people an opportunity for reform. A few also felt that it established a more logical system of punishments, whereby people could expect to attract increasingly severe penalties the more times they offended:

‘The first time ... a caution is fair comment, second time ... if you've done it it's your fault because you've been shown ... you know what you're doing ... so I think the caution is fine but then if you do it a second time ... you expect the worst.’

Again, a few respondents were not in favour of formal cautions. Quite a number believed, that in cases of desperate need, nothing would be a deterrent. A few felt that formal cautions would be too lenient, perceiving them as synonymous with remaining unpunished. Some respondents also felt that it would be unfair for people to be ‘marked’ by the Benefits Agency and feared that it would lead to discrimination:

‘It would be horrendous ... you'd be marked, whatever you wanted to do.’

7.5.5 Publicity

Respondents were asked to give their views on the likely deterrent effect of publishing the names of people found guilty of benefit fraud in local newspapers. For many, the prospect of being publicly labelled as ‘fraudsters’ was perceived to be a particularly harsh penalty. One felt that the humiliation caused by this penalty would be worse than prosecution. As a result, its potential success as a deterrent was thought to be quite high. Again, a number of respondents were concerned about the effects of publicity on people with ‘genuine’ reasons for committing fraud. There was also concern about the repercussions for any children. As one respondent who had herself been prosecuted explained:

‘That was my worst fear ... I don't know if my name was in the paper but that in itself made me quite ill because obviously it would have affected the children ... I've recently moved to the area and I suppose, on the surface, a respectable mum of three ... and for that to come out ... would be devastating, absolutely devastating ... at court you're anonymous practically, aren't you? They don't go to bed and sort of think about you. They deal with it all the time, you're just another name, another face. But in your own community you're an actual person.’

However, the belief remained among quite a number of respondents that the ‘hardened’ cases would still not be deterred. A woman who had broken the cohabitation rule in the past explained:

‘The sort of ... people that do it, they're not bothered about it being in the paper ... If it's somebody that has genuinely mistakenly frauded [sic] the benefit or whatever, then yes it would be devastating to them, but on the whole the kind of people that are ... fraudulently on benefit wouldn't give a damn anyway.’

Respondents felt that the fact that the deterrent effect of publicity was dependent upon people caring about their reputation meant that its impact was likely to be uneven. Several believed that persistent and greedy offenders
were unlikely to be concerned about their reputation. Another respondent, guilty of breaking the cohabitation rule, expressed it as:

‘What’s the point? ... Who cares?’

Others felt that rather than simply remaining oblivious a few ‘hardened’ cases would actually enjoy the notoriety afforded by publicity. A man who admitted working and claiming himself expressed this as:

‘There are those who would get a kick out of it.’

7.5.6 Other suggestions for deterring fraud

Although respondents were asked about how penalties might deter benefit fraud, many continually returned to other ways of deterring or reducing benefit fraud. Most of these suggestions related to the general operation of the social security system. Respondents felt that a fairer and more effective way of reducing fraud would be to reduce the incentives to commit fraud which they felt were part of the current system.

Respondents showed particular interest in adjusting the earnings disregard to allow more freedom and flexibility. As well as increasing the level of the disregard, respondents also felt that it should be calculated over a longer time period than a week. This is in line with recommendations made elsewhere in recent reports (CSJ, 1994, SSAC, 1994, Kempson et al, 1994, JRF, 1995). It was felt that changes to this part of the system would improve incentives to work and reduce incentives to commit fraud. A lone parent with four young children commented:

‘There’s got to be some new sort of system saying … you can earn so much extra a month … if you earn more than that you have to declare it.’

This respondent felt that the flexibility of having a monthly rather than a weekly earnings disregard would allow people on benefit more freedom in the hours they work. It would also allow them to take on better-paid work. A self-employed father of two, prosecuted for working and claiming, argued a similar point:

‘They’ve got to have a bit of decorum … a bit more leeway … I did one day, sixteen hours, they stopped my money, they give me 51 pounds to live on for a fortnight. Is that any incentive for me to go out and find another job?’

A number of respondents also suggested that higher levels of benefit payments would also remove the need for much of the fraudulent activity which occurred. An unemployed father of two remarked:

‘I think it’d stop a lot [of fraud] if the money was a lot better … it doesn’t cover anything really.’

7.5.7 Help rather than punishment

Although respondents were asked about penalties for benefit fraud, they continually repeated that most people who committed fraud deserved help rather than punishment. There was a strong view that rather than penalising
someone for an offence, the Benefits Agency should seek to understand why that person had committed it in the first place. For example, there may be benefits that the person is legally entitled to but not claiming or they could be given debt-counselling advice. Respondents felt that this kind of help was important for both moral and instrumental reasons. This was because there was sympathy for some people who committed fraud and it was felt that they deserved help. But it was also thought that the provision of help and advice would be the best way to prevent further offending:

'They just give [offenders] interviews and don't really find out why they done it and they just say, "we're charging you." Then they take them to court, then it starts again because they can't afford to pay the court fine so they do it again, so it's a vicious circle.'
Interviewees believed that the most common way of being caught for fraud was through informers. There was a widespread belief that informers were sometimes paid by the Benefits Agency. There was also some awareness that surveillance methods were used.

It was thought that the risk of getting caught was very low if claimants worked only occasionally, for a few hours and were paid cash-in-hand. The risk of detection was seen as much higher for regular or full-time work. Interviewees believed that claimants who lived together but claimed separately were unlikely to be caught.

Most of those who had been involved in possibly fraudulent activities had not thought that they would be caught. This was partly because some of them were not aware that their activity might be construed as fraudulent and so did not even consider the possibility of detection. Others did consider the possibility of detection but thought that the chances were low. Some of those who were working full-time while claiming benefit were concerned about the risk of being caught but felt that this was outweighed by their need for extra money.

Most interviewees knew that prosecution was possible in cases of benefit fraud. They also knew that any overpayment would be recovered.

There was a common view that most of those who committed fraud were ordinary people who committed it on a small scale because of need. It was argued that these people should not be treated harshly and if anything, should be helped rather than punished. But it was also thought that a ‘hardened’ group of people were committing fraud out of greed and selfishness. For this group, severe penalties, such as prison, were deemed appropriate.

Financial penalties for benefit fraud were considered wholly inappropriate. It was thought that these would lead to a vicious circle since fraud was generally motivated by financial need in the first place and might therefore recur if someone was penalised financially.

There was some support for an official warning or formal caution since this would give people a second chance rather than punishing them unnecessarily severely.
This chapter considers the issue of deterring benefit fraud in the UK, using the findings from the depth interviews to increase our understanding of deterrence.

This section assesses the experiences of the 27 respondents who said that they had been investigated for committing benefit fraud. The majority, 23 respondents, admitted having been involved in possibly fraudulent activities. Four said that they had not been involved in any such activities. The group of 23 respondents were more or less evenly split between those who were then prosecuted (12) and those who were not (11).

As mentioned earlier, the respondents’ accounts of their own experiences did not always correspond to official records. Four people who were in the Unemployed group said that they had actually been investigated for benefit fraud. Two of these admitted to the fraudulent activity. Two denied it. Among the Fraud, not prosecuted group, only eight said that they had committed fraud and been caught doing so. The remaining seven said that they had not been investigated, although three of this group admitted having committed fraud. One of those in the Fraud, prosecuted group said that they had been caught but not prosecuted for fraud. Table 8.1 shows how the official records differed from respondents’ accounts.

<table>
<thead>
<tr>
<th>Respondents’ accounts</th>
<th>Unemployed</th>
<th>Fraud, not prosecuted</th>
<th>Fraud, prosecuted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caught, admit fraud</td>
<td>2</td>
<td>8</td>
<td>13*</td>
<td>23</td>
</tr>
<tr>
<td>Investigated, deny fraud</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Admit fraud, not caught</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>No fraud, not caught</td>
<td>7</td>
<td>4</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>45</td>
</tr>
</tbody>
</table>

*One member of this group said that he was not prosecuted.

This section looks first of all at the 27 respondents who were investigated for benefit fraud to consider their experiences and their reaction to the initial contact they had with the Benefits Agency. It then focuses on the 11 respondents who admitted fraud and were caught but not prosecuted, to explore what happened to them following the detection of their fraudulent activity. Were they deterred from committing fraud by their experience of being caught? The section ends with a consideration of the experiences of the 12 respondents who were prosecuted to see what penalties were imposed on them and whether these respondents felt deterred by those penalties.
Most of the 27 who had been detected by the Benefits Agency for fraud believed that they had come to the attention of investigators through the actions of informers. These informers were thought to be either neighbours, acquaintances or ex-partners. In some cases, respondents only had a vague idea about who might have informed on them; there was a feeling that informers must have been involved, because the Benefits Agency would not have been able to detect them otherwise. In these cases, the notion that informers were involved was based on being unable to explain their detection in any other way. In other cases, however, respondents had a very clear idea about who might have or who had informed on them.

A couple of respondents believed that they had been caught in other ways. One had given her National Insurance number to her employer and believed that this had been checked by the Benefits Agency. Another said he had been caught during a raid by the Benefits Agency on his employer, during which many other casual workers had also been caught.

The reactions to being investigated and caught ranged enormously. Some respondents felt anger, others shock, others fear, others shame. Some were concerned and upset about being caught. Others were more nonchalant and merely accepted that their fraud had come to light. Some felt relief. Others had been caught before for benefit fraud or other illegal activities and so were not particularly bothered by their contact with the Benefits Agency.

Not surprisingly, anger was the main reaction of those who were investigated but had not committed fraud. As mentioned in a previous chapter, one respondent felt that he had been unfairly "tarned with the same brush" as others who were committing fraud. One man recalled how he felt when his wife had been investigated for 'living together' with him:

'It happened to my missus actually, that's when I come down to the DSS and have a good row with them ... she got stopped two weeks' money for cohabiting. Someone said that I was stopping there - I stopped there three nights, but she was not there, she was staying at her sister-in-law's those three nights.'

Another woman was angry after being accused of fraudulently cashing cheques from an order book. She went to a solicitor and employed the help of a handwriting expert to prove that the signatures were not hers. She said that the Benefits Agency eventually dropped the planned prosecution; but she felt she was owed an apology at the end of it all. She said that she had felt:

'Mad really ... I have to go through all this trouble of finding a solicitor and getting it all investigated properly when I knew that I hadn't done anything.'

After the case had been dropped, she said that she had felt:

'Relieved it was over but a bit disgusted because I didn't get an official apology from them.'
Those who accepted that they had acted illegally did not act angrily once they were caught. Some were shocked at being caught and felt upset or worried and frightened about what might now happen to them. They had not previously considered the prospect of getting caught. They were disturbed about being caught and felt ashamed at what they had done. Another woman had been anxious when an investigating officer left a calling card through her letter-box:

'It was a bit sort of frightening, the fact that somebody had come to ... I expected in situations like that, people to receive a letter I suppose, first. But it's just the fact that somebody come to the door and left this card with "investigator" written on, very sort of frightening.'

The distress at being caught was sometimes added to by the tension between the investigator and the accused. As one woman recalled:

'They asked me why I did it and I said, "do you really need telling?" That was the only words I said to her and she said, "do you mind me asking why you did it?" And I told her the reason why and I said, "now are you happy?" and then just sat there in tears and she just - there was nothing, no feeling, no nothing in her at all.'

One woman had been sent a letter asking her to visit her local office for an interview. The letter did not say what it was in connection with and she was not further enlightened when she telephoned the local office. She had been surprised when confronted with the accusation that her living arrangements were fraudulent, but eventually accepted that she had contravened the rules.

Some respondents were not particularly distressed at being caught. They accepted that they had been legitimately caught and were willing to face the consequences. This reaction was most common among those who had previously realised that there was a chance they might be caught. One respondent remembered how she felt when she and her partner were caught breaking the cohabitation rules:

'It don't make it feel good, hilt like I say, we know we were taking a risk when we did it.'

In some cases, respondents were quite relaxed when they had been discovered. This was partly because the Benefits Agency had also been quite relaxed in these cases and partly because, although they accepted that their behaviour had been technically wrong, they did not see it as morally wrong and therefore serious. They certainly did not see their activity as fraudulent or criminal. One woman had been asked to send back the Child Benefit book for an alteration since one of her children no longer lived at home. She did so and saw the matter as a fairly routine change in her benefit status. She knew that she should have sent it back earlier and that she had been technically outside the rules, but she said that she did not feel that she had been committing 'fraud'. A similar view was taken by some of the women.
caught for 'living together'. They could see that their behaviour had been technically against the rules, but they did not view their behaviour as wrong. They felt that they could simply start to claim as a couple and the problem was resolved. One couple recalled their fairly casual encounter with the Benefits Agency:

'It was two ladies come out. She filled in the form and I filled in the form and that was it. She said, "well, don’t do it again! As you’re living together, you must claim together - one of you, it doesn’t matter who."'

Some respondents felt relieved at being caught. In these cases, they had seen their initial behaviour as bending the rules rather than contravening them. But over time, their behaviour had changed - casual work became full-time work and they found it difficult to know when and how to admit that they were committing fraud. These respondents had generally known that there was a good chance of being caught and their lives had been haunted by the prospect. They felt that now they could embark on a fresh start. One woman explained how she felt:

'I felt relieved that they caught me ... because you get into a routine and I got so far where I was frightened to return my books in case they found out anyway, so I was, again I was just a nervous wreck really. Every time I was at work, I said, “oh, they’re going to find out, they’re going to find out.” I was relieved when it was all over, definitely. I was relieved to give my books back. I was relieved to get off the system and relieved it was all over.'

A couple of respondents, however, felt very nonchalant about being caught. They accepted that they had been committing fraud and had been legitimately caught, but were not particularly bothered about having been detected. These people had been in contact with the Benefits Agency or other enforcement agencies in the past in connection with other illegal activity. One had been in prison before, so the whole process from detection to possible prosecution was known and held no terror.

Eleven of the 23 respondents who were caught and admitted benefit fraud were not prosecuted. Five were caught working and claiming, five were 'living together' and one failed to disclose that one of her children had left home. All of these cases, except one, involved 'casual' fraud. By this we mean that respondents were doing odd jobs or casual work or they were in relationships which were still relatively new and irregular. In virtually all cases, this was the first time the respondents had been caught committing fraud.

For those who admitted fraud but were not prosecuted, various outcomes from detection were possible: they might change their benefit status, for example, by claiming as a couple rather than a lone parent; or they might sign off benefit altogether; or they might change their behaviour and stop working or stop living with a partner. In addition to this, where there is sufficient evidence to show that a claimant caused an overpayment because
of their activity, recovery is, with few exceptions, made by the Benefits Agency. Claimants can make arrangements to voluntarily repay or refund the whole amount by lump sum. Where this is not done, however, compulsory deductions from benefit can be made. Where the claimant is no longer on benefit and fails to make voluntary repayments, civil proceedings may be taken against them.

Six women ended their claims as single women or lone parents and either started to claim as a couple or became dependent on their partner’s earned income. Three people stopped working and remained on benefit. One man signed off Income Support and Unemployment Benefit. One person had her fifth child removed from her Child Benefit book. Overpaid benefit was recovered in some cases.

In the cases of ‘living together’ the Benefits Agency had, it seems, sometimes taken an active role in encouraging women to become part of a more regular couple. Investigating officers accepted that the relationships were relatively casual and they sometimes coaxed women into making their relationships more formal so that they could sign off benefit. One woman explained what happened when the Benefits Agency accused her of cohabiting with her boyfriend:

‘He was stopping, he stopped a couple of nights at the weekend, but they didn’t say, “it’s not on!” They just turned round and said, “Why don’t you give it a go at living together? Have you ever thought about living together?” And at the time we hadn’t even thought about it, but … we agreed to it, we said we’ll give it a go.’

The woman signed off benefit and began to rely on her boyfriend’s earnings. But the relationship did not last and, by the time of the interview, she was claiming as a lone parent again.

Another woman felt that she had been given little choice but to sign on as a couple with her boyfriend:

‘The guy from the fraud squad, he just said that, as from today’s date, [my boyfriend] now signs and claims for me and the two children … He suggested if I did then no further action would be taken so that’s what we did. And I just apologised and said that I really didn’t know that I’d done anything wrong.’

