

## **Data on benefit fraud, including types of fraud and amounts involved across the UK.**

### **Estimates of the amount of fraud overpayments**

The Department makes regular estimates of the amounts of fraud and error overpayments on the following benefits:

- Income Support (IS);
- Jobseeker's Allowance (JSA);
- Pension Credit ( PC, formerly Minimum Income Guarantee for pensioners);
- Housing Benefit (HB).

The estimates are based on a survey of a sample of cases, and are therefore subject to sampling error.

#### IS / JSA / PC

Results for the first three benefits in the above list are published as a series of National Statistics reports which contain information on overpayments arising from fraud, customer error and mistakes by the Department. They can be found in both Word and PDF formats on the Department's website at the following URL:

[www.dwp.gov.uk/asd/asd2/fraud.asp](http://www.dwp.gov.uk/asd/asd2/fraud.asp)

The latest estimates can be found in the headline report "Fraud and Error in Income Support and Jobseeker's Allowance from April 2003 to March 2004". The URL for this report is

[http://www.dwp.gov.uk/asd/asd2/is\\_jsa\\_fraud\\_headline\\_report\\_apr03\\_mar04.pdf](http://www.dwp.gov.uk/asd/asd2/is_jsa_fraud_headline_report_apr03_mar04.pdf)

Annex 8 on p.65 of the report "Fraud and Error in Income Support and Jobseeker's Allowance from April 2002 to March 2003" gives various tables with historical estimates of overpayments in these benefits. Please note the information in Chapter 4 on p.12 regarding comparisons of these figures over time.

Annex 7 on p.40 of this report gives the most recent regional estimates of fraud and error in these benefits.

The URL for this report is:

[http://www.dwp.gov.uk/asd/asd2/is\\_jsa\\_fraud\\_full\\_report\\_apr02\\_mar03.pdf](http://www.dwp.gov.uk/asd/asd2/is_jsa_fraud_full_report_apr02_mar03.pdf)

#### Housing Benefit

The Housing Benefit Review measures fraud and error in Housing Benefit (HB). It has been running continuously since April 2002. National Statistics Reports are published every six months, giving the latest headline figures and some of the most important breakdowns (by Working Age / Pensioner and by the main causes and types of error).

A further report is published annually, giving more detailed breakdowns of fraud and error.

All reports published to date are available from the Department's website:  
[www.dwp.gov.uk/asd/asd2/fraud\\_hb/fraud\\_hb.asp](http://www.dwp.gov.uk/asd/asd2/fraud_hb/fraud_hb.asp)

### Incapacity Benefit

In 2001 the Department published the results of a National Benefit Review which estimated the amount of fraud and error in claims to Incapacity Benefit.

The report may be found on the website at the following URL:

<http://www.dwp.gov.uk/publications/dss/2001/incapacity/index.asp>

### Instrument of Payment fraud

A further type of fraud is not associated with benefit rules and claimant circumstances but arises through the theft and forgery of paper instruments of payments (Girocheques and benefit order books).

Estimates are made of the amounts lost each year as a result of these frauds.

The estimates use information on the number of instruments of payment stolen each year and assumptions relating to average monetary values.

The figures reported to the Department's Resource Accounts in the period 1999-2004 are given in the table below.

	<b>Order Book Losses £m</b>	<b>Giro Losses £m</b>	<b>Total Losses £m</b>
1999/00	89.4	19.3	108.7
2000/01	58.0	19.2	77.2
2001/02	62.8	19.5	82.3
2002/03	49.7	21.4	71.1
2003/04	46.1	21.9	68.0

### Global fraud

AS well as the estimates for individual benefits referred to above, the Department also has an estimate that the total overpayments due to fraud on all benefits is approximately £2 billion per annum.

This figure uses results from the continuous measurement exercises on IS/JSA/SPC and HB. For benefits not covered by this exercise we rely on fraud rates estimated from older information.

Because of the large uncertainties, due to sampling error and the lack of up-to-date fraud figures for many benefits, we round our figures to the nearest £billion. As a result, £2bn has been our best overall fraud estimate for the last five years. This is not to say that the rate of fraud has not changed, but rather that the uncertainties in our estimate have been too large for us to be able to reflect any change reliably.

### **Benefit fraud related to immigration status**

The Department has no estimates of the level of benefit fraud committed by immigrants, nor are there any data on the amounts of fraud detected based on people's immigration status.

### **Fraud and demographic / geographic indicators**

For a geographic breakdown of the amount of fraud, the only information we have is for Income Support, Jobseeker's Allowance and Pension Credit, as

mentioned above.

[http://www.dwp.gov.uk/asd/asd2/is\\_jsa\\_fraud\\_full\\_report\\_apr02\\_mar03.pdf](http://www.dwp.gov.uk/asd/asd2/is_jsa_fraud_full_report_apr02_mar03.pdf)

## **Fraud and demographic / demographic indicators**

### Income Support/Jobseeker's Allowance

The attached report "**Characteristics of fraud and customer error rates in Income Support and Jobseeker's Allowance**" is a supplementary report on data from the Regional Benefit Review (RBR) collected between April 2002 and March 2003, on Income Support (IS) and Jobseeker's Allowance (JSA) customers. The results produced in this report provide additional characteristics of the claimants captured in a random sample used for the RBR.

The following points should be borne in mind when considering the contents of the report.

- ♣ The calculation methodology used for this report is simplified compared to that used on the same data to produce National Statistics reports. For example, all estimates have been calculated by assuming that we have a simple random sample. Strictly speaking this is not the case, but for the purposes of this report this is not considered to detract significantly from the results quoted at client group level.
- ♣ This report provides more detailed breakdowns of claim characteristics compared to those provided in the published National Statistics report. Some figures are based on very small samples and consequently the uncertainty surrounding these estimates is much greater.

### Housing Benefit

Profiling information for Housing Benefit fraud is not available in the same form. However the Department provides a risk scoring service to local authorities to assist them in targeting checks on Housing Benefit and Council Tax Benefit claimants. The attached report "**Review of Verification Framework risk categories: Results from risk analysis of detected Housing Benefit overpayments**" describes the initial results from risk profiling analysis carried out while developing this service. The analysis is based on detected overpayments that have arisen from fraud or claimant error with the latter being more common. The risk score that is currently in use is in Appendix 4 of the HB/CTB Security Manual that is available on the DWP website:

[http://www.dwp.gov.uk/publications/dwp/2004/hbct/security\\_manual.pdf](http://www.dwp.gov.uk/publications/dwp/2004/hbct/security_manual.pdf)