



40%

rise in ID fraud in the past 12 months

£610m

lost to card fraud last year

£2,100

lost by a typical victim of identity fraud

Beat the ID fraudsters

Identity fraud is one of the fastest-growing crimes in the UK, but there are steps you can take to lessen the risk of becoming a victim

Banking and credit card fraud are among the fastest-growing crimes in Britain – one in four people has already fallen victim, according to our new research.

There was a 40% increase in cases of ID fraud in the first quarter of 2009 compared with the same period in 2008, according to CIFAS, the UK's Fraud Prevention Service. Around £609.9m was lost through card fraud last year, £52m from online banking fraud and £42m through cheque fraud losses.

We asked members of the public if they have been affected and if they got the money back. We also looked at the steps you can take to stay safe.

We found

■ One in four people in Britain has been a victim of ID fraud.

■ One in five victims never got the full amount back.

■ Fraudsters may need just a few details. In the case of one Which? member, they used just his birth date and his mother's maiden name to take £46,000 from his account (see p23).

■ On average, identity fraud costs each victim £2,100.

What is ID fraud?

ID fraud is the use of a stolen identity in criminal activity. The most common type is so-called 'card-not-present fraud' which is when a cardholder's details are taken and used to buy goods online, by phone or by post.

Under clause 12.12 of the Banking Code, your bank should show you have acted fraudulently, or without reasonable care, to hold you liable for cases of ID

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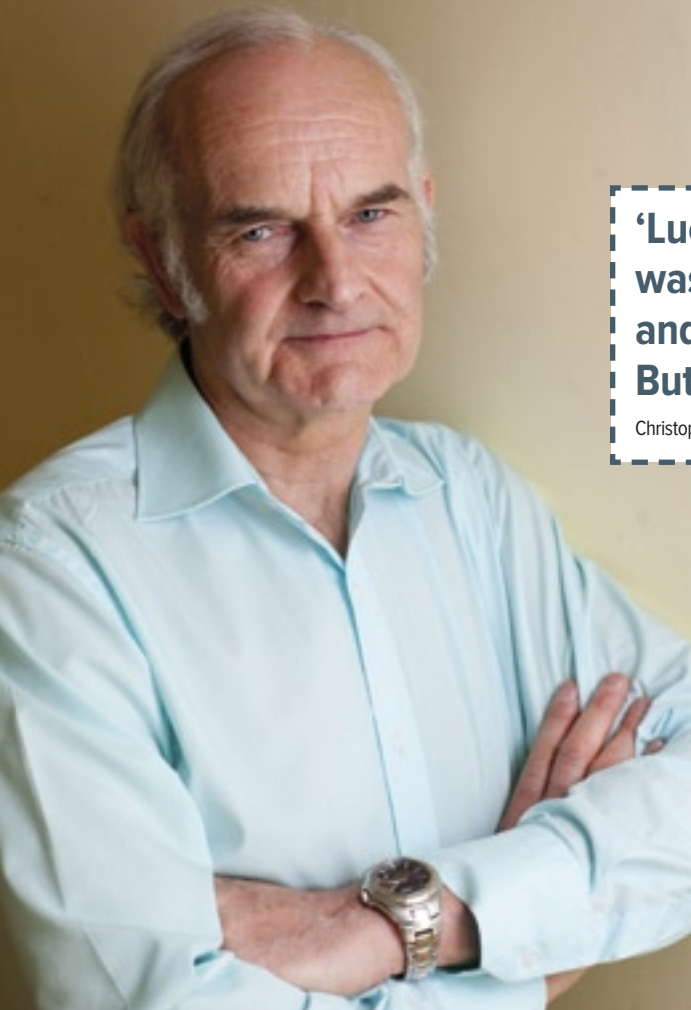
Choosing good, unique passwords can help prevent you becoming a victim of ID fraud

www.which.co.uk/identityfraud

ID THEFT INSURANCE

When you take out a product such as a current account or credit card, the chances are you'll be offered insurance to protect against loss or theft. These policies make banks a fortune, but we think they're a waste of your money.

Barclay's Identity Protection costs £70, Natwest's Identity Protection Alert £80, a year. This includes up to £60,000 cover for legal fees, an ID expert to help if you're the victim of fraud, and access to your Experian credit file. You're unlikely to need £60,000 cover. You shouldn't need the ID expert, because, if you're a victim, your bank should help you anyway. Under the Banking Code they must prove you've been negligent. Getting credit reports from the three credit reference agencies, Callcredit, Equifax and Experian, costs £2 each.



‘Luckily for me, Abbey was extremely helpful and froze the account. But I was worried sick.’

Christopher Hammond

OUR RESEARCH

In May, we asked 1,038 members of the public, representative of the GB population, online, if they had been a victim of ID fraud, how they protected themselves against being a victim, and if they gave personal details on social networking sites.

fraud. Not taking reasonable care might include writing down or disclosing your personal identification number (Pin). If your bank can't prove this, it should give you your money back. Some banks may turn down your claim, depending on the circumstances. If they do, you can appeal to the Financial Ombudsman Service (FOS). After that, if you still disagree, you can use the small claims courts.

Cases of fraud involving credit cards are covered by the Consumer Credit Act (CCA), and you should be fully reimbursed by your card issuer.

‘THIEVES TOOK £17,000’

Fake emails Fraudsters send fake emails to steal personal details. Often, these claim to be from your bank and ask for login information such as passwords.

