

Fraud

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Introduction

Fraud is an illegal or criminal act intended to result in financial or personal gain. A claimant and/or their partner may commit benefit fraud by either:

- intentionally not reporting a change in their circumstances
- providing a false statement on a new claim to Universal Credit.

When there is evidence a claimant and/or their partner have committed fraud they are told to pay back the overpaid money and one or more of the following may apply:

- taken to court or asked to pay a penalty (between £350 and £5,000)
- benefits may be reduced or stopped.

If you suspect benefit fraud or a member of the public provides details of suspected fraud, you must complete a Fraud Referral Form (FRF) using the fraud referral icon on your desktop

For information on how to complete the Fraud Referral Form, see Fraud Referral Deskaid

Common examples of where benefit fraud may occur are:

- Living Together as a Married Couple
- Undeclared Income
- Undeclared Capital
- Identity Fraud
- Housing Costs
- Childcare Costs
- Not declaring cash in hand payments
- Under declared self-employed earnings
- Collusive employers
- Advances

Advances

When completing the Fraud Referral Form (FRF) UC Agents should use **SOCIAL FUND OFFENCE** for Advance Payment referrals.

Within the free text box they should enter **UCFS ADVANCE MIS-USE REFERRAL**.

When asked for a conversion date, you must enter **06/09/1969**.

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Unauthorised access

A security incident must be raised when a customer reports unauthorised changes to their online claim for example:

- changes of address
- change of bank account details
- telephone numbers

For information on security, see Security Advice Centre

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Fraud penalties

The penalty regime's aim is to reduce fraud or attempted fraud. The penalties are equal to or tougher than the conditionality sanctions. They are higher in the deduction priority order when the claimant has both. The conditionality sanctions will be suspended and then put back into place, if appropriate, after the loss of benefit penalty period has ended. See deduction priority order

If a claimant comes off Universal Credit and then reclaims during the loss of benefit (LOB) penalty period the LOB will restart and continue until the end of the penalty period.

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Administrative penalty

An administrative penalty can be offered as an alternative to prosecution for low-level or attempted fraud. They will also have a Loss of Benefit (LOB) penalty for four weeks. An administrative penalty is a minimum of £350 or 50% of the overpayment up to maximum penalty of £5,000. This is In addition to repaying the overpaid benefit.

If the administrative penalty is refused, the case is considered for prosecution.

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Loss of benefit penalty

Following a conviction for high-level fraud, a Loss of Benefit (LOB) penalty will apply. The length of penalty is:

- 13 weeks for a first offence that results in a conviction
 - 26 weeks for a second offence, the later of which results in a conviction
 - 3 years for a third offence, the later of which results in a conviction
- For the escalation of the offences to apply, the offence needs to have been within 5 years of the last offence.

Where a claimant has had an administrative penalty applied, their first conviction will attract a 26 week LOB not 13 weeks.

Serious organised fraud or identity benefit fraud

An immediate 3 year Loss of Benefit (LOB) penalty, is applied following a conviction for serious organised or identity benefit fraud, which results in:

- an overpayment of at least £50,000
- the claimant being punished by a custodial sentence of at least one year (included suspended sentence)
- the claimant being found by the court to have committed fraud over a period of at least 2 years.

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Notifications

When the investigation is complete, the claimant is told of the decision. Counter Fraud and Compliance Directorate (CFCD) tell the Service Centre when to apply a loss of benefit penalty, and the length of the penalty period.

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For further information, see:

- Overpayments
- Identity verification and standards of evidence
- Deductions
- Recoverable Hardship Payments

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