Another woman had a fairly fleeting visit from the Benefits Agency. She had been living with her boyfriend for two weeks before they were discovered and visited by investigating officers:

‘They weren’t here that long, about 10 minutes. I just wrote down that I passed my book over and that he’d moved in from that day.’

Her boyfriend was also on Income Support and he began to claim on behalf of them both. Although the encounter with the investigating officers was
brief, the woman was concerned about what might happen to her. She was surprised that the Benefits Agency had not sought to reclaim any overpayment:

'I thought they were going to ask me to pay lots of money back which I couldn’t do, but they didn’t.'

Recovery of overpayments was apparently rare in cases of ‘living together’. The Benefits Agency seemed more concerned about signing someone off benefit or signing them as part of a couple.

In the cases of working and claiming, one respondent had signed off benefit. Once again, the role of the Benefits Agency was crucial. This man felt that he had been given no option but to sign off, even though he had only been engaged in casual work and did not have a permanent or full-time job to go to. He explained:

'They just forced me to sign off ... I said, “well, I did do it, you know I did.” And I says, “but the job’s finished now.” ... I had to sign off for about four weeks.'

This man had told the investigating officers that if they forced him to sign off he would just sign straight back on again. But once he signed off, he did find some casual work. He lived on the money from these casual jobs and his savings. Within a month, however, his savings were all gone and he could not live on money from an odd day’s work here and there so he signed back on again.

The others who had been caught working and claiming did not sign off. One man had wanted his employer to take him on full-time after his fraudulent activity had been discovered but the employer had been told about the fraud by the Employment Service and was no longer prepared to employ him. Others had little opportunity for regular work and so stayed on benefit.

The Benefits Agency had recovered overpayments in some cases of working and claiming. One man had agreed to repay £5 a week and saw this as a fair amount.

Some of those caught said that they had not been informed that their cases had been closed even though our sample had been drawn only from the records of closed cases. A typical scenario was for someone who had been suspected of living together to be interviewed at home by a fraud investigator and then either sign off benefit or sign on with a partner. None of the people in this situation could remember having received official confirmation that their case had been closed. Most assumed that the case had been closed because, following their initial contact with the Benefits Agency, they had heard nothing for several months but there were still some lingering
concerns. When asked whether her case was over, one woman replied: 'I hope so. I thought that was it. I don't know if it is'.

According to the Benefits Agency, all those who are interviewed under caution are subsequently sent formal letters to inform them of the outcome of their case. Although this is standard procedure, one man was interviewed under caution after being suspected of working and claiming and did not remember receiving any formal communication following the interview. During the interview, he had been given the impression that he might be prosecuted and had expected to hear from the Benefits Agency again but had not done so and now assumed that the case had been closed:

Respondent: 'It was the fraud squad officer themself, they said they could take you to court and we'll be in touch but I never heard anything.'
Interviewer: 'Ever again?'
Respondent: 'No.'
Interviewer: 'How long ago was that?'
Respondent: 'About two years.'
Interviewer: 'Did they give you anything in writing after that?'
Respondent: 'No, nothing.'
Interviewer: 'You didn't hear anything at all?'
Respondent: 'No.'

8.2.2 Deterrence Although it is interesting to see what happened to the 11 people who were caught, a key question is whether they felt that their experiences deterred them from committing similar activity again. Only three of the 11 respondents said that they had not been deterred. The majority, eight, said that they had been deterred - they had not, and would not, be involved in similar activity again.

Five of those caught 'living together' said that they would not do so again. But this was not because they thought that what they had done had been wrong. They were just aware now that it was seen as contravening the rules. They would therefore make sure in the future that if they had a casual relationship they would stick more strictly to the letter of the law. Most said that they had been informed that the main rule to abide by was that a man was not allowed to stay overnight for three nights a week. Fewer nights than this would not constitute cohabitation. This is a great over-simplification of the complex rules relating to cohabitation; cohabitation involves a number of factors, not only the amount of time spent together. The complexity of the rules - or simply ignorance of them - was a major part of 'the problem'.

But these women decided that they would now keep to the right side of the regulations as they had been explained to them. This reluctance to break a rule, even though they disagreed with it, was because they feared being
caught again in the future. One lone parent felt that if she had been informed on in the past, someone might well inform on her again in the future:

'I've got very nosy neighbours ... I would never give them the satisfaction of doing something so low to me again.'

Another woman had said that the Benefits Agency had made some mistake in relation to her claim and so she had not actually been committing fraud; but she felt that if there was any doubt in the future, the Benefits Agency would not make any allowances, so she was keen to keep firmly on the right side of the law:

'I don't want to go through all that again, do I? Otherwise they'll think I'm deliberate. Like if I do it again, they'll think, "oh, she's pulling a crafty one."'

But not every woman who had been caught had been deterred. One woman had signed on with her boyfriend following the Benefits Agency investigation, but was now living as a lone parent again. She said that she had not been deterred from doing the same thing in the future because she did not consider that her living arrangements had been wrong and felt that the Benefits Agency should not dictate to her about who could and could not stay at her house. She realised that she might get caught in the future but preferred to take the risk rather than change her opinions and behaviour.

Although most of these people had been deterred from breaking the cohabitation rules, they were not necessarily deterred from breaking other social security rules. For example, one couple had previously been caught cohabiting. This experience, however, had not deterred the man in the couple from subsequently working and claiming. He had undertaken casual, odd jobs to increase the family resources. He explained that the money was needed, the system made it difficult and illogical to declare, and there was little chance of getting caught. As mentioned in an earlier section, perceptions of the risk of detection varied considerably depending on the type of fraud in question. Someone may be deterred from cohabiting if they think they might be detected but this will not necessarily deter them from committing a different type of fraud if they think the detection rate for this is much lower.

There was evidence, reinforcing much deterrence theory, that fear of getting caught again was the main deterrent in cases of working and claiming. Two people had been caught working and claiming but said that this experience had deterred them from doing the same again. They now believed that if the Benefits Agency could catch them once, they could do so again. One explained that the main thing that deterred him now was:

'The fact of getting caught again. I find it's not as easy as they say ... I got the warning and that was enough for me not to do it again.'
But even this man could nevertheless see a situation where he might be tempted to work and claim because of the need for money. He had faced multiple arrears in the past and said that:

‘If that was all building up on me, I would go to the pub and try and get the work.’

Two other respondents who had also been caught working and claiming said that they had not been deterred. One still thought that the chances of getting caught were slim:

‘There’s not much likelihood of being caught ... the punishment probably would deter me if I sat and thought about it but I don’t sit and think about anything until I’ve actually done it.’

The other thought that his chances of being caught might be high, but he needed the money:

‘I’m always frightened of getting caught because I’ll get fined heavily I would imagine ... but it’s a risk worth taking ... I can get a lot of things with that extra 20 quid a week.’

He was now following a policy of doing casual work less frequently than in the past and declaring some of his earnings. He thought that the Benefits Agency would see him as one of their honest claimants if he was declaring his earnings on at least some occasions:

‘I’ve learned my lesson, like I say, I do a bit now and again ... If somebody offers me 25 quid a day to go and do some work and I did three days, I would declare one day.’

Twelve respondents had been prosecuted for fraud. Nine were prosecuted for working and claiming, two for ‘living together’ and one for cashing a giro fraudulently. Nine of these respondents were either in couples with children (six) or lone parents (three). One was a single man, one a single woman and one respondent was in a couple without children.

Six of the 12 had not been surprised that they were prosecuted. They realised that their offence had been serious and that they would have to face the consequences. The woman who had been working full-time for two years while claiming benefit was not surprised about being taken to court. She felt that what she had done was wrong and did not even engage a solicitor to deal with her case, as she said she had nothing to contest. She was just looking forward to the end of the ordeal.

One 40 year-old man was not only unsurprised about being prosecuted, he was not even concerned about the possibility of imprisonment:

‘I’ve done a lot of years in the past. The last one I done were two and a half years ... I’ve been there ... I can go in prison, you can give me five years, I can go in
there and stay there, I ain't worried ... I could go in there and do 10 years and not worry about it because it's so bloody easy now.'

This man, along with several members of his family, had had experience with the courts. The following exchange between him and his wife illustrates the almost routine nature of prosecution in their lives:

Respondent: 'How many times has our [Sally] got off with it, twice, three times?'
Wife: 'She's been to court for it about four times but she's got off every time.'
Interviewer: 'What happened to her?'
Wife: 'She got probation, she got made to pay it back and this time she got community service.'
Interviewer: 'And what had she been doing?'
Wife: 'Claiming while working. Claiming her husband wasn't living there and he was ...'
Respondent: '... all sorts of things, yeah. Then my mum's got it the once.'
Wife: 'His mum got community work and she had to pay court costs.'
Respondent: 'What did I get? I've got to pay it back, haven't I? That's all I've got to do?'
Wife: 'No, you got community work.'
Respondent: 'No, that were for my driving.'
Wife: 'Oh, £80 - what did you get?'
Respondent: 'I got it thrown out of court.'
Wife: 'That was it, you got bound over, didn’t do anything to him.'

This exchange highlights a number of issues that will be discussed later. For example, the outcome of the prosecution for benefit fraud had not firmly registered in the man's mind and his wife confused it with a previous conviction he had for a driving offence. And although the respondent was given a conditional discharge, this was seen as equivalent to the judge throwing the case out of court. For this one person with experience of prison, nothing less than custody was seen as a serious penalty.

Another respondent had been prosecuted before for benefit fraud and so was expecting a similar punishment this time. She had been in a children's home during part of her childhood and had been brought up in a family which was well-acquainted with prosecution. She said that she had not been concerned about prosecution...

'... because like I say, I'd been brought up tough anyway and I had the attitude, I wasn't bothered, you know, it didn't bother me.'

Unlike these last two cases, most of those who had accepted the inevitability of prosecution were still very upset by the process. One woman recalled that her court appearance occurred between eight and 10 months after her interview with fraud investigators. She was prosecuted alongside her husband who had also worked and claimed. She had been eight months
pregnant when her case came up and found the experience of going to court very stressful. Her husband was less disturbed by it since, as she explained, he had 'had a hard life, upbringing anyway ... he can cope with an awful lot'. As in so many other cases, this couple had not engaged a solicitor. As she explained, 'We'd done it, we were facing it'. Solicitors were seen as necessary only where there was something they felt worth contesting.

Although six respondents more or less expected and accepted that they would be prosecuted, the other six were shocked by it and felt that it had been unnecessary. Most of these had been told during their initial contact with the Benefits Agency that things would be better for them if they made a full confession about what they had done. According to some respondents, investigating officers made it clear that they did not make decisions about prosecution. However, two of the 12 respondents who had been found guilty of benefit fraud felt that investigating officers had implied that offenders were much less likely to be prosecuted if they were cooperative and confessed everything. The qualitative nature of this research means that we cannot estimate the numbers in the general population who felt that they had been similarly misled by fraud investigators, from these two cases.

Some people were nevertheless taken to court after having provided the Benefits Agency with the necessary evidence in the form of their confession. None of those interviewed under caution by the Benefits Agency had taken advice from a solicitor at the time they were interviewed even though they were informed of their right to do so. As one woman recalled:

'It was the fraud office I had an interview with. He was really good ... he was ever so good and he did actually state that if I admitted to it, this was before, then it would be a lot more lenient than, you know, then he said if you don’t admit to it he said, “we’ll prove it anyway basically so it’s up to you what you do.”'

Like many other respondents who had been caught, this woman wanted to be honest about what she had done and, faced with the advice of the investigating officer, she opened up and made a full statement. She was therefore surprised when, some time later, a summons arrived:

'When the summons came through I went to pieces, I absolutely went to pieces, because ... I didn’t think it had to go to court because I admitted to it and I was already paying the money back ... the fraud officer said that it shouldn’t go to court because I was already paying it back.'

This woman found the whole experience of going to court to be very distressing:

'I was just petrified because I’d never been to court before. I was so frightened - it was unreal.'

She was one of the few who eventually tried to get a solicitor when she found out that she was going to be prosecuted. Her initial application for
legal aid was turned down and her case was adjourned while she tried again, this time successfully, to get legal aid. But the adjournment merely prolonged her agony:

‘Then they postponed it or whatever it’s called for a month and I had to go through that whole month and my nerves were just at their wits’ end.’

Other respondents were also surprised and upset at the way they were treated. They were willing to admit that their activity had been illegal but they did not feel that it had been ‘criminal’. They were angry at being treated in exactly the same way as ‘real criminals’ such as murderers. As one woman explained:

‘I obtained benefits that I wasn’t entitled to because when we got married I didn’t in fact tell them ... it was very silly, we sort of tried to get ourselves on our feet ... but I got taken to court and it was literally the most traumatic thing I’ve ever had to do and you’re treated so much like a criminal, and I don’t see myself as a criminal, not at all, sort of hauled in front of the police at the station, your fingerprints taken, oh it was the most awful I was ill for months ... I had to have my photograph taken, literally as if I was - I could have committed murder and not felt any worse.’

Police involvement in benefit fraud cases is, according to the Benefits Agency, very rare. The police may get involved in cases of organised fraud. They may also get involved in some cases of individual fraud if the suspect is also being investigated by the police in relation to other offences. The case illustrated above, however, of a woman taken to the police station for a case of ‘living together’ fraud, is therefore likely to be highly unusual.

Prosecution often came as a shock to many of those who were taken to court. And regardless of police involvement, prosecution was a very disturbing process for many people. One man had been led to believe, by the fraud investigator, that he would not be prosecuted. This was his reaction to receiving his summons:

‘I was annoyed with them and even when I went down the unemployment office and said, “what’s all this?” He said it wouldn’t go to court,” they said, “well, it’s news to me, it’s just gone through the legal system” and they said it was a waste of time and even the judge said it was a waste of time because it had been paid back by then.’

In this case, as in others, the investigating officer had said that he did not make any decisions about prosecution, which was the responsibility of the DSS’ Solicitor’s Branch. During the year following his detection, this man heard nothing further about his case:

‘You’ve forgotten about it ... even though I was signing on every fortnight, they never brought it up again.’
In spite of the delay, he was then left with little time to prepare himself:

'It took a year, dead on to the day. I got a letter saying, "you're in court" and it only give me four days to get a solicitor ... in the end I didn't bother.'

The letter did say that he could have his case delayed if he wanted time to find a solicitor but he was keen to have the matter resolved and so went ahead on his own. Like other respondents, this man had felt penitent when he was originally caught, but was left feeling angry about the whole experience:

'What annoyed me was the fact that they said it'd probably never go to court because it's not serious enough - first offence. And then a year to the day it came through, a letter saying I'm going to court on the Friday.'

This court appearance was this man's first and left him with mixed emotions. He said that it had been:

'frightening, I suppose, but laughable in a way. Even the judge said it was ridiculous that it had even come to court.'

8.3.2 Prosecution and deterrence

The experiences of those who were prosecuted, and their reactions, can help us understand whether prosecution and the subsequent penalties act as a deterrent in these individual cases. All of those who were prosecuted were found guilty, even though some respondents said that the magistrate had criticised the initial decision to prosecute. The most common sentence following prosecution was a conditional discharge, which was handed out to seven of the 12 respondents. Two respondents were given community service. One was given a suspended sentence. Two were fined without any other sentence. Some of the others had been given fines in addition to their other sentence.

Ten of the 12 respondents said that, since their trial, they had not committed the same offence again, and would not do so in future. One woman's reaction to her sentence was:

'Well I can't do it again anyway because a two year's conditional discharge means that if I get in trouble again within that two years, this case will be brought up again.'

Another woman took a similar view of her conditional discharge:

'I think what they done with me was an ideal case, absolutely brilliant, which was - you were not allowed to get into any trouble, of any way, shape or form for so many years ... there's no way I'm going to get into any trouble, no way.'

In these cases, the penalties had deterred the women from committing an offence in the future. But reactions to the same sentences varied greatly. For these women, a conditional discharge was a very severe warning not to do the same thing again. For others, it was the equivalent of being 'let off'.
Those who were scornful of the conditional discharge had faced prosecution and, in some cases, prison, in the past. Anything less than a custodial sentence was treated as a minor punishment.

