

SCAMS:

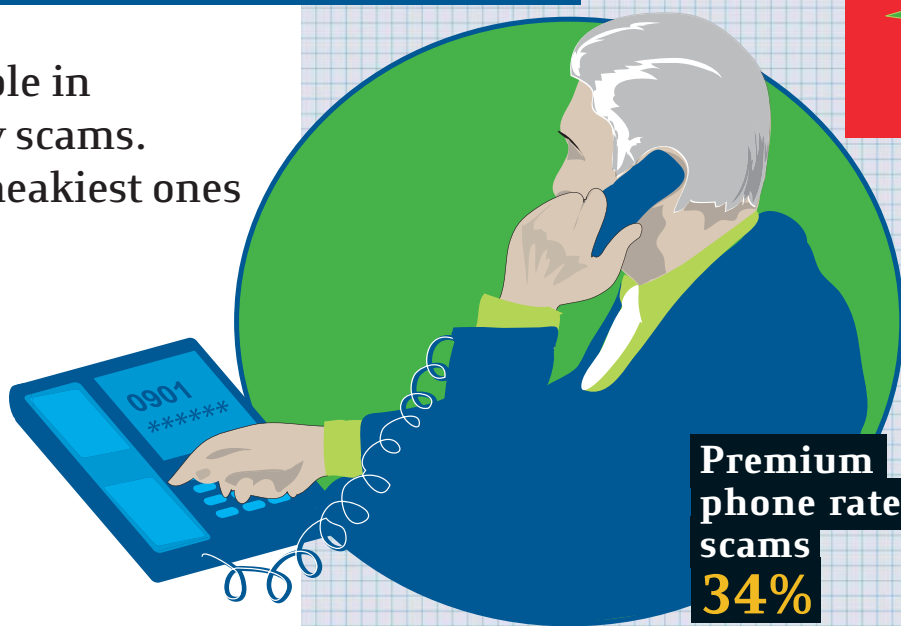
DON'T GET SUCKED IN

A staggering 28 million people in Britain have been targeted by scams. We investigate some of the sneakiest ones

Scam artists have no scruples. *Which?* reader Steve Jones (not his real name) recently told us about the experience of his elderly grandmother. Through a variety of scams, she has been conned out of more than £40,000 over the last three years. She is still so upset that she didn't want us to identify her. Steve told us: 'It has been really difficult for her to admit that she has been taken in and lost her life savings and more.' Steve's grandmother replied to every single 'prizewinning' mailshot she received, despite all efforts from her family to persuade her not to. 'She never accepted that the mail and phone calls were part of elaborate scams,' Steve told us. 'She still believed that she had won.'

Our research found that around five million UK adults have responded to an offer that was a scam. We've highlighted some of the most widespread scams to help you avoid being caught out.

Direct mail
scams
33%



Premium
phone rate
scams
34%

HOW WIDESPREAD ARE SCAMS?

According to our survey, five million people in Britain have responded to a scam; 28 million people have seen or received at least one. The illustration above shows the percentage of people in our survey who have seen or received each of the main types of scam.

Premium phone number scams

The phone rings just as you are starting dinner and a recorded voice tells you that you're the lucky winner of an amazing holiday. *Which?* investigated competition phone-line scams last year, and since then they have shown no signs of dying out. In fact, we found that a third of adults have received a scam phone call. That gives premium-phone-line scams the dubious honour of the most wide-reaching scam in Britain.

These simple scams are also the ones that

most people have been tricked by. Our research shows that two million of you have responded to these competition scams in some way. Considering that it can involve calling a premium 090 number

at up to £1.50 a minute, you can imagine the sums that these scam artists are making.

