

1. Executive summary

- Over £1 billion paid out in Fraudulent claims for Incapacity Benefit, Social Housing, Single Person Discount, Council Tax and Housing Benefit could be quickly erased if simple, inexpensive and proven data matching techniques were implemented more widely in the system.
- Experian estimates that fraud in the public sector could double over 2010, rising to £5 billion a year (currently running at £2.5 billion excluding loss of tax receipts; source NFA) following the trend of first party fraud in the private sector. In particular, we expect to see rises in a number of frauds including insider, housing benefit, tax credit, income support and incapacity fraud.
- Our insight suggests that fraud will increasingly be perpetrated by those that have not historically been responsible for fraud. Much of this fraud will be opportunistic, triggered by unprecedented levels of personal financial stress. This includes young, well educated city dwellers who are increasingly turning to fraud to maintain lifestyles.
- We expect organised criminals to direct more of their efforts towards the public sector as funding for criminal activities (including drugs, terrorism and people trafficking) is becoming harder to obtain from commercial financial services sources.
- Insider fraud is likely to become a significant problem in the public sector, exacerbated by the expected rise in public sector redundancies over the next 18 months.

Experian's core fraud fighting capabilities include:

1. Ensuring that the citizen is who they say they are at the point of service need without relying on easy to forge identity documents
2. Fast tracking individuals who satisfy identity and eligibility criteria, focussing on those that are of potential high risk
3. Undertaking comparative sector analysis; looking for inconsistencies and anomalies with the information being provided
4. Continuing to assess risk whilst in receipt of benefits, monitoring for changes in circumstances which may lead to lower levels of entitlement
5. Sharing fraud experience widely across both private and public sector to ensure that the risk of dealing with an individual is understood