One man said that even prison was no real deterrent to him because he had become inured to life behind bars. He did say, however, that he would not like to go back now that he was a family man:

"The only thing I'd miss is my children. That's why I'd never ever go back to prison."

Another respondent had been prosecuted for benefit fraud five years previously. In her recent case, she had been given a suspended sentence and a fine of £250. She said that she came from a 'rough family' and was not concerned about the prospect of formal penalties. In any case, she was a lone parent and believed that the chances of being given a custodial sentence for benefit fraud were fairly remote. But she had become depressed after her recent court appearance and said that she did not want to go through it all again. She had split up from her partner and was now seeing a psychiatrist. As well as fearing the prospect of going to court yet again, this woman was finding it very difficult to manage on the money that was left over after deductions for her overpayment of benefit and court fine. She said that she would not work and claim again because she could not face the prospect of repaying any more money out of her benefit. In this case, the recovery of overpaid benefit was as important as the prospect of prosecution in deterring this woman from future fraud. Thus, even some of those who might be seen as the more 'hardened' types, said that they had, now, been deterred from future fraudulent activity.

Although most respondents said that they had been deterred following their recent prosecution, it was not necessarily the prosecution itself which was the deterrent. Many said that merely being caught had been a sufficient deterrent. And on hearing about the idea of a formal caution, many felt that this would have been more than sufficient to deter them. This was particularly true for those who had only committed fraud once, or been caught for the first time, and had not expected prosecution.

One respondent who was prosecuted for 'living together' found the whole experience a terrible ordeal and this did deter her from committing a similar offence again. But she also felt bitter about it and it left her with little respect for the Benefits Agency or any other type of authority:

'You feel as if you've been given up on and all ... it really frightened the hell out of me and I never want to go through that experience again. But once you've done it, it's not so bad the second time around ... it makes me feel quite hardened to it and I think, "well, everyone sort of has given up. They don't really care." So you might as well sort of go on doing it.'
In this case, prosecution has almost had the perverse effect of making future offending more rather than less likely. This woman said that a formal caution would have been enough to deter her and she would have also felt, if anything, obliged to the Benefits Agency for treating her fairly.

One respondent likened a formal caution to a conditional discharge, since both penalties involved the offence being kept on record. The difference was that a conditional discharge incurred the time, money and stress of going to court which, it was suggested, would provide no additional deterrent and might, in some cases, reduce the deterrent effect by embittering people towards the Benefits Agency. One respondent who had been prosecuted explained why he thought a formal caution would be ‘a good thing’:

'It would obviously save the court's time, the guy's time, because after all, if it's a small case he's not going to get done much if he goes to court. It must cost a lot of money to go to court and a lot of the time of the DSS officers to spend a period in court ... I think for a respectable type of person who's made a mistake ... it would be a good thing - there again, if you keep it on record it can be brought up next time.'

Some respondents were therefore deterred following their prosecution but they were not necessarily deterred by the particular punishment they had received. What deterred them most was the thought of being caught again, regardless of the possibility of prosecution. This deterrent would have been equally strong if they had not been prosecuted. In one case, the financial 'penalty' of having an overpayment recovered was as much of a deterrent as the prospect of prosecution. In some cases, prosecution hardened people's attitudes to the Benefits Agency and made a future offence, if anything, more rather than less likely.

Two respondents said that they had not been deterred following their prosecution. Although neither of them had actually committed fraud since they were prosecuted, they both said that they might well do so if they were given the opportunity. One lone parent who had been prosecuted for working and claiming said that the main reason why she had not been deterred was that her financial situation was still desperate. Hardship had been the cause of her previous fraud and since her underlying situation had not changed, it might well be the cause of working and claiming in the future. As she explained:

'If I earned £50 tomorrow I wouldn't tell the DSS - that £50 will be gone in five minutes on the things it needs to be gone on and the next week I'll be back to normal anyway.'

Even though she had been convicted of fraud in the courts, she still did not regard what she had done as wrong:

'It is classed in law as fraud, but my argument, in the eyes of the law - yes it is. But in the eyes of the people - no it's not.'
She felt that those involved in the legal process had little understanding of the difficulties faced by people on benefit and therefore the motivations to commit fraud:

'When I went to the court about working and that, there were three magistrates on - one was a millionaire, one was somebody who'd never had any background of what it was to be working class and it's very easy to make judgements …'

One man said that he had been deterred from regularly working and claiming but admitted that the temptation to take cash-in-hand would be great, given his family's financial needs:

'If it's cash-in-hand I suppose I'd have a go, yeah, if I was lucky enough to get a job like that. I suppose now and again I'd have a go. If it was regular I wouldn't do it because you've got a chance of getting caught but if it was once every six months or anything like that and you've earned 25 and you tell them you only earned 10 … I suppose I'd try it, like most people would.'

One case which is difficult to categorise but which reinforces earlier comments is that of a respondent who had been prosecuted for cashing a giro after already cashing its replacement. He said that he would not commit such an act again but he also said that he might work and claim if the opportunity arose. So although he had been deterred from committing the type of fraud that he had been prosecuted for, he had not necessarily been deterred from all types of benefit fraud. Like many others, this man thought that a formal caution would have had the same effect on him as going to court:

'It would put me off … doing it again, I'll tell you that. Because if you get a caution and you do it again - this time you might not be so lucky just to get a fine, you'd probably go to prison.'

The sentence of the court was not always the only penalty meted out to those found guilty. Some had their names published in the paper. This did not particularly trouble some, but others found this more disturbing than going to court. This was because court was a relatively private experience - relatives, friends and neighbours would not necessarily find out about it. The woman who had worked full-time over two years had been overpaid £10,000 of benefits. This was her reaction to publication of her story:

'I felt humiliated as such because they make it, when they print a figure in the paper, people automatically assume it's that all at once. They don't think of it being spread over a period of time which amounts to not very much … I did feel embarrassed.'

8.4 Penalties and deterrence

Previous deterrence research suggests that three issues need to be addressed: the motivations to commit fraud; the informal sanctions against fraud; and the formal sanctions against fraud. People can be deterred from committing fraud either by reducing the motivations to commit fraud or by increasing the formal and informal sanctions against it. Formal penalties are only one possible means of deterring fraud.
8.4.1 Motivation

The depth interviews showed that the motivation to commit some types of benefit fraud was strong and widespread. People said that benefit levels were generally too low and that the system made it difficult and irrational to declare earnings from casual work. If they were offered casual work, most respondents said that they would accept it and not declare the earnings to the Benefits Agency. It should be remembered, however, that most said that they would not work full-time or regularly while claiming benefits.

Reinforcing the motivation to commit fraud was a general feeling that although fraud was illegal it was not always morally wrong. The informal sanctions against some types of benefit fraud were therefore very weak - casual working and claiming was seen as something that any rational person would do given the chance.

Respondents were positive towards the idea of more fraud prevention. They believed that temptation should be taken out of the way since, for people on the breadline, temptation was often too great to resist.

The formal sanctions were also thought to be fairly weak. For example, respondents thought that the chances of getting caught were low if someone was working casually on a cash-in-hand basis for a friend or neighbour. And they had little concrete idea about penalties. Since the offence was thought to be relatively minor, it was thought that any punishment would be in equal measure. Several respondents suggested that people would be deterred more if there was greater awareness of formal sanctions:

'It's got to be advertised, you know, what can happen to you, the deterrent's got to be shown.'

'I haven't got the faintest idea what would happen to people under prosecution. I think perhaps if they made it more aware what does happen and how often it happens, that would be a deterrent.'

One respondent suggested that, at the point of making a claim, social security officers should stress the importance of mis-reporting circumstances. She felt that:

'If you're told from the outset what a serious thing it is then you've got it in your memory here and you'll think about it.'

8.4.2 Formal and informal sanctions

One possible way of deterring people from committing fraud might be to introduce new penalties. Some of these, such as administrative fines, reduction in benefit and benefit suspension would be financial penalties. One potential difficulty with these is that if people are committing fraud because of financial hardship, this hardship will be exacerbated by a financial penalty and so the motivation to commit fraud may be increased. This was certainly the view of respondents in this study as reported in the previous chapter. In a similar vein, Fisse (1986) has argued that a financial penalty such as a fine is not always a meaningful formal sanction because individuals may not have
the resources to pay the amount that would theoretically constitute an effective deterrent. Certainly there will always be a limitation on an individual’s or for that matter an organisation’s ability to pay, and increasing the amount of the financial penalty beyond this threshold will not increase the deterrent effect (see Coffee, 1981).

Other penalties, such as a formal caution or a warning, have also been considered. These may highlight the seriousness of the offence and therefore deter individuals from committing it again. Warnings were seen by respondents as a fair way of dealing with people who had committed fraud. Since some types of benefit fraud (and those most widespread) were not seen as very serious, it was thought that the punishment should also be relatively minor. It was thought that warnings would deter most of those who were caught, since they would then be concerned about the possibility of being caught again. Respondents felt that a minority would not be deterred by any punishment and so although a warning would be ineffective in these cases, it would then be possible to deal more seriously with people who commit fraud again.

Formal cautions were considered to be a good idea as a replacement for prosecution in some cases, since prosecution was thought to be very expensive and harsh for people who may have been committing benefit fraud out of great need. Some people who had been prosecuted felt that the process had been unnecessary. It had embittered them towards the Benefits Agency and therefore may have made future offending more, rather than less, likely. These people said that a formal caution would have been enough to deter them in future and would also have left them with a feeling of obligation to the Benefits Agency since they had been treated fairly.

Another potential penalty would be to publicise the names of people who have been found committing fraud. This may act as a general deterrent, as people may fear such publicity and therefore avoid committing fraud. French (1985) has referred to an adverse publicity punishment as the ‘Hester Prynne Sanction’ after a character in The Scarlet Letter. Such adverse publicity depends upon the cooperation of the media, though in relation to occupational crime a more formal type of adverse publicity may involve the use of negative advertising (Green, 1990). In relation to individuals, the impact of adverse publicity is very much dependent upon the degree to which the behaviour being publicly condemned is actually viewed as illegitimate by those who are likely to read the adverse publicity, and then only when those seeing the publicity hold opinions that the offender is likely to be concerned about.

There are several difficulties associated with the introduction of new penalties. As we have seen from previous research, it tends to be the perceived likelihood of detection rather than the perceived severity of punishment which is the most effective deterrent. Another difficulty is that the impact of penalties may not be uniform. Some claimants may fear publicity and stigma about fraud more than others. The deterrent effects on
those who deliberately commit fraud may be different from those who slip into fraud because of hardship. As Beyvelde (1980) argued in relation to qualitative studies of deterrence generally: 'All in all, these studies tend to indicate that some people can be (or are) deterred by some sanctions, some of the time, under some conditions ... what we want to know is who is deterred by what, when and under what concrete conditions?' There are no simple answers to these questions.

8.4.3 Options for improving the system

Attempts to reduce fraud could produce a number of unintended consequences. For example, there may be some conflict between deterring fraud and encouraging claimants to find and seek work. The government is committed to both; but claimants who are deterred from committing fraud may decide not to work at all rather than to work and declare their earnings. In a similar way, attempts to reduce 'living together' fraud may deter people from having fairly casual relationships (which may lead to a more permanent relationship) in case this is classed as fraud. Finally, a heavy emphasis on fighting fraud could inadvertently deter some people from making legitimate claims for benefit and therefore reduce take-up of benefits.

When respondents were asked about ways of deterring fraud, their first answer often involved suggestions about increasing opportunities for education, training and jobs so that people could move off benefits and into paid work. They also made suggestions about how the social security system could be changed. In particular, some respondents felt that if people believed the system to be fair, they would be less likely to commit fraud. As one respondent summed it up:

'They've got to get the benefit system correct, itself, it's got to be fair.'

The most common ideas related to increasing benefit levels and altering the system of disregards. In particular, making it easier to report changes of circumstances and raising the level of the disregards. One man who sometimes worked and claimed said that the main way of deterring him would be to:

'Make it easier for me to report it ... make it a bit more worthwhile for me to go to work.'

He wanted a reduction in the hassle involved in reporting changes in circumstances and he wanted the disregard raised to £30. He said that, on the occasions when he had reported casual earnings, the response from social security officials was: 'they laugh at you'.

In the case of 'living together' fraud, the issue of financial independence is important. Once again, this issue could be tackled partly through changes to the cohabitation rules and by making the rules better known to claimants. Such changes to the system have wide implications, for example, in terms of cost, and they are not the focus of this report. Nevertheless, the relationship between fraud and the rules of the system should be recognised.
Although some attempts to reduce fraud could have negative side effects, it would be possible to tackle fraud in a way which might have more positive effects for claimants' welfare. For example, in relation to informal sanctions, the role of guilt and shame in deterrence (for a discussion of their potential see Braithwaite, 1989) could be enhanced if fraudulent claims were more widely perceived as being illegitimate. More crudely put, if most people with legitimate claims felt that they were getting a reasonable deal from the system, they would be more likely to condemn those who seek to gain illegitimately from it. The informal sanctions against fraud would therefore be increased. This is a complicated relationship, but one which is likely to be crucial to future strategies against fraud.

Any successful deterrence strategy must address the issue of benefit fraud in the wider context of why people commit fraud. By tackling the wider issues of the nature of the social security system as well as the more narrow issue of penalties for fraud, several policy objectives could be met at the same time. Increasing respect for the system is an objective in its own right but should also lead to a reduction in fraud.
Reactions of interviewees to detection varied enormously and included anger, shock, fear and shame. Some were concerned and upset about being caught. Some were more nonchalant. Others were relieved.

Some of those suspected of cohabiting were encouraged by investigators to make their relationships more formal and sign off benefit.

Prosecution came as a great shock to some people. They had previously agreed to give full statements to investigators after being led to believe that such cooperation would render prosecution unlikely. These people were generally bitter about this experience.

Most of those who had been caught possibly committing fraud said that they had been deterred from becoming involved in similar activities again. Those prosecuted were no more likely to be deterred than those not prosecuted.

The few who were not deterred after detection said that their need for extra money was still as great as it had been before detection and so they might consider working and claiming in the future. One woman, accused of cohabiting, had not accepted this definition of her living arrangements and said that she would not allow the Benefits Agent to dictate to her about who could or could not stay overnight with her.

The evidence suggested that considerable scope remained to reduce the motivation to commit fraud by increasing the range of informal rather than formal sanctions. These points are taken up in the next chapter.
A recent Benefit Review investigated the claims of over 6,000 randomly selected recipients of Income Support and Unemployment Benefit. One in 11 claims for Income Support were confirmed as fraudulent or strongly suspected to involve fraud (Benefits Agency, 1995b). These figures suggested that a total of £1.4 billion may be paid each year in Income Support and Unemployment Benefit to ineligible recipients. These recipients may have claimed falsely with varying degrees of carelessness or dishonesty but to the extent they knowingly claimed benefit they were not entitled to receive, they committed fraud.

We cannot be sure of the exact figures, but even the most conservative approach confirms that fraud is an important issue for the Benefits Agency. Administrative efforts to reduce fraud, provided they are cost effective, will provide substantial savings to public funds.

There is little well-grounded research into benefit fraud. This study reviewed the existing research and then carried out depth interviews with a sample of people discovered in fraudulent claims, comparing them with other claimants from among the great majority who stayed within the rules as they knew them.

This final chapter summarises the main findings of the study and discusses some likely policy implications.

9.1 Main findings

9.1.1 Views about benefit fraud

Respondents appeared to rank the seriousness of different types of fraud in a mental hierarchy. This hierarchy depended on their assessment of a number of factors:

- the perceived motivation that lay behind fraudulent activity in terms of 'need' or 'greed'
- the amount of money involved
- the regularity or duration of the activity
- the degree of its premeditation
- the degree to which others might suffer as a result of the fraud.

Different examples of fraud were judged using elements from this hierarchy. These might therefore range between trivial, victim-less gains obtained by 'otherwise decent but desperate people, through to large scale crime done by professional fraudsters. For example, concealing regular rather than casual earnings was seen as more serious because it was thought to involve more money and greater premeditation. This was true to the extent that working
full-time while claiming benefit was generally condemned as morally wrong. Those who were ‘lucky’ enough to find full-time work were felt to have a duty to sign off benefit. The seriousness of the cost and duration of an offence was related in turn to the likely motivation of those involved. In this way there was some sympathy for parents who were full-time workers on very low wages, struggling with debt, who illegally claimed benefit solely to safeguard their children’s living standards. Broadly, an offence of equal value arising from need was considered less serious than one plainly driven by greed.