Which? member Christopher Hammond from Loughton, Essex., received an email, claiming to be from Abbey, saying he had been locked out of his account, and asking him to click a link to his Abbey login page.

He said: ‘I was slightly dubious, but once I clicked the link it took me through to the correct homepage. Once I'd entered my login information it showed

all my accounts with the correct amounts, so I wasn't suspicious.’

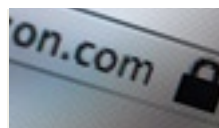
That same day, he tried to take out some money and was refused. He spoke to a bank adviser and found that £17,000 had been taken from his account, leaving just 9p. ‘Luckily for me Abbey were extremely helpful and froze the account, but I was worried sick.’

TAKE ACTION

■ Your bank will never ask for secure details in emails, and generally won't give you click-through links to its site.

■ Be careful with passwords for online banking. Don't use your mother's maiden name or other obvious details.

■ Look for https and the padlock symbol (right) at the beginning of any website's address asking for payment details: this shows a secure site.



‘£2,000 TAKEN IN 25 MINUTES’

Stealing your cards Fraudsters can also steal money by taking cards directly

from the cardholder or by intercepting mail. A fraudster can find the Pin of a stolen card – possibly by looking over someone's shoulder (so-called ‘shoulder-surfing’) and use it to withdraw money.

Which? member Iain Richardson of Thame, Oxfordshire, was at the gym when his NatWest debit card was stolen from his locker. Within 25 minutes, more than £2,000 had been taken from his account, including £1,800 over the counter at a NatWest branch, without providing proof of identity. NatWest told Mr Richardson he must have been negligent as the correct Pin was used.

Mr Richardson said: ‘Under the Banking Code they have to prove I was negligent, which I wasn't. I think they were at fault for allowing so much money to be taken out without proof of identity.’

Mr Richardson took his case to the FOS which turned him down based on the probability of him being negligent with his Pin. NatWest's solicitors told him he could be liable for their costs if he went to a small claims court and lost. A NatWest spokesman said that its debit

THE SAFETY OF CHIP AND PIN

Which? members tell us of cases where their cashpoint number has been stolen

Chip and Pin was heralded as a breakthrough in security when introduced to the UK in 2004 and has helped slash fraud on lost and stolen cards, and on face-to-face transactions.

But Which? members have told us of cases where the Pin of a stolen card was used, without being disclosed.

Under the Banking Code, your bank should prove you've acted fraudulently or without reasonable care to hold you liable for cases of fraud. Otherwise, it should give you

the money back. But there have been a number of cases where banks are refusing to compensate victims targeted in this way (see Iain Richardson's story above). This is despite credit and debit card fraud at UK cash machines increasing 31% between 2007 and 2008.



Stephen Mason, a barrister specialising in this field, says: ‘A person can take very good care of their card, but they can't guard against an ATM that has a pinhole camera. Not only that, the customer has to rely on the bank to ensure the ATMs and terminals, such as in garages, are secure, as is the connection between the ATM and the bank computer system.’

Chip and Pin is the most secure method of payment, but it's important to know your rights if your Pin is stolen.

card's conditions, and the Banking Code, say customers shouldn't record a Pin in a way that can be understood by others.

'We thoroughly investigated Mr Richardson's case and whilst the bank sympathises with his situation, the Financial Ombudsman Service has upheld the bank's decision that Mr Richardson breached the terms and conditions of his debit card.' Mr Richardson denies this.

TAKE ACTION

■ Never write down a Pin or give it to anyone, and destroy documents that show it. Don't use the same Pin for different cards, and shield your number with your hand when you enter it.

'FRAUDSTERS GRABBED £46,000'

Getting your personal information

Banking ID theft occurs when someone opens or takes over an account by gathering personal information. A fraudster could get the information from utility statements, or online, and contact the bank masquerading as the cardholder. They could transfer money from the account, or change the address and have replacement cards sent.

The personal information could be as simple as a mother's maiden name and your date of birth, as it was in the case of Mike Hill of Bexleyheath. Using just those details, fraudsters took over his

Barclays savings account and were able to request that a new debit card and Pin number be sent to his home address. They intercepted his mail, and took £46,000 from the account over the next two weeks. He said: 'I was upset my bank hadn't acted at the time of the fraud.'

They also turned down my request for an overdraft to tide me over, even though it was Christmas.'

Barclays refunded the money and gave Mr Hill £200 extra. It told us that a debit card being intercepted was out of its control, but said it couldn't discuss security details.

TAKE ACTION

■ Be vigilant with personal information. Shred bank statements, utility bills and receipts. The Best Buy Swordfish 500DC shredder (left) cost £31 on Amazon, when we checked.

■ Think twice before putting personal information such as date of birth, online, for example on a social networking site.



'I was very upset my bank hadn't acted at the time of the fraud. They also turned down my request for an overdraft.'

Mike Hill



'Under the Banking Code they have to prove I was negligent, which I wasn't.'

Iain Richardson



Checklist

Take these steps to help stay safe from the ID fraudsters

- Check your accounts regularly for unauthorised transactions.
- Shred documents containing personal information.
- Don't use obvious passwords, eg your mother's maiden name.
- Keep your Pin safe – don't write it down and shield your hand when you enter it into a machine.
- Always make payments on a secure website, shown by 'https' at the beginning of the web address.
- Don't use the same Pin and passwords for different cards or accounts.
- Never respond to or click-through emails from banks.

