

Financial Crime Watch - May 2023

The House of Lords Fraud Act 2006 and Digital Fraud Select Committee Report

24 May 2023

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On 9 March 2023 the [Government published their response to the House of Lords Fraud Act 2006 and Digital Fraud Select Committee Report: Fighting Fraud: Breaking the Chain](#).

While the response notes that the Fraud Act 2006 is a sound piece of legislation that is not in need of substantial reform, it agrees there are some key areas where amendments could be made which will assist with the prevention and detection of fraud, and enforcement of the legislation.

At a glance

- On 12 November 2022, the House of Lords Committee published its report *Fighting Fraud: Breaking the Chain*. The report is highly critical of the current state of attempts to tackle fraud and makes a total of 65 recommendations.
- In their response, the government agrees amended legislation is required to extend corporate criminal liability in this area.
- However, the government disagrees that further reform is required in several other areas, including introducing additional incentives and protections for whistleblowers, and (while a matter for the independent Sentencing Council) that amendment is needed to the sentencing guidelines to take into account harm to the victim.

Key areas for reform

The government confirmed that they are committed to extending the liability of corporations by including a specific offence of '[failure to prevent fraud](#)' within the Economic Crime and Transparency Bill, this would cover a situation in which the company has failed to put measures in place to prevent their own employees or agents committing fraud for the benefit of the company. They are also considering other Law Commission recommendations on corporate criminal liability from their [June 2022 paper](#) on reforming how companies are convicted of criminal offences.

The response reiterates that the [Online Safety Bill](#) will impose a duty on tech companies, including social media companies, to have in place fraud prevention measures. All social media services in scope of the Bill will have a duty to set out clearly in terms of service how users will be protected from illegal content and must ensure that these terms are consistently applied. There is also a standalone fraudulent advertising duty for the largest social media and search services. This will require these services to prevent the publication of fraudulent adverts on their services.

The government agreed that more can be done to improve the sharing of fraud risk data with law enforcement. The upcoming Fraud Strategy will detail steps they are taking in this regard.

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