The most serious forms of fraud committed by individuals, therefore, were those that continued over a long period; involved large amounts of money; were deliberately planned; and were committed out of greed. The least serious forms of fraud had the reverse set of characteristics—they were brief and unplanned gains of small amounts of money sought to meet urgent needs.

Although fraudulent activities were ordered by respondents into more and less serious forms, there was a general recognition that all such activities were illegal. There was also a belief that most were therefore ‘wrong’ but a typical view was that there was sometimes justification for casual working and claiming. It was ‘wrong, but ...’. However, even in cases of casual working and claiming there was concern that the ultimate victims might be other claimants. It was thought that less money would be available for them because of money lost through fraud.

Some respondents took a less censorious view of fraud than others. A small number had little respect for the social security system and would condemn only those types of fraud that were seen as particularly serious by others. This group had some admiration for those who managed to cheat the authorities. A common view expressed by this group was: ‘good luck to them!’.

The majority of the 45 people interviewed had been selected from official records of those who had previously been involved in activities which may have been fraudulent. It might be assumed that these people would take a lighter view of fraud than claimants in general. There were few systematic differences, however, between the views of these people and the views of other respondents who had committed no fraud. For example, compared with those guilty of fraud, those who had never worked illegally while claiming benefit were just as likely to believe that non-declaration of earnings from casual work was less serious than other types of fraud.

On the other hand, our distinction between offenders and non-offenders became a little blurred during the interviews. Fifteen of the people interviewed had been selected from a general sample of unemployed Income Support claimants. They were not known by the Benefits Agency ever to have been engaged in possible fraudulent activity, but five admitted during
the interview that they had, at some time in the past, worked casually while claiming benefit. Moreover, the main reason given by the other 10 for not having picked up casual earnings while claiming was that they had not had the opportunity. Yet all 15 unemployed claimants said equally plainly that they would not work full-time while claiming benefit.

Although this is a small-scale qualitative study and so cannot provide estimates about the extent of fraud, the findings suggest that it was not unusual for claimants on Income Support to do some casual work at some stage while on benefit. This is certainly not to say, as some observers do, that 'everyone was at it', or even that, given the chance, everyone would be. In practice, opportunities to work casually were rarely available to claimants. One respondent said that such work was like 'gold dust' which is a phrase commonly heard in other studies. Sometimes they meant small windfalls of brief casual work done to repay short-term borrowing at very high interest rates (Kempson, 1994).

The main reason given by respondents for their own involvement in fraudulent activities was that they needed the money and the social security system made it difficult and sometimes economically irrational for them to declare income. Some people said that they had worked and claimed in order to help out ex-employers or friends who needed a job done. Those involved in 'living together' cases said that they had been motivated partly by need but also partly by the desire to maintain financial control and independence from their partner.

Most of these respondents had not thought that they would come to the attention of the Benefits Agency. This was because some did not define their behaviour as fraudulent. They were either ignorant of the rules or thought that their activity was 'bending' rather than breaking the rules. Others were aware that they were breaking the rules but nevertheless thought they would get away with it. Only a small group had been worried about the prospect of getting caught. These people said that they had been forced to carry on, despite their fear, because they were desperate for the extra money.

Since they had envisaged only a low probability of detection, many of those who had been engaged in fraud had not considered or had been unconcerned about the penalties which might result from detection. Those who did consider the possibility of detection had felt that their immediate need for money outweighed the likely future cost in terms of possible prosecution.

Claimants generally thought that the deterrent effect of penalties would depend on the type of offender. They divided 'benefit fraudsters' into two groups - most were thought to be ordinary people merely trying to supplement their income because of financial need. A minority, however, were thought to be people with more general criminal tendencies who were
simply greedy. There was a view that prosecution and the ensuing penalties would be too harsh a punishment for the first group - the majority of ordinary people who bent rules - but would not be harsh enough to deter those with 'criminal tendencies'.

Most of those who had been caught said that they had now been deterred from similar activities in future. This was true of nearly all those discovered in fraud, even if they had not previously thought that they were doing anything wrong. Those who still did not believe that their activity had been wrong, accepted now that they had technically broken the rules. They would, they said, act in future in accordance with the rules even though they still did not fully accept their legitimacy. A few of those detected said that they would not necessarily stop acting in the way which had brought them to a fraud officer's attention. They felt that their original motivation - financial need - was still present and so nothing had changed to alter their pattern of behaviour.

About half of those who had been prosecuted had expected a summons once they knew they had been caught. Most of these, nevertheless, still recalled the experience as a very upsetting one. The other half - those who had been discovered in fraud but had not expected prosecution - said they had been led to believe that a full confession would reduce the chance of prosecution. They confessed to fraud at their initial interview with the Benefits Agency and thought that would be the end of it. They were later shocked to receive a court summons. This resulted in feelings of anger and bitterness towards the Benefits Agency.

One of the most important findings for the purpose of this study was a negative one: there was no evidence to suggest that those who had been prosecuted were more likely to be deterred than those who had not. There was instead an indication that prosecution had reduced some respondents' respect for the Benefits Agency and the social security system. This led two of those prosecuted to say that, if anything, they were slightly more inclined to break the rules than they had been before prosecution.

Certain aspects of the fraud investigation process came to light during this study that deserve mention again here. Some claimants were deemed to be involved in fraud by investigators even though the evidence in these cases - at least the evidence as it was reported by the claimant to the interviewer - appeared to be slight. For example, there appeared a great deal of doubt as to whether some of those who were classified as 'living together' were in fact doing so to the extent that merited a change in their benefit regime. Respondents described domestic arrangements that suggested that fraud investigators were sometimes over-simplifying the rules on cohabitation by applying only what might be called a 'three nights a week' rule. This appeared to be the main evidence taken into account when classifying people as 'living together' and it ignores many other important aspects of
being a couple. Claimants, on the other hand, generally accepted that the fraud investigator's interpretation of the situation was an accurate one and rarely challenged it or took independent advice.

A further issue concerns the interaction between fraud investigators and claimants. Claimants often accepted fraud investigator's advice without seeking a more independent opinion. For example, of the 12 people prosecuted in the sample, two had been advised by investigators that they would be dealt with more leniently if they made a full statement. It is not clear that this is actually what happened - if anything a confession could on occasion increase the likelihood of prosecution. It provides the Benefits Agency with clearer evidence. Unless there is a clear tariff of reduced probability of prosecution or of lesser sentences for people who confess at an early stage, it would be wrong for investigators to tell claimants that it is in their own interests to make a full statement. The Benefits Agency does not anyway have a means of influencing the penalties handed down by courts.

A final issue about procedure relates to the written communications between investigators and those they investigate. It is standard practice for claimants who are interviewed under caution to be informed in writing when their case is closed. However, those who are not interviewed under caution are not necessarily told when their cases are closed and may continue in fear that an action is pending. Alternatively they may assume that their case is closed even though it is being considered for prosecution. Due to delays in the legal system, prosecution can take about a year to occur after an investigation has taken place and so can come as a terrible shock to those who have considered their case closed. All claimants who come into contact with fraud investigators could be informed of the status of their case - whether it has been closed or is being considered for further action. This would reassure those whose cases have been closed and warn the others that they might be contacted and even prosecuted in future.

9.2. Policy implications

The main aim of this research was to explore the impact of current penalties and identify ways in which any individual or general deterrent effect might be enhanced. Our main finding provides a descriptive model of how people, those involved and those blameless alike, think about fraud. We found that claimants distinguish between levels of fraud in a hierarchy of increasing seriousness. Below the level of cynical, persistent fraud by well-paid employees and well-provided couples or, worse, the work of organised crime, our respondents were quick to see laxity, muddle or need as the main cause of fraud and were slow to condemn. They see the wrong but not the harm. How can this model be helpful in framing future policy considerations about the regulation of fraudulent claims?

The hierarchy has a generalised, commonsense character, similar to those applied to other kinds of offence. It uses a set of distinctions recognisably common in public discussions of wrongdoing. A more explicit recognition
of these distinctions in the Benefit Agency's approach to fraud would be likely to increase support for regulatory practice. The Agency's public view of the seriousness of different kinds of fraud committed by people in differing circumstances would become better aligned with those of its customers.

At present, regulatory practice treats fraud as fraud, taking small account of the type of fraud or the circumstances in which it arises. This means that publicity initiatives also fail to make such distinctions. In this way, high-profile publicity about the work of organised gangs given in the same frame of reference as enforcing regulations about regular or occasional earnings are unconvincing because most of the people involved will not recognise the connection between them.

A first step might be to identify the distinction analytically. The data from the recent Benefit Review could be used to show more clearly how many of the one in 10 claims believed to be fraudulent consisted of one-off incidents involving little money, and how many were long-term cases involving a lot. It could also show what proportion of the £1.4 billion apparently lost to fraud was lost to each type of fraud. The answer, properly weighted by the totals lost to each type, might provide a different and, in the eyes of those the Department most wishes to influence, a highly credible picture of detection. It is detection that deters. The detection of credibly small fraud - the offences placed in people's minds at the base of the common hierarchy - may deter most.

The following considers two issues:

* the role of penalties as general and individual deterrents
* ways in which changes to the social security system might reduce fraud.

9.2.1 The role of penalties as a deterrent

The findings from this study reflect those from previous criminological work which suggest that perceptions of the risk of detection are more important than the nature of the penalties themselves in deterring people generally from committing fraud. We should have been surprised to have found anything different but it is striking the extent to which it is true of benefit fraud. Currently, most of the information the Benefits Agency circulates, or the press reports, relates to the most serious cases of fraud. Reports of organised gangs of people involved in falsifying multiple claims are much more likely to make the headlines than reports of someone who earns £30 over the disregard and does not declare it. So people may well believe, and may well be right to believe, that less serious fraud is unlikely - or much less likely - to be detected. More publicity of cases where prosecution has resulted from more minor or individual cases of fraud may be more effective as a deterrent to similar action but the media may be less inclined to give attention to such cases. Recent press releases on 'Spotlight on benefit fraud' have given greater attention to smaller offences. A proper evaluation of the treatment of these releases in the press and by readers would be valuable.
For all these reasons, the role of penalties as a general deterrent appears weak, mainly because of the low credibility of the risk of detection. There was also little knowledge about what penalties were likely, even though most claimants knew that those who commit fraud have to repay any overpayment and that prosecution would be a possibility. However, there was little knowledge about how often prosecution took place and it was generally believed that since some types of fraud were not particularly serious, the penalties for them would be correspondingly minor.

As with the reporting of fraud, the most serious offences lead to prosecution. The penalties resulting from prosecution are therefore unlikely to be a general deterrent against less serious offences. Again, the hierarchy causes a mismatch between what claimants see happen to serious offenders and the smaller offences committed by people like themselves. Prosecution is a costly way of deterring what are still rare serious offences; more costly still if its wider effects are to encourage people to apply a discount to the likely penalties imposed for much smaller offences.

The scope for other penalties to act as a general deterrent is similarly limited by perceptions that the risk of detection is low. There is a general feeling that imposing financial penalties would exacerbate the problems which originally led to the fraud being committed. Even if these did deter people from future fraud, they may turn instead to offences which are generally considered more serious and socially unacceptable. Some small offenders wryly defend their practice of minor benefit fraud, done to relieve pressing need, on the ground that they would otherwise have been forced to turn to crime.

Our first point then, is that failing to distinguish better the degrees of seriousness so clearly held in the minds of claimants, may send altogether the wrong message to potential small-scale offenders. Our second point, on the other hand, is that penalties may play an important role in individual deterrence. Many claimants assumed that, the harsher the punishment for the greater offence, the greater must also be the deterrent, but the findings suggest that the picture is much more complex than this. In some cases, those who were prosecuted felt strongly that being taken to court was in itself far too harsh a penalty, especially given the fact that they had cooperated fully with the Benefits Agency. Their anger and bitterness may have made them less likely to respect the rules. There was also a view that once the authorities had 'thrown the book at you' through prosecution, there was nothing more serious they could do. For these more individual reasons too, it is important for penalties to be seen to fit the seriousness of the offence.

For these reasons, the introduction of a formal caution for people who, under current circumstances, would be prosecuted, may become effective as an individual deterrent. Under such a system, offenders would know that their offence could be brought up in court if they were to commit a similar act again. The police constantly use formal cautions of this kind for motorists.
guilty of traffic offences that carry quite high maximum penalties. Offenders cautioned and made better aware of the risks of public shame and punishment they have courted, may feel more respect for the Benefits Agency, believing they had been dealt with more fairly.

If formal cautions are introduced in place of prosecution for some people, there would also be significant cost savings for both the Benefits Agency and the legal system as a whole. The danger, if danger it is, is that investigators might see this new penalty as a way of dealing with those who would not previously have been prosecuted at all. The ultimate consequences of this could be an increase in the number of prosecutions without any significant increase in deterrence. Any system of formal cautions might therefore be introduced with strict guidelines which are then closely monitored to check exactly how it is being used.

If formal cautions were used only in cases where prosecution followed, the majority of remaining cases would receive no formal sanction at all. This lack may be met by a system of formal warnings. These could be used in cases which are deemed to be the most serious of all the cases which do not lead to prosecution or a formal caution. The warning could be issued in person and in writing. The content of the warning would need to be carefully considered but could make it clear that certain activities contravene criminal law and so could result in prosecution even though prosecution is not being considered in this particular case. These warnings would not carry the weight of formal cautions and details of any offence could not be brought to the attention of a court if prosecution followed any future re-offending. For the system to work there would need to be clear guidelines as to which cases would be eligible for formal warnings. They should be targeted - if all cases ended in formal warnings, the seriousness of the sanction would be undermined.

In this way, a hierarchy of formal sanctions would be matched to the commonsense hierarchy of seriousness everyone, including offenders, appears to agree on. Warnings would be seen as an appropriate first official response to minor, sporadic rule-breaking that typically springs from carelessness or pressing need. Warnings, to be issued, would not need the full burden of proof officials would otherwise need to take into court and so would be a cost effective method of deterring offenders before they got themselves into more trouble. A warning would prominently spell out all the costs to the offender of continuing in fraudulent claims. Even those cases not resulting later in any formal sanction may still result in recovery of an overpayment which, although not strictly a penalty, can cause difficulties to people making repayments and so act as an additional deterrent.

Our first major point, then, is that the evidence of the study suggests that cost effective deterrents may be available to the Agency below the level of formal sanction and prosecution. Discovery, warning and formal caution
seem likely to be potent instruments. The aim would be to deter offenders well short of the start of legal proceedings and the road to court penalties. Such a system would also have the advantage of remaining solely in the Agency’s control in ways that legal proceedings do not. More importantly, the news of greater and earlier detection that such methods will quickly spread, may deter many more from attempting fraud.

Our second major point is that the present legal penalties may play some role in deterring repeat offending but they are not an effective general deterrent. We have discussed the idea of matching lesser penalties - essentially letting people know the authorities are on to them as early as possible - as a way of increasing the spread and so the effectiveness of the regulatory process. How else might people in general be deterred from committing benefit fraud?

It is worth stressing again that many people do not need deterring. They see benefit fraud as wrong; they already fear sufficiently the risk of getting caught; and, besides, they rarely get the opportunity; bits of casual work paid on the side really are ‘gold dust’. At the other end of the scale are a relatively small group who would be very difficult to deter initially from committing benefit fraud since they will have convinced themselves their fraud is invisible to detection. This leaves another group who might be considered as ‘waverers’ - those who might break some rules if they were given the chance. A package of measures may have some impact on these people and reduce the likelihood that they will break the rules.

The first measures relate to changes in the rules of the social security system. Some may argue that attempting to reduce fraud by changing the rules would be equivalent to giving in to fraudsters, or at least to be encouraging the waverers in the wrong direction. However, considering some initiatives that better adjust the rules to fit in more closely with the reality of people’s lives would have a double advantage. First, it would reduce the amount of fraud, and reduce the inconvenience for claimants and staff alike. Second, by responding to claimants’ sense that some casual fraud is acceptable, it would reduce the risk of blurring the boundaries between the lower and upper steps of the hierarchy of seriousness which allows some people to think that regular fraud may also be acceptable.

Changes to the social security system might therefore consider the following goals:

* reduce the financial motivation to commit fraud
* increase informal sanctions against fraud
* increase respect for the system
* make it easier to conform to the rules
* reduce the possibility that someone may break the rules due to lack of knowledge.
As far as working and claiming is concerned, the progressive introduction of in-work benefits and their growing importance has eroded the distinction between working and claiming. It is this distinction that lies at the centre of fraud. At the same time the proliferation of in-work income-tested benefits greatly increase the opportunities for claiming falsely by bringing much greater numbers into the scope of benefit. Family Credit, for example, began with about 250,000 customers in 1988 and now has a live caseload of 660,000.

It is also worth reminding ourselves at this point that fraud dealt with by the Benefits Agency is mirrored by fraud tackled by Local Authorities in Housing Benefit and Council Tax Benefit. The sharp growth in real rents since deregulation in 1989 has turned Housing Benefit into a large in-work benefit for low-paid tenants without children. The growth in these opportunities for fraud wash back into the growth of opportunities for fraudulent claims for Family Credit, Income Support and, soon, Earnings Top-Up.

The puzzle for policy is that the more successful in-work benefits become, the more they blur the distinction between full-time and part-time work. It is this distinction that draws the line in claimants' minds about when it is right and allowable to claim benefit and when it is not.

The policy that has done most to blur these once-clear distinctions is Family Credit. There is now no doubt that Family Credit has assisted large numbers of families in getting and keeping low-paid work (Marsh and McKay, 1993). But the lowering of the threshold for eligibility from 30 to 24 hours and then in 1992 to only 16 hours work a week, has narrowed the gap between being 'out-of-work and on benefits' and being 'in work and earning a living'. This can be especially confusing for lone parents, who are a large presence among long term Income Support claimants of working age who occasionally fall foul of the rules. For them the psychological distance - indeed the arithmetic distance - between being on Income Support and working four hours for a disregarded £15 a week and being in work for 16 hours a week and receiving Family Credit, is small. It is likely to be just as confusing for those who know them. It will be interesting to see how many lone parents claiming Family Credit on the basis of their 20 hours a week job are reported by their neighbours for 'working and claiming' to the new tip-off telephone line.

Many recent policy changes designed to improve incentives to work, especially to take low-paid work, are aimed at further easing the transition from one benefit regime to another. Families with children are especially vulnerable to such uncertainties while moving into work and receive additional incentives. They may now disregard up to £60 a week of professional child care costs in a Family Credit claim for children up to the age of 11. For others, 'Back-To-Work Bonus' payments can pay for clothes,
tools and other set-up costs, and a proportion of part-time earnings beyond their £5, £10 or £15 a week disregard can be rolled up and added to a lump sum on finding work and leaving Income Support or Jobseeker’s Allowance. From April 1997 lone parents similarly can roll-up a maximum of £5 a week up to a total of £1,000 worth of maintenance payments otherwise deducted pound-for-pound against their Income Support and then continue to disregard up to £15 a week from any maintenance payments they may receive against their income assessable for Family Credit. Most significant of all is the four-week extended payment of Housing Benefit paid at the same rate regardless of earnings that might significantly ease the anxiety that Income Support claimants feel about their ability to pay their rent when venturing into work. Yet continuing to claim Housing Benefit after getting a job may be one of the commonest forms of the kind of benefit fraud arising more often from neglect and misunderstanding than from outright deception.

The extension of Family Credit to other groups of low-paid workers (DWA in 1992 and experimentally Earnings Top-Up in 1996), again for just 16 hours’ work a week, will complete the shrinkage of the boundaries between in-work and out-of-work status. But it is this status that still distinguishes legitimate claiming of Income Support and Jobseeker’s Allowance from fraud. Earnings Top-Up qualifying wages are so low that it may be hard for people on the margins of work to see Earnings Top-Up as anything other than a newly-allowed form of working-and-claiming.

From the claimants’ perspective, they know they are most likely to transgress the rules by getting work. But getting work is what the DSS most wants them to do. If they get work that is ‘a start’ but is still not enough work to qualify for in-work benefits, then they face one set of policies that will punish them for accepting it and another set of policies that urge them to try that bit harder and get a bit more work. This is not to say that claimants caught in this dilemma are typical of people cautioned for fraud, no more than those who commit multiple organised fraud are typical either. Simply that greater use of in-work benefits and associated incentives to work now sends a proliferation of mixed messages to claimants about how much work they are allowed to do while claiming one benefit rather than another.

For those working less than 16 hours a week, the earnings disregards on Jobseeker’s Allowance and Income Support are particularly problematic as, over a certain level of earnings, claimants are in effect taxed at a rate of 100 per cent. In such circumstances, there may be a strong incentive to commit fraud or a strong disincentive to work. Few lone parents see the point in actually declaring £15-worth of earnings because they know they are allowed to keep it anyway. Are they committing fraud?

None of the foregoing should be interpreted as a necessary argument for drawing back from the extension of in-work benefits, or for thinking Family
Credit ineffective. Family Credit has been successful in assisting low income families, especially lone parents, get and keep paid work. It helps many lone parents enter the labour market, or remain there on becoming lone parents. It helps many couples to stay in work during periods of lowered income, for example when the better-paid partner loses a job or when a single earner is put on short-time working. The potential for difficulty is that recent reforms have widened the scope of eligibility. This, matched by the greater availability of flexible working hours, has widened the Family Credit income range in both directions and raised the customer base to one in 10 of all families and half of working lone parents. The national introduction of Earnings Top-Up would make low-wage subsidies universally available. Working-and-claiming will become commonplace for a large proportion of less skilled labour.

The challenge for policy-makers is to find ways of reducing the incentive to commit fraud while increasing the incentive to work. Such an aim can only be met properly by considering both areas together. The aim of this study was not to explore this area in detail but it is worth mentioning that several reforms to the system of earnings disregards have been suggested in the past (SSAC, 1994, CSJ, 1994, JR, 1995, Kempson et al, 1995). These include increasing the amount of the disregard and extending the period over which the disregard is calculated.

It is possible to extend this argument to the next most common kind of fraud: claiming during cohabitation. There has been a collapse in demand for unskilled male labour (Nickell, 1995). At the same time women have continued their advance into the labour market into those sectors offering flexible working arrangements and shorter working hours. This has coincided with, and has probably encouraged, rapid changes in family formation at the lowest end of the income distribution. Women may now take a more conditional view of men and family formation; their approach has developed an altogether more cautious character. Increasing numbers of never-married lone mothers prefer to maintain their own households and form only temporary unions (Ford et al, 1995). There has also been a growth in cohabitation (McRae, 1993) which, in some cases, may be a conscious choice to maintain greater independence and avoid the type of traditional relationship associated with marriage. Thus the boundaries between being single-and-claiming and being a member of a couple are also becoming quite as seriously blurred as are the boundaries between working-and-claiming. More research needs to be done to understand how people define being 'a couple' which would in turn help re-frame the qualifying rules for benefit. If the rules reflected such views, they would be more likely to be seen as acceptable and might result in people being more willing to abide by them.

Some of the difficulties relating to the cohabitation rules are particularly striking in new relationships. Women interviewed in this study felt that they should not have to start claiming as a couple the moment a man started
staying at the same address. They felt that there ought to be some ‘probation period’ during which the relationship would either become more settled or would end. It is difficult to see how the rules could be changed to include a time factor since the amount of time needed would probably vary greatly depending on the two people involved. It is therefore not so much time which is the relevant factor but the nature of the relationship.

The problem faced by our respondents hinged around a fine judgement of timing: at what point in a developing relationship does it appear prudent to a lone parent to sign off benefit in favour of support from a new partner? This becomes even more difficult to judge when the ‘support’ on offer is another claim for social security benefit: seven out of 10 out-of-work lone parents who re-partner do so with an out-of-work partner (Marsh et al., 1996). This is not a new question but it will become more common. The penalties for continuing to claim as a lone parent may not appear greater than the penalties of rushing into what may be another ill-advised commitment.

Once again, the rules of the system have an important bearing on ‘living together’ fraud. While we have a system of independent taxation for men and women, the benefit system assesses couples jointly and among virtually all couples on Income Support it is the man who receives benefit on behalf of the couple. There is not room here to discuss ways in which the rules might be changed since any changes in this field – such as having independent benefits for men and women – have wider implications for the benefit system but it is important to bear in mind this issue in relation to benefit fraud.

Social and economic change over the last 20 years has affected both working life and personal life. It is important that the rules of the social security system are revised to take account of these changes so that people can more easily conform to the rules relatively easily. But as well as changing the rules, it is also vital to ensure that people understand them. Fraud is committed when people knowingly break the rules and yet there was a fair amount of ignorance among respondents. For example, some people were genuinely unsure about the cohabitation and disregard rules. In some cases, ignorance of Family Credit was cited as a contributory factor behind working and claiming - claimants did not think that they could afford to live on their wages alone. Even with the most straightforward social security system there may still be low awareness and knowledge of the rules but there are still some complexities with the current system which may make it even more difficult for claimants to understand it. Clearly there is scope for examining whether the social security rules could be simplified or explained better and the Benefits Agency could explain more clearly what benefits are available to people who work and what measures are available to help them through the difficult transitional phase. Perhaps the simplest and most effective place to start would be to work out ways in which longer-term customers can keep
the Agency up-to-date with relevant changes in their employment status and personal circumstances.

9.2.3 A summary of the main policy considerations

In summary, then, our consideration of the main findings of this study direct attention to a number of interesting ways forward in deterring and reducing fraud. Two areas seem most important:

First and most simply, changes to some of the rules, most especially to those of disregards for small earnings and to the better definition of cohabitation status, would take many small transgressions out of fraud altogether. This would not save any benefit payments. But it would sharpen the identification of the remaining more serious and costly offences and save a great deal of regulatory work by officials. It would provide the chance to re-align the rules with real changes in people’s personal and working lives. Customers would themselves see such changes as sensible, supportable and fair. People are always less inclined to break rules they agree are fair. It is not our purpose to say what these changes should be, though recent new regulations enabling those returning to work to roll-up some part-time earnings and some maintenance payments are clear beginnings. But the research indicates it is a helpful place to begin policy improvement. Moreover, this would begin bringing policy on the prevention of fraud into line with new policies on ‘welfare-to-work’.

Second, there is scope for increasing claimants’ awareness that breaking the rules of the system for gain is wrong, as nearly all of them will agree, and to tell them that the risks of discovery are greater than many suppose. More credible threats of discovery, exposure and repayment, followed by firm but sensible warnings, are likely to accomplish far more than the distant threat of criminal proceedings and sentencing. The Agency already goes to some lengths to help claimants understand the sometimes complicated rules they have to abide by, but many of our respondents would have been saved from difficulty by better knowledge of both the rules and the risks attached to breaking them.

We end this report, though, on a cautionary note that also comes clearly from the findings. Claimants need little coercion to stay within the rules as they know them. And it is the main aim of the Benefits Agency to pay benefits to everyone entitled to them. In doing so, the Agency would wish to reassure their customers that their legitimate need of assistance will be met promptly, politely and without any trace of stigma. Possibly the last thing Agency staff would wish to do would be to give new customers the impression that their lawful claims are viewed with mistrust and suspicion. It seems right to try to make this clearer to claimants. For example, the Inland Revenue reassure their customers each year that they are assumed to be making an honest return unless real evidence turns up to the contrary. It is a polite way of indicating to customers that there is an assumption of honesty while reminding them gently that honesty is what is expected of them.
There is scope for a similar approach in treating claimants for benefit: to reassure customers that lawfully claiming benefit is a right and proper thing to be doing and that they will be given every help to stay within the rules. To take every chance to issue such reassurance and give such help, should be regarded as the first positive step in a regulatory process that strives to avoid the need for warnings, cautions, proceedings and penalties.
APPENDIX 1

DETERRENCE STRATEGIES OF OTHER ORGANISATIONS
Information was collected from seven organisations to gather information about the problem of fraud in their field. In particular, questions were asked about their deterrence strategy. In addition to these seven organisations, information about organised fraud was collected from a report by the Public Accounts Committee. Information was collected about the following types of fraud:

<table>
<thead>
<tr>
<th>Type of fraud</th>
<th>Organisation involved in dealing with fraud</th>
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<tr>
<td>Organised benefit fraud</td>
<td>Benefits Agency, Organised Fraud</td>
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<tr>
<td>Unemployment Benefit fraud</td>
<td>Employment Service</td>
</tr>
<tr>
<td>Housing Benefit and Council Tax Benefit fraud</td>
<td>DSS and local authorities</td>
</tr>
<tr>
<td>Evasion of National Insurance contributions</td>
<td>Contributions Agency</td>
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<tr>
<td>VAT evasion</td>
<td>Customs and Excise</td>
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<tr>
<td>TV licence evasion</td>
<td>BBC</td>
</tr>
<tr>
<td>Fare evasion</td>
<td>London Transport</td>
</tr>
<tr>
<td>Credit fraud</td>
<td>CIFAS</td>
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Information from these organisations is included in the main body of the report where appropriate. This appendix collects the information for each individual organisation. Several general points can be made from information supplied by these organisations:

**Key points**

- Organisations are generally reluctant to disclose information publicly about how they deal with fraud, especially on the issue of penalties for fraud.
- The extent of most types of fraud is very difficult to measure.
- Organisations concentrate more on prevention and detection of fraud than on deterrence. This is mainly because of the difficulties in measuring the deterrent effect of different policies.
- In the case of VAT and National Insurance contributions, the enforcement agencies see their role more as reducing non-compliance than detecting fraud.
- Most organisations endeavour to promote respect for the system in order to reduce fraud - for example, the BBC tries to show that licence-payers’ money is being well-spent through positive advertising.
- Some organisations have tried to change the system of payment to improve compliance - for example, there are now budgeting schemes for paying for a TV licence.
Organised benefit fraud is defined by the DSS as 'attempts by groups of criminals to defraud the benefits system', is perceived as an increasingly serious problem. Its investigation is the responsibility of the Benefits Agency's Organised Fraud Branch. The work of the Organised Fraud Branch relies mainly on cases being referred from other sections in the Benefits Agency, or from sources such as the Post Office or the police. In 1991/2 only 12 per cent-21 per cent of referrals were actually accepted by the Organised Fraud Branch. The remainder were referred back to sections investigating individual fraud. Decisions whether to pursue cases as organised fraud are based on the discretion of investigating officers.

This type of fraud commonly includes five types of activity:

- making multiple benefit claims
- using false or stolen identity documents
- stealing order books, payable orders and giro cheques
- counterfeiting or altering books, payable orders and giro cheques
- buying order books from legitimate beneficiaries and fraudulently cashing the orders.

While the DSS has not collected any precise figures on the extent of organised benefit fraud the total cost of this type of fraud is estimated to be at least £1 billion. The potential value of payments under investigation by the Organised Fraud Branch in September 1992 was estimated to be around £61.4 million. In 1991/2 the Organised Fraud Branch recovered £19 million. In 1992/3 this increased to £42 million. In addition, between 1987 and 1993 the number of staff assigned to the investigation of organised fraud increased from just 78 to 240 and is likely to continue to increase. Organised fraud is a particular problem in London.

Much of the work of the Organised Fraud Branch is focused on improving the detection and prevention of organised fraud. This is achieved by better use of intelligence and information, and the targeting of resources on preventing fraud arising. An example of this is the £10 million worth of resources to be devoted to requirements such as investment in technological advances and training for Post Office staff.

Prosecutions are quite rare given the scale of organised fraud, although the conviction rate for these prosecutions is very high. In 1992-3 there were 575 prosecutions for organised benefit fraud, of which 556 led to conviction. Prison sentences - ranging from six months to over four years - were given in 200 of these cases.
A number of initiatives to reduce organised fraud are being considered by
the Department of Social Security and the Benefits Agency. Nearly all
organised fraud relates to the misuse of benefit books. A system of automated
transfers of benefit payments into claimants’ bank accounts would eliminate
the need for benefit books altogether. The Benefits Agency has introduced
a new design of benefit order book with better security features to avoid
counterfeiting, and it is planning the introduction of benefit payment cards.

Information about Unemployment Benefit fraud was collected during an
interview with staff in the Employment Service. Written information was
also supplied.

The Employment Service, in dealing with benefit fraud, is generally more
concerned about signing people off benefit than recording weekly benefit
savings. One of their performance requirements, set by the Secretary of State
for Employment is that nine per cent of initial claim enquiries are not
pursued as new claims. Some of these may be fraudulent claims. In other
cases, people may simply be ineligible for Unemployment Benefit or
potentially eligible for other benefits, such as Incapacity Benefit.

As well as checking new claims for possible fraud, claims in progress are also
checked and efforts made to sign people off benefit where possible. In
dealing with benefit fraud, the Employment Service makes a distinction
between ‘quality’ and ‘low quality’ sign-offs. The first applies to cases where
an individual agrees to cease claiming Unemployment Benefit during an
interview with fraud investigators. In contrast, a ‘low quality’ sign-off occurs
when an individual signs off benefit while investigators are making enquiries.
The assumption is that they are signing off before suspicion is confirmed.

Table A1.2  Employment Service statistics on fraud

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<tbody>
<tr>
<td>Investigations</td>
<td>350,807</td>
<td>355,678</td>
<td>232,293</td>
<td>264,816</td>
<td>268,946</td>
<td>282,504</td>
</tr>
<tr>
<td>Claims withdrawn</td>
<td>70,891</td>
<td>64,734</td>
<td>50,034</td>
<td>61,129</td>
<td>67,426</td>
<td>78,231</td>
</tr>
<tr>
<td>20% 19% 22% 23% 25% 25%</td>
<td>20% 19% 22% 23% 25% 25%</td>
<td></td>
<td></td>
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<tr>
<td>Net benefit savings</td>
<td>£50.08m</td>
<td>£43.5m</td>
<td>£34.34m</td>
<td>£44.71m</td>
<td>£53.28m</td>
<td>£64.56m</td>
</tr>
<tr>
<td>Prosecutions</td>
<td>4,453</td>
<td>3,486</td>
<td>2,785</td>
<td>2,602</td>
<td>3,602</td>
<td>4,247</td>
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<tr>
<td>1.3% 1.0% 1.0% 1.0% 1.3% 1.5%</td>
<td>1.3% 1.0% 1.0% 1.0% 1.3% 1.5%</td>
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*The figures are calculated by multiplying the weekly amount of benefit saved by 52 and subtracting the costs of the fraud operation. The
12 week figure was derived by GIS research and represents the number of weekly claims that would have remained on the register if they
had not been investigated by fraud staff.

In Scotland, cases suitable for prosecution are sent to the Procurator Fiscal,
who in some instances will decide that an official warning letter is the most
appropriate course of action. Claimants are officially informed that, while
they have avoided prosecution on this occasion, the warning will be taken
into account if a further offence is committed. In England and Wales, the
Employment Service may issue a letter to claimants where fraud has been proved but where prosecution is not suitable. This letter is retained on file.

Employment Service prosecutions for benefit fraud have two main aims. The first, is to act as a deterrent to other claimants via media coverage of court cases and the informal grapevine. The Employment Service has also placed an increasing emphasis on dealing with employers who collude with claimants to commit benefit fraud. Deterrents are aimed particularly at employers and it is hoped that publicity surrounding stiff penalties will deter others. The Employment Service values its relationship with the media and the deterrent effect of prosecutions relies heavily on media involvement.

The second aim of prosecution is to act as a punishment for people found committing fraud. The Employment Service sets no formal targets for the number of prosecutions to be aimed at but officers and managers have their own working targets based on a view that numbers from previous years should be maintained if not increased.

The decision to prosecute an individual for benefit fraud is based on a number of factors. There is a feeling that benefit fraud cases are viewed as minor offences within the court system so if the Employment Service were to push through less serious or unsuccessful cases the courts could become increasingly unsympathetic. The gravity of the offence, usually judged by the timespan of fraudulent activity and the amount of money involved will also be taken into account when deciding on prosecution - prosecution tends to occur only in cases involving amounts over £250. Another important factor is that officers must have observed the correct procedures during the investigation. Finally, there must be sufficient evidence to prove the case.

The Employment Service is unlikely to proceed with a prosecution unless there is a good likelihood of conviction. Prosecution requires more information than is needed to make a claimant sign off. Sometimes hard evidence can be difficult to find. In addition, the legal resources needed for prosecution must be available.

Decisions regarding prosecution are also based on less objective factors. For example, officers are more likely to prosecute if the case involved at least a degree of pre-meditation. The Employment Service is also keen to avoid prosecution in cases that could generate adverse media coverage. They are less likely, then, to prosecute people belonging to certain claimant groups, such as elderly or disabled people, who attract public sympathy.

The Employment Service recognises the potential of fraud prevention and measures such as the Payment Security Card and signature verification which, while at an early stage, are already producing very encouraging results.
Unemployment Benefit fraud is now dealt with by the Benefits Agency as part of changes in the delivery of benefits which are taking place in advance of the introduction of Jobseeker's Allowance.

Information about Housing Benefit and Council Tax Benefit fraud was collected during an interview with staff in the Department of Social Security.

The Department of Social Security is responsible for the policy and structure of Housing Benefit (HB) and Council Tax Benefit (CTB). However, local authorities, bearing the responsibility for their daily administration, are statutorily obliged to take reasonable steps to prevent and detect fraud and abuse. The DSS has taken a number of steps to encourage the development of local authority anti-fraud strategies.

**Central government strategies**

Since the introduction of a new system of financial incentives in April 1993 local authorities have been allowed to share in savings achieved as a result of anti-fraud measures above a specified level. This has been achieved by introducing an anti-fraud subsidy incentive scheme where local authorities had the chance to earn an additional subsidy if they achieved savings over the specified baseline. The incentive scheme was further revised mid-year in the local authorities’ favour (see table A1.3). In addition, local authorities now receive the full subsidy from central government on all fraudulent benefit overpayments. Under the previous system they received only a 25 per cent subsidy. Local authorities are also allowed to keep any money they recover as part of fraud investigations and it can be used for their own purposes.

**Table A1.3  Anti-fraud financial incentives for local authorities**

<table>
<thead>
<tr>
<th>1993/4 Original arrangements</th>
<th>1993/4 Revised arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.5% subsidy above £100 million</td>
<td>10% subsidy where savings over £75 million</td>
</tr>
<tr>
<td>15% subsidy above £229 million</td>
<td>20% subsidy where savings over £100 million</td>
</tr>
</tbody>
</table>

The reverse side of the financial incentives is that, since April 1994, local authorities achieving less than half the baseline for savings receive a subsidy reduction.

A National Service Level Agreement, signed by the DSS, the Local Authority Associations and the Benefits Agency Sector Fraud, sets out national baseline targets for fraud prevention and detection. This agreement is aimed at facilitating a two-way liaison between fraud investigators in local authorities and the Benefits Agency Sector Fraud and encourage a consistent approach. Representatives from the DSS are also members of the London Borough Treasurers Cross-London Steering Group which aims to promote good practice in combating fraud and to encourage the sharing of information, expertise and experience between London authorities.
Local authorities have also been offered free training to local authority fraud investigators along with improved guidance. A “Fraud Good Practice Guide”, shortly to be followed by a “Fraud Investigators Guide”, has been provided free of charge to all local authorities. In addition, 20 “Action Against Fraud Forums” held throughout the country in 1994/5 were attended by 93 per cent of local authorities.

These measures do appear to have had a positive impact on fraud prevention and detection within local authorities. In October/December 1993 there were weekly benefit savings of £36 million. During the same quarter of the following year, this total had risen to £41 million (see Table 6.3 in section 6.3 of the main report).

Consideration has been given at central government level to the idea of a Central Housing Benefit Register. Currently, 500 local authorities administer HB and CTB in England, Wales and Scotland using, between them, 30 different software packages. Cross-checking claims with other authorities is impossible as even local authorities using the same software are unable to access each other’s information. A computerised Housing Benefit Central Register, holding the names and National Insurance numbers of all HB recipients, would detect individuals making more than one claim. This scheme was piloted in a number of London authorities between September 1994 and January 1995 and an evaluation report is currently being considered.

Local authorities strategies
Where HB or CTB fraud is uncovered the DSS has no control over the penalties which are administered, although they do set the guidance. Decisions about prosecution are made by individual authorities all of whom have their own legal departments. The extent to which prosecution is used by local authorities varies widely between rural and inner city areas. The new incentive scheme may encourage local authorities to place more emphasis on the investigation and prevention of fraud rather than prosecution. This may result in a further downturn in the number of prosecutions.

Prevention of fraud is an important part of local authority practice. In all boroughs, 80 per cent of new claims are subject to a strict verification procedure which requires proof of identity and address as well as the presentation of bank statements and rent books. In addition, Housing Benefit claims must be renewed at least every 60 weeks and renewal procedures require further verification. ‘High risk’ groups who are liable to frequent changes of circumstances - the self-employed, people living in hostels - are required to renew their claims more frequently. It is difficult to measure the success of preventative techniques in deterring fraud.
Previous studies have shown great variation in fraud investigation both between and even within local authorities (Loveland, 1989).

No information is publicly available on prosecutions.

**Evasion of National Insurance contributions**

Written information about evasion of National Insurance contributions (NICs) was provided by the Contributions Agency specifically for this study.

Evasion of NICs can be committed by employers or the self-employed and where there is evidence to suggest that payment of NICs is being deliberately evaded, the Contributions Agency will take legal action to prosecute those involved.

In dealing with this type of fraud the Contributions Agency places most emphasis on prevention rather than punishment. Much of this effort is focused on closing loopholes in the law which create ambiguity around the issue of payment of National Insurance contributions. In addition, employers who are perceived as likely to be involved in deliberate evasion are closely monitored in an attempt to deter them from committing this type of fraud.

No information was provided about the level of NIC evasion or the number of prosecutions.

**VAT evasion**

Written information about VAT evasion was provided by Customs and Excise specifically for this study.

VAT evasion involves four main activities:

- Suppression of outputs
- Inflation of (fake) inputs
- Bogus registrations
- Phoenix traders - debtors who constantly rise from the ashes to incur more debts.

While undetected fraud is, of course, unmeasurable, a risk-based audit of businesses, involving around 350,000 visits, raises £2 billion a year in additional revenue simply as a result of uncovering non-fraudulent errors in VAT returns. In addition, Customs and Excise estimate the evasion prevented through their efforts to be in the order of £200 million per annum.

VAT evasion can incur both civil and criminal penalties. The criminal investigation fraud regime was supplemented in 1985 by a civil fraud regime following the recommendations of Lord Keith. The regimes supplement the risk-based audit of businesses. Approximately 1000 fraud cases are settled per year by the (civil) imposition of financial penalties (approximately £25
million arrears) and about 150 cases per year are pursued through the
criminal courts (approximately £25 million per year). There are also vires to
compound some criminal cases, that is, agreeing financial penalty in lieu of
prosecution. This can produce a major official resource saving and reduce
the burden on the courts. In addition, the courts impose approximately 100
custodial years per annum on behalf of the Commissioners.

Whether or not a case is investigated criminally or by civil procedures
depends on a variety of circumstances including:

- the gravity of the offence
- the amount of money involved
- whether the offence is perpetrated by lawyers or accountants
- whether the evader occupies a prominent position in the field of
government or law
- whether there have been previous offences
- whether the nature of the offence is capable of adoption by others
- whether the offence involves government departments or police etc.

Prosecution for VAT evasion usually occurs where the case involves a
persistent offender or where related cases are being considered by either
Customs and Excise, another government department or the police. If an
alleged offender offered the option of compounding refuses to pay the
agreed amount prosecution will occur automatically.

Information was collected about TV licence evasion during an interview
with staff at the BBC.

TV licence evasion is the main source of lost income. Relatively minor losses
occur through fraud, such as:

- counterfeiting of TV licences or stamps.
- theft of mail containing TV licence fee stamps (for endorsing licences) and
  saving stamps.

Data from the Census and Broadcasting Audience Research Bureau are used
to calculate the number of households who own televisions and, therefore,
are required to buy a licence. It is estimated that around eight per cent of
these households do not have the appropriate licence for their television.
This costs the BBC £149m in lost revenue. Some in-house research carried
out by the BBC has identified a distinction between people who evade TV
licence fees because they are unable to afford a TV licence (the can't pays)
and people who evade (the won't pays).
TV Licensing (TVL), the agency operating the licensing system for the BBC, has developed a number of prevention strategies aimed at deterring people from committing this type of fraud and catching those who do. Some of this is done by marketing. The BBC employs a very positive marketing strategy emphasising the range and value of its services through the community.

The BBC states that the marketing strategy for TV Licensing has two strands: 'enabling' and 'encouraging'. In the former, a range of payment methods are designed to match the needs of different groups as well as direct marketing and mail. The unlicensed are encouraged to buy through mail and advertising which informs them of the legal requirement for a licence and the risks involved in evading.

These more direct strategies are made possible by the use of the computerised licensing system. The BBC spends £30 million a year in administration, customer care, telephone helplines and mailouts to remind people to buy or renew a licence. These can be followed up by telephone 'chasers'.

When people are suspected of TV licence evasion the BBC employs people to knock on doors and, if necessary, interview those without TV licences under caution. Around 400,000 prosecution statements for TV licence evasion are issued each year. A certain amount of discretion is used, however, in deciding which cases to prosecute. In the main, these decisions are influenced by the individual circumstances of the case and whether a licence is subsequently purchased.

In 1994, 230,000 cases were actually prosecuted. The vast majority of prosecutions result in a conviction with most offenders fined.

TV detector vans also patrol residential areas, backed up by advertising campaigns to discourage people from watching television without a licence.

A proactive response has been made in recognition of the problems faced by people who cannot afford to buy a TV licence. A number of budget schemes have been introduced, such as monthly payments and TV licence stamps to make it easier for people to conform to the requirement to buy a TV licence.

Information about fare evasion was collected during an interview with staff at London Underground.

In the past six years, London Underground have introduced two strategies to combat fare evasion. In 1989, automatic ticket checking collection was introduced at 63 central London stations. This was clearly a fraud prevention strategy aiming to make it very difficult for people to commit fraud. In 1994, the Penalty Fares scheme was introduced as a fraud deterrence strategy aiming to deter people from committing fraud and to reinforce calier
initiatives designed to ensure potential users purchased a valid ticket before travelling.

Some information is available on the effectiveness of these strategies since London Underground has carried out an Annual Fraud Survey every year since 1982 (see Clarke, 1993). In November 1994, the survey involved inspectors checking tickets of 27,000 passengers. A quota sampling procedure is followed to try to give each train an equal chance of being boarded. Table A1.4 shows the changing percentage of passengers found without valid tickets on the underground. The apparent drop in fraud from 1989 to 1990 might be the result of the introduction of automatic ticket barriers. The drop between 1993 and 1994 could also reflect the introduction of Penalty Fares. But the apparent rise in fraud over the 1980s is less readily explicable.

Table A1.4 Percentage of passengers without valid tickets

<table>
<thead>
<tr>
<th>Year</th>
<th>Passengers without valid tickets (%)</th>
<th>Proportion of revenue lost (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>6.3</td>
<td>7.5</td>
</tr>
<tr>
<td>1983</td>
<td>3.1</td>
<td>3.8</td>
</tr>
<tr>
<td>1984</td>
<td>3.0</td>
<td>3.7</td>
</tr>
<tr>
<td>1985</td>
<td>3.8</td>
<td>-</td>
</tr>
<tr>
<td>1986</td>
<td>4.3</td>
<td>4.6</td>
</tr>
<tr>
<td>1987</td>
<td>5.6</td>
<td>5.2</td>
</tr>
<tr>
<td>1988</td>
<td>6.2</td>
<td>6.7</td>
</tr>
<tr>
<td>1989</td>
<td>6.0</td>
<td>7.1</td>
</tr>
<tr>
<td>1990</td>
<td>1.9</td>
<td>2.4</td>
</tr>
<tr>
<td>1991</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>1992</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>1993</td>
<td>1.8</td>
<td>2.1</td>
</tr>
<tr>
<td>1994</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: London Underground Annual Fraud Survey (personal communication)

London Underground also use their Annual Fraud Survey to estimate how much revenue is lost through fare evasion. The estimate for 1989 was £30 million, whereas in 1990, the figure had fallen to £10.4 million (Clarke, 1993). The cost of fare evasion was therefore reduced by £20 million. But this has to be set against the initial cost of £165 million which was spent installing the ticket barriers. The estimate for 1994 was £7.8 million lost in fraud. London Underground further estimate that fraud in that year would have reached £16.5 million if Penalty Fares had not been introduced - hence a reduction of £8.7 million per annum as a result of Penalty Fares. Such estimates are obviously open to question since it is impossible to know what would have happened if Penalty Fares had not existed but it provides some estimate of the impact of the scheme.
Although firm evidence about the effectiveness of the Penalty Fares scheme is unavailable, it is worth considering the scheme since its focus is clearly on fraud deterrence. The Penalty Fares scheme involves an on-the-spot £10 fine which is levied against anyone travelling without a valid ticket for their Underground journey. The only exceptions to this are where the ticket office is closed and the ticket machines are out of order or have no change. Passengers are charged the fine even if they were in too much of a hurry to queue for a ticket or they have a season ticket which they have left at home. The scheme was advertised in advance of its introduction and staff from London Underground claim that there was an increase in revenue before the scheme even started, although unfortunately there are no figures available on this. In 1995, 13,000 penalty fare notices were issued every four weeks, of which 45 per cent were paid in full immediately and 71 per cent eventually paid in full.

The scheme appears to have had some success. But there may be some problems with it. Some persistent fare evaders may still calculate it worthwhile to risk committing fraud and pay the £10 on the occasions when they are caught. Or they may try to avoid paying the fine by claiming not to have any money on them and then giving false name and address. Some people may also believe that London Underground no longer prosecute fare evaders and they may not be concerned about being fined. Other customers, such as those who genuinely forget their season tickets or those who come across lengthy queues when they are in a hurry, may become disgruntled by the system.

Alternative schemes and strategies are therefore being considered. For example, it may be possible to develop a 'smart-card' which tracks people throughout their journey and debits money as they move from one zone to another, removing the need to pay cash for a ticket. Another possible scheme is to print the names and addresses of fare evaders at stations or on tube trains. This could only be done with proven fraud evaders otherwise London Underground could be sued for libel. Persistent offenders are prosecuted by London Underground but there are no publicly available figures on the numbers.

Information on credit fraud was collected during an interview with the head of the Credit Industry Fraud Avoidance System (CIFAS). Written information was also provided by CIFAS.

The deregulation of the credit industry in the late 1980s resulted in a huge expansion in the credit market. It also led to increasing levels of indiscriminate lending to people who had previously had little or no access to credit. Because marketing and public relations departments operate in a separate sphere to debt collection departments, little thought was given in the credit industry to the issue of fraud. The Credit Industry Fraud Avoidance System (CIFAS) was set up by retailers who, being 'soft targets'
for fraud, suffered the worst effects. They were followed by the motor trade, banks, credit card companies, building societies, mortgage lenders and, most recently, mobile phone companies.

Currently fraud accounts for around one per cent of the credit industry's turnover. The difficulty in defining fraud in some situations makes it hard to tackle. For example, while it is not a crime to be unable to pay off a credit commitment it is criminal for people to deliberately purchase items on credit which they have no intention of paying for. It may be difficult to prove the existence of fraudulent intentions. Within the credit industry the motivation for this type of fraud is perceived to be partly the easy, victimless nature of the crime. It has also, however, been attributed to financial desperation.

Where credit fraud is identified, it can still be difficult to deal with. In 35 per cent of cases, for example, fraud involves impersonation. Because this type of fraud involves an innocent party - for example, the legitimate credit card owner - it is important that any action taken has no adverse effects on the victim. It is not acceptable, for instance, for someone to be refused credit in future because their name has been used in connection with a previous fraud. However, impersonation could also involve collusion between the legitimate and the illegitimate credit customer making it difficult to judge the extent to which the legitimate customer is an 'innocent' victim.

CIFAS is notified of incidents involving fraud by its members and the names and addresses of the people involved are kept on file. If the case is to be reported to the police as much evidence is needed as possible. The police do not place a high priority on credit fraud and, subsequently, less than 10 per cent of fraud cases are reported to the police. The decision to prosecute is made by the Crown Prosecution Service. Usually only cases involving fraud totalling around £1 million are taken to court.

The lack of police resources to deal with this type of fraud and the high costs attached to prosecution mean that prevention forms the key strategy for dealing with fraud. This has involved technological developments, staff training and data sharing. This allows the credit history of applicants to be assessed before they are offered access to credit. However, the Data Protection registrar has placed limitations on the information which can be collected for this purpose. One impact of these restrictions means that information cannot be kept indefinitely but must be destroyed within a specified time period.

In the United States, cheaper telecommunications mean that the credit industry has more rigorous fraud avoidance strategies. Around 80 per cent of all credit card transactions in America are authorised by the creditor organisation. In Britain the figure is only 30 per cent - higher telecommunication costs mean that the cost of checking must be weighed against the risk of fraud. Where authorisation does occur, it is thought to
have a significant impact on levels of fraud. In 1992, when between 20 per cent to 22 per cent of credit card transactions were authorised the cost of fraudulent transactions amounted to £165 million. When authorisations were increased in 1994 to 30 per cent of transactions the cost of fraud fell to £97 million.

It is recognised within the credit industry that if CIFAS were more highly publicised its deterrent effect could be increased. It has been suggested that information about CIFAS could be presented to customers at the point of sale. However, this has been met with some reluctance by members of the industry.
APPENDIX 2

RESEARCH METHODS
The main part of the study involved depth interviews with 45 people who were or had been receiving social security benefits. These interviews explored a range of issues, including people’s perceptions of penalties. Although the central focus of the research was deterrence, it was accepted from the outset that interviews of this type could not establish any direct measures of the effects of penalties on behaviour.

Respondents were identified from one of three groups, based on official records, as follows:

**Category 1: Unemployed**

Respondents in this group were drawn randomly from local office records of people currently claiming Income Support due to unemployment. Unemployed people were selected because, as the evidence presented in Chapter 2 will show, working while claiming is considered to be the most widespread type of social security fraud. The attitudes of this group are therefore of great interest.

**Category 2: Fraud, not prosecuted**

According to Benefits Agency records, this group had been investigated by them and found 'on balance of probabilities' to have committed fraud. They had not been prosecuted and so cannot be said to have committed fraud 'beyond reasonable doubt'. They may have signed off benefit or had an overpayment recovered. Their case had been closed within the two months before fieldwork began.

**Category 3: Fraud, prosecuted**

According to Benefits Agency records, this group had been found by them to have committed fraud and had been prosecuted within the last year.

Three local offices were chosen to reflect different socio-geographical and regional mixes. One was an inner-city area of a very large conurbation, one was a medium-sized town and one was a small town with a surrounding rural area.

In order to ensure confidentiality, a much larger number of respondents was selected than was strictly necessary. A total of 394 were selected - approximately one third from each office and roughly equal numbers in each of the three categories outlined above. These people were sent a letter by the Benefits Agency which asked for permission for their name and address to be passed on to PSI. A copy of the letter is included in Appendix 3 of this report. At this stage, 28 people (seven per cent) opted out of this study, and a total of 366 names and addresses were then returned to PSI. This opt-out rate is relatively low. A total of 218 names and addresses were then selected by PSI from the 366. The selection at this stage was carried out purely on
grounds of geographical clustering. We then wrote to this new sample to inform them that they would be contacted in the near future. A copy of the letter is included in Appendix 3.

Careful consideration was given to the wording of all letters sent to respondents. It was felt that letters which stated that the research was about deterring fraud would lead to high opt-out and refusal rates and thus potentially produce a serious problem of non-response bias. But it was also important for ethical reasons not to mislead the sample about the nature of the study. The initial letter sent by the Benefits Agency described the study in very general terms as its purpose was simply to ask permission for names and addresses to be handed over to PSI. It was not asking for co-operation in the study. The rather general nature of the letter may in part explain the low opt-out rate. The letter sent by PSI was more explicit about the nature of the study but emotive and potentially misleading words like ‘fraud’ were not used. Despite our careful deliberation about the content and style of the letters, the response of one interviewee may well have been typical: ‘I didn’t read the [the letter] no, I just see a bit on it and thought, “sod it!” Another one of these silly things coming round’.

Interviewers were then more explicit about the nature of the study when they spoke to people on the doorstep and secured an interview. At the briefing, interviewers felt strongly that they should gain informed consent about the nature of the study both for ethical reasons and because people who had expected a more general interview may terminate an interview when it became clear that the study was of a more specific nature. Interviewers therefore told potential respondents that the interview would focus on views about, and experiences of, people who claimed benefits to which they were not entitled.

Interviewing took place in April, May and June 1995. Fieldwork progressed smoothly except in one inner-city area where some difficulty was experienced contacting respondents. This was partly because of general problems associated with interviewing in an inner-city area, such as difficulties gaining access to flats with entry-phone systems and high mobility rates. But there were also particular problems for this study because the prosecution rate in this area was much lower than average. This meant that some people had been prosecuted up to a year ago and the addresses in the sample were consequently less up-to-date than in the other areas. In other areas, the local office only had to go back a few months in order to supply sufficient numbers of names and addresses in this category so the details were more up-to-date.

Interviewers did not need to approach all of the 218 people in the sample. A total of 107 were visited. There was a very low number of refusals - only five. The reasons given for refusals were the same as for most studies - lack of time, lack of interest and a general disinclination to answer questions. In
three cases, people had seen the interviewer knock at their door but did not open it - all of these cases involved Asian families. At 15 addresses, the named contact had moved away or had never been known to have lived at the address. A total of 39 addresses were visited by interviewers without them coming into contact with the named respondent. Once the quota of interviews had been achieved, these contacts were abandoned. A breakdown of the sample used by interviewers is as shown in table A2.1.

A2.1 Contact record of addresses used by interviewers

<table>
<thead>
<tr>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewed</td>
</tr>
<tr>
<td>Visited, no contact made</td>
</tr>
<tr>
<td>Moved away/not heard of</td>
</tr>
<tr>
<td>Refused</td>
</tr>
<tr>
<td>Interviewer seen, door not opened</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Forty-Five interviews, as originally planned, were achieved, with 15 in each of the three categories described above. All interviews were tape-recorded except one where the respondent requested that this not occur. Detailed notes were made during this interview and these notes were then written up immediately afterwards. A copy of the topic guide for the interviews is at Appendix 4.

Despite initial concerns that people would be reluctant to take part and talk openly about their views and experiences, interviewers found that respondents were very frank. One man, who confessed openly to working and claiming - even though he had been caught in the past - said jokingly that he must be a fool for being so honest (especially on tape) and said that he would now be expecting a knock on the door from a Benefits Agency investigator. Towards the end of the interview he said, tongue in cheek: 'I bet there's going to be a big conference - look at this bloke grassing himself up!'. The interviewer reassured him that no information would be relayed back to the Benefits Agency. Respondents appeared to be genuinely honest in the interview.
APPENDIX 3

LETTERS SENT TO RESPONDENTS
This appendix contains the following letters:

- Letter from the Benefits Agency to original sample asking for permission to give names and addresses to PSI.

- Letter from PSI to those who did not opt out from the study after the Benefits Agency's letter. There are two versions of the PSI letter - one version was sent to people who were drawn randomly from Income Support records, the other was sent to people who had been selected from records of people who had been investigated by the Benefits Agency.
Ref:
Date: 15 March 1995

Dear

YOUR VIEWS ABOUT BENEFITS

I am writing to ask for your help with a survey. The Benefits Agency would like to find out about people's attitudes to claiming social security benefits and entitlement to benefits. We have asked an independent research team at the Policy Studies Institute (PSI) to carry out this study.

Your name has been selected randomly from Benefits Agency records. An interviewer from PSI would like to call on you at home some time in April or May to ask you to take part in this survey.

PSI is an organisation specialising in research on issues such as employment, health and housing as well as social security. It is completely independent of political parties and government departments and has nothing to do with any commercial company.

Anything you discuss with the interviewer will be treated as strictly confidential. PSI will write a report based on what people in the survey say. This report will not mention your name or anything else which might identify you or your family.

Whilst this is a voluntary survey, its success depends on your goodwill and cooperation. The more people who agree to take part, the better the survey will be. However, if you do not wish to take part, for whatever reason, you can phone me on 0113 2324828 during office hours, or write to me at the above FREEPOST address by 29th March 1995 (you do not need to put a stamp on the letter). Whatever you decide I can assure you that it will not affect any dealings you have with the Benefits Agency either now or in the future.

I do hope that you agree to take part in this survey because your views are very important to the Benefits Agency.

Yours sincerely,

Anne Harrop
Senior Research Officer
Dear

YOUR VIEWS ABOUT BENEFITS

I am writing to ask for your help with a survey. The Benefits Agency has asked an independent research team at the Policy Studies Institute (PSI) to carry out a survey about social security benefits. The survey will cover a number of topics such as: your attitudes to benefits, your experience of living on benefits and your views about people who claim benefits which they are not entitled to.

Your name has been selected randomly from Benefits Agency records. An interviewer from PSI will be calling on you at home some time in April or May to ask you to take part in the survey. There is a £10 thank-you payment for everyone who gives an interview. This does not have to be declared to the DSS as it counts as a contribution to your savings (capital) rather than your income.

PSI is an organisation specialising in research on issues such as employment, health and housing as well as social security. It is completely independent of political parties and government departments and has nothing to do with any commercial company.

We will write a report based on what people in the survey say. The report will not mention your name or anything else which might identify you.

If you have any queries about the study, please do not hesitate to call either myself or Claire Whyley on 0171 387 2171.

Yours sincerely

Karen Rowlingson
Dear

YOUR VIEWS ABOUT BENEFITS

I am writing to ask for your help with a survey. The Benefits Agency has asked an independent research team at the Policy Studies Institute (PSI) to carry out a survey about social security benefits. The survey will cover a number of topics such as: your attitudes to benefits, your experience with the Benefits Agency and your views about people who claim benefits which they are not entitled to.

Your name has been selected randomly from Benefits Agency records of people whose claims have come under review in the past. An interviewer from PSI will be calling on you at home some time in April or May to ask you to take part in the survey. There is a £10 thank-you payment for everyone who gives an interview. This does not have to be declared to the DSS as it counts as a contribution to your savings (capital) rather than your income.

PSI is an organisation specialising in research on issues such as employment, health and housing as well as social security. It is completely independent of political parties and government departments and has nothing to do with any commercial company.

We will write a report to the Benefits Agency based on what people in the survey say. The report will not mention your name or anything else which might identify you.

If you have any queries about the study, please do not hesitate to call either myself or Claire Whyley on 0171 387 2171.

Yours sincerely

Karen Rowlingson
APPENDIX 4

FIELDWORK DOCUMENTS:
TOPIC GUIDE
FIELDWORK RECORD
SHOWCARDS
VIGNETTES
YOUR VIEWS ABOUT BENEFITS

Topic Guide

Explain aim of research

To find out about
• people's views and experiences of the benefits system
• people's experiences with the Benefits Agency/DSS
• views about people claiming benefit they are not entitled to

Stress independence of PSI
Stress confidentiality

Background Information - Fill out structured questionnaire

Q Household and family circumstances
Q Changes to household composition/economic activity in last 3 years
Q Household income - from employment and benefits

Money management/living standards

Q How have you and your family been managing on your money?
   ... Managing well/Just getting by/Getting into difficulties?

Q Ever run short of money?
   Cut back on things?
   Go without?
   PROBE FULLY
General attitudes towards benefits

Q How would you describe the system of social security benefits in this country?
   fair/unfair?
   easy/difficult to understand?
   FOR EACH ASK: In what way? Why do you say that? etc

Q How would you describe the Department of Social Security?
   efficient/inefficient organisation?
   In what way? etc

Q How much respect do you think people have for the Department of Social Security?
   How much do you have?
   Why do you say that? etc

Q Do you think that the amounts of money received by people on benefit are generally
   too high, too low or about right?
   Why do you say that?

Q What do you think about people of working age who receive social security benefits?
   happy to be on benefit/keen to move off benefit?
   Why do you say that?

ASK SEPARATELY FOR: lone parents, couples with children, single people, sick or
disabled people.

Attitudes to benefit receipt

Q How common do you think it is for...
   people not to receive benefits which they are entitled to?
   people to receive benefits which they are not entitled to?

FOR EACH ASK:
   How common is it generally? In this area?
   What makes you think that?
   What types of people?
   In what circumstances?
   Why does this happen?
   How serious do you think it is?
   What do you think the DSS could do about it?
   What do you think the DSS actually does about it?

Q Which do you think is the more serious problem?
   Why?
Different activities

Q I would now like to give you some examples of different things that people sometimes do to see whether you think any of them are wrong and if so, how wrong.

FOR EACH PROMPT:
How wrong, if at all? Is it ever justifiable?
Why do you say that? In what circumstances?
Would you say that this was 'fraud'? Why/why not?
Who does this? Why?
Likelihood of getting caught?
What happens if caught? What sort of punishment?
What would deter someone from doing this?

Person A is self-employed. They don't declare all their earnings to the Inland Revenue so pay less income tax than they should.

When using public transport, Person B always tries to avoid paying their fare.

Person C is on unemployment benefit and earns £50 for a day's work but does not tell the DSS about it.

Person D is self-employed. When they send in their VAT accounts to Customs & Excise they exaggerate their expenses so that they can reclaim more money than they should.

Person E has a colour TV but they haven't bought a TV licence.

Which is most/least serious? SHOW CARD A AND RANK ON SHEET
Why is that?

Q Have you ever:
 avoided paying your fare on public transport?
 avoided buying a TV licence when you should have done?
 avoided paying income tax or VAT?

PROBE FULLY: Why/why not?
PROBE: Opportunity, Motivation, Likelihood of detection, Perception of penalty

Q What about activities on CARD B?
Which are most/least serious?

PROMPT: Drink-driving, joy-riding, shop-lifting, burglary, vandalism of a home, mugging, someone attacking a stranger

COMPARE WITH CARD A - Which are most/least serious? Why? Who suffers?

Q What is 'fraud'? What other types of fraud have you heard of?

Attitudes to different types of benefit fraud

Q Some people claim benefits which they are not strictly entitled to. This is sometimes referred to as benefit fraud. What types of benefit fraud are you aware of?
How serious is each type of fraud?

Q I am now going to read out some hypothetical cases and I'd like to ask you a few questions about them.

ASK FOR EACH CASE
How common do you think it is? Generally/around here?
Why do you think people do it - what are their motivations?
How easy is it to do this?
How serious do you think it is?
Do you think the behaviour is ever justifiable?
Why? In what circumstances? For who?
How likely is it that people will be caught?
If they are caught, what do you think could/happen to them?
What sort of punishment are they likely to get?
What would deter someone from doing this?

CASES - HAND RESPONDENTS CARDS WITH DETAILS

John is married with three children. He is claiming unemployment benefit while working full-time as a taxi driver.

Sally is claiming benefit as a lone parent with two children. Her boyfriend has recently moved in to live with her and they share housing costs. She has not told the DSS about this.

Stan lives on his own and is claiming income support. He occasionally does odd jobs for his friends and neighbours but doesn't declare the earnings to the DSS.

Jane lives on her own and is claiming income support. She has £10,000 savings in the bank but has not declared it to the DSS.

Gary is single and unemployed. He has stolen someone else's giro cheque and cashed it himself.

Mark and Donna are claiming benefits on behalf of themselves and four children - but they only have two children and have made up the identity of the other two.

AT END ASK:
Q Which of these cases is most/least serious? RANK ON SHEET
Why is that?
Penalties and deterrents - key section

Q How do you think the DSS try to stop people claiming benefits they are not entitled to?
  What are the chances of being caught?
  How are they found out?
  What happens to them?

Q What penalties are you aware of?
  How often do you think these penalties are used?
  Do you think they deter people?
  Would these worry you?

Q What about prosecution?
  How often do you think people are taken to court for benefit fraud? Does it deter people?
  If people are found guilty in court, what generally happens to them?

Q Do you think the sentence they receive makes a difference to whether they commit fraud again?
  PROMPT: Imprisonment, suspended sentence, community service, probation, fine, conditional discharge

Q What else do you think the DSS could do to deter people from claiming benefits they are not entitled to?
  PROBE FULLY: How? Under what circumstances?

Q One suggestion is that people who are caught and admit claiming benefits that they are not entitled to could be officially cautioned. This would mean that the details of the fraud would be kept on their official records and would be used in court against them if they did it again.
  Would this deter people?
  How would you feel about the prospect?

Q Other suggestions
  Suspension of benefit for a fixed period
  Benefit reduced in order to pay off a fine
  Fixed financial penalty
  A warning
  Publishing their name in a local paper
  PROBE AS ABOVE

Q What else do you think the DSS could do to deter people from claiming benefits they are not entitled to?
  PROBE FULLY: How? Under what circumstances?

Q Which of all these suggestions would deter people most?
  REFER TO CASES OF 'JOHN' ETC
Working and claiming

ALL UNEMPLOYED
Q Have you ever had the chance to do some work while on benefit?
  PROBE FULLY: What opportunities?
  What did you do?
  Why?

Q If you were offered a job, what would be the effect on your benefits?
  PROBE: Full-time/part-time/casual work

Q If you were offered a few hours' work, would you declare your earnings to the DSS?
  Why/Why not?
  PROMPT: Likelihood of being caught
  Perception of possible punishment
  Perception of actual punishment

ALL - STRESS CONFIDENTIALITY
Q Have you ever done any work while claiming benefit which you did not tell the DSS about?
  PROBE FULLY: IF YES: Why? What would have stopped you?
  IF NO: Why not?
  PROBE: Opportunity, Motivation
  Likelihood of detection, Perception of penalty

Other types of claiming
Q Have you ever done anything similar to the examples on the cases we talked about earlier? REFER TO CASES OF JOHN ETC
  PROBE AS ABOVE

IF YES GO TO NEXT SECTION
IF NO:
Q Can I just check, have you ever had your benefit stopped by the DSS or your benefit reduced or have they ever tried to recover money they say they you weren't entitled to?

IF YES GO TO NEXT SECTION
IF NO - GO TO FINAL QUESTION

Experiences with the Benefits Agency/(DSS)

PROBE AS FOLLOWS FOR EACH OCCASION
Q What were you suspected of/what did you do?

Q How did the DSS/other organisation find out?
  How did you feel about being found out?
  What did you think would happen?

Q What happened after they found out?
  Initial contact with investigating officers
  Interview with investigating officers
  What happened at the interview/what was the outcome?
  What rights did you think you had? Eg solicitor
  Were you sent any letters?
  What did they say? What did you think of them?

Q How did you feel throughout all of this?
  Did you think they would take you to court? Why/why not?
  Were you taken to court? Why/why not?

IF PROSECUTED:
Q PROBE FULLY: What happened?
  Can you remember what you were charged with?
  Found guilty? Sentence?
  Did it get in the newspapers?
  How did you feel about it?

IF NOT PROSECUTED:
Q PROBE FULLY: What happened?
  Overpayment recovered? How much? At what rate?
  Signed off benefit?
  How did you feel about it?

Q How did you feel at the end of it all?
  What did your family or friends think about it?
  (Did you consider an appeal?)

IF ADMIT/COMMITTED FRAUD:
Q Have you ever done anything similar since you were (last) found out?
  Why/why not?
  If yes - what happened?
  What would stop you?
STRESS CONFIDENTIALITY
Q Would you do anything similar in the future if the opportunity arose?
  Why/why not?
This interview has covered a range of subjects, from your views and experiences of the benefits system to your views about benefit fraud. Is there anything else you would like to say on any of these subjects?

**THANK RESPONDENT**

GIVE COPY OF PSI LETTER WITH YOUR NAME ON IT

GIVE £10 THANK-YOU PAYMENT

REMIND THEM THAT THIS DOES NOT HAVE TO BE DECLARED TO THE DSS!

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<th>Time spent</th>
<th>Activity</th>
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<td>Travelling to area</td>
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<tr>
<td>2</td>
<td></td>
<td>Knocking doors/contacting</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>Interviewing</td>
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### BENEFIT FRAUD
**Contact sheet**

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<td>4.</td>
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<td>5.</td>
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<td>6.</td>
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**Outcome**
- Achieved interview
- Made appointment
- Refusal
- No answer
- Respondent moved away

### VIEWS ABOUT BENEFITS/PSI/s1323
**Interview summary sheet**

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<td>Condition of area</td>
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<table>
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<th>Description of accommodation</th>
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<tbody>
<tr>
<td>Council estate/owner-occ</td>
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<tr>
<td>Flat/house</td>
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<tr>
<td>Condition of accommodation</td>
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</table>

<table>
<thead>
<tr>
<th>Description of respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age, sex, ethnicity</td>
</tr>
<tr>
<td>Attitude - nervous, relaxed</td>
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</table>

<table>
<thead>
<tr>
<th>Circumstances of interview</th>
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<tr>
<td>Who was present at what points</td>
</tr>
<tr>
<td>Where was interview carried out</td>
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<table>
<thead>
<tr>
<th>Reaction to questions</th>
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<table>
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<tr>
<th>Events during interview</th>
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<table>
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<th>Any other comments</th>
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### BACKGROUND INFORMATION

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<tr>
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<th>Age</th>
<th>Marital status</th>
<th>Relationship to respondent</th>
<th>Economic status</th>
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<tbody>
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<td>Respondent</td>
<td></td>
<td></td>
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<td>Adult 2</td>
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<td>Adult 3</td>
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<td>Child 1</td>
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<tr>
<td>Child 2</td>
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<tr>
<td>Child 3</td>
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<td></td>
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<tr>
<td>Others</td>
<td></td>
<td></td>
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</tbody>
</table>

**Economic status**
- In paid work - give type of work, hours
- Unemployed
- Education/training
- Disabled
- Retired
- Caring for children/others

### FAMILY INCOME

<p>| | | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Earnings</strong></td>
<td>Earnings</td>
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</tr>
<tr>
<td>Respondent's main job</td>
<td>£ per</td>
<td></td>
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<tr>
<td>Partner's main job</td>
<td>£ per</td>
<td></td>
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<tr>
<td>Other jobs (note whose)</td>
<td>£ per</td>
<td></td>
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<tr>
<td>Children's earnings</td>
<td>£ per</td>
<td></td>
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<tr>
<td>Total earnings</td>
<td>£ per</td>
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<table>
<thead>
<tr>
<th></th>
<th>Income from benefits</th>
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<tbody>
<tr>
<td>Income support</td>
<td>£ per</td>
<td></td>
</tr>
<tr>
<td>Unemployment benefit</td>
<td>£ per</td>
<td></td>
</tr>
<tr>
<td>Child benefit</td>
<td>£ per</td>
<td></td>
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<tr>
<td>One parent benefit</td>
<td>£ per</td>
<td></td>
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<tr>
<td>Family Credit</td>
<td>£ per</td>
<td></td>
</tr>
<tr>
<td>Retirement pension</td>
<td>£ per</td>
<td></td>
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<tr>
<td>Disability living allowance</td>
<td>£ per</td>
<td></td>
</tr>
<tr>
<td>Sickness/invalidity benefit</td>
<td>£ per</td>
<td></td>
</tr>
<tr>
<td>Other social security benefits</td>
<td>£ per</td>
<td></td>
</tr>
<tr>
<td>Total income from benefits</td>
<td>£ per</td>
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<table>
<thead>
<tr>
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<th>Amount of income</th>
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<tr>
<td>Maintenance payments</td>
<td>£ per</td>
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<tr>
<td>Other income</td>
<td>£ per</td>
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<tr>
<td>Total income from other sources</td>
<td>£ per</td>
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### Ranking different activities

<table>
<thead>
<tr>
<th>Serial number</th>
<th>Rank (1-5) 1=Most serious</th>
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<tbody>
<tr>
<td>Income tax evasion</td>
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<tr>
<td>Fare evasion</td>
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<tr>
<td>Benefit fraud</td>
<td></td>
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<tr>
<td>VAT fraud</td>
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<td>TV licence evasion</td>
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<table>
<thead>
<tr>
<th>Serial number</th>
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<tbody>
<tr>
<td>John - working and claiming</td>
<td></td>
</tr>
<tr>
<td>Sally - living together</td>
<td></td>
</tr>
<tr>
<td>Stan - odd jobs</td>
<td></td>
</tr>
<tr>
<td>Jane - Savings</td>
<td></td>
</tr>
<tr>
<td>Gary - Giro cheque</td>
<td></td>
</tr>
<tr>
<td>Jane and Mark - Identity</td>
<td></td>
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**Card A**

- **A** - Not telling the Inland Revenue about earnings
- **B** - Not paying fares on public transport
- **C** - Not telling the DSS about earnings
- **D** - Exaggerating expenses to Customs and Excise
- **E** - Not buying a TV licence
Card B

Drink-driving

Shop-lifting

Mugging

Joy-riding

Burglary

Vandalism of a home

Someone attacking a stranger
JOHN

Married with three children
Claiming Unemployment Benefit
Working full-time as a self-employed taxi-driver
 Doesn’t declare it

SALLY

Claiming as a lone parent with two children
Living with her boyfriend

STAN

Lives on his own
Claiming Income Support
 Doesn’t declare income from odd jobs

JANE

Lives on her own
Claiming Income Support
Hasn’t declared her £10,000 savings

GARY

Single and unemployed
Stolen someone’s giro cheque and cashed it

MARK AND DONNA

Claiming benefits for themselves and four children
They only actually have two children
### OTHER RESEARCH REPORTS AVAILABLE:

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<th>No.</th>
<th>Title</th>
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<tr>
<td>1.</td>
<td>Thirty Families: Their living standards in unemployment</td>
<td>0 11 761683 4</td>
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<td>2.</td>
<td>Disability, Household Income and Expenditure</td>
<td>0 11 761755 5</td>
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<td>3.</td>
<td>Housing Benefit Reviews</td>
<td>0 11 761821 7</td>
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<td>4.</td>
<td>Social Security and Community Care: The case of the Invalid Care Allowance</td>
<td>0 11 761820 9</td>
<td>£9.70</td>
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<td>5.</td>
<td>The Attendance Allowance Medical Examination: Monitoring consumer views</td>
<td>0 11 761819 5</td>
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<td>Lone Parent Families in the UK</td>
<td>0 11 761868 3</td>
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<td>7.</td>
<td>Incomes In and Out of Work</td>
<td>0 11 761910 8</td>
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<td>8.</td>
<td>Working the Social Fund</td>
<td>0 11 761952 3</td>
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<td>Evaluating the Social Fund</td>
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<td>11.</td>
<td>Customer Perceptions of Resettlement Units</td>
<td>0 11 761976 6</td>
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<td>14.</td>
<td>Child Support Unit National Client Survey 1992</td>
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<td>Preparing for Council Tax Benefit</td>
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<td>Employers' Choice of Pension Schemes: Report of a qualitative study</td>
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<td>GPs and IVB: A qualitative study of the role of GPs in the award of Invalidity Benefit</td>
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20. Invalidity Benefit: A longitudinal survey of new recipients


22. Pension Choices: A survey on personal pensions in comparison with other pension options

23. Crossing National Frontiers

24. Statutory Sick Pay

25. Lone Parents and Work

26. The Effects of Benefit on Housing Decisions

27. Making a Claim for Disability Benefits


30. Lone Mothers

31. Educating Employers

32. Employers and Family Credit

33. Direct Payment from Income Support

34. Incomes and Living Standards of Older People

35. Choosing Advice on Benefits

36. First-time Customers


38. Managing Money in Later Life


40. Changes in Lone Parenthood

41. Evaluation of Disability Living Allowance and Attendance Allowance

42. War Pensions Agency Customer Satisfaction Survey 1994
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143


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