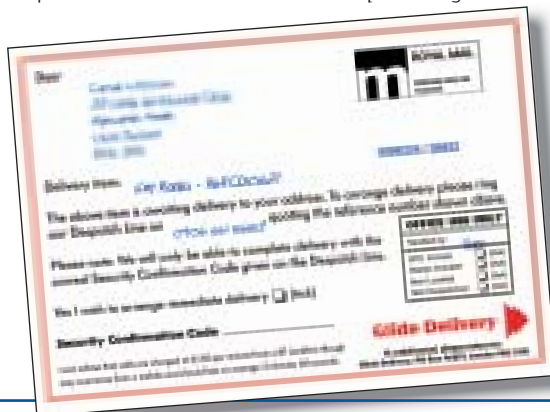
One of our researchers recently received a note masquerading as a

Royal Mail delivery slip (pictured), informing her that she had an item (an FM radio) to pick up. All she had to do was call a premium-rate number, charged at £1.50 a minute. The call lasted four minutes (costing £6) and she has yet to receive her radio.

The good news is that, since our June 2005 investigation, Icstis, the premium-rate watchdog, has announced new measures to combat rogue traders. It has introduced new rules to force phone networks

to wait 30 days before passing the revenue to the premium-rate operators. Icstis Director George Kidd says that this is great news for consumers: 'Our action removes a major incentive for rogue service providers – namely, getting their hands on the money as quickly as possible.'

We'll have to wait to see the impact of these changes. In the meantime, if you receive a call or note telling you you've won a competition you've never entered, treat it with suspicion.

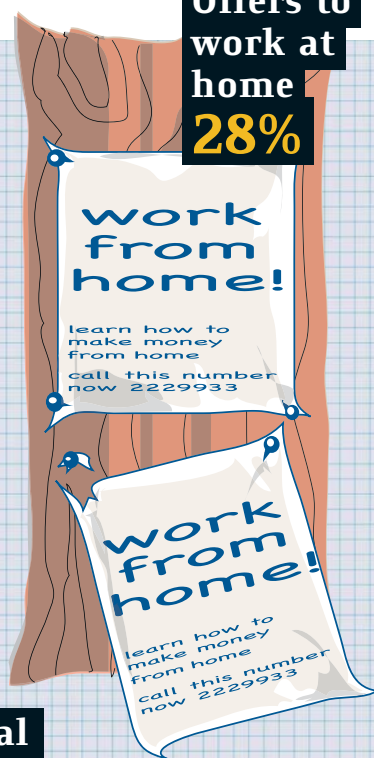




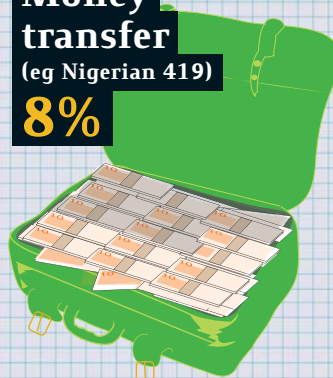
**International
lottery
scams
16%**

In September 2005, we conducted 1,050 face-to-face interviews with a nationally representative sample of adults aged 15 plus living in Britain.

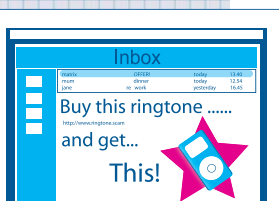
**Offers to
work at
home
28%**



**Money
transfer
(eg Nigerian 419)
8%**



**Clairvoyant/
psychic
scams
10%**



**Matrix
schemes
6%**

The da Vinci code scam

Dan Brown has made millions from his hugely popular novel *The da Vinci Code* and now scam artists are attempting to follow his success. During the summer, Jennie Freshwater, one of our researchers, received a letter that designated her as the 'legitimate heir to the Codex of Leonardo da Vinci'. She was sceptical, but decided to read on.

According to the scam, not only does Jennie have famous ancestors she's unaware of, but there is also a secret treasure trove just waiting to be dug up: 'There is a coffer filled with gold coins...it is well hidden

and only you can find it, because it is yours'. Wow. We were suddenly desperate to hear more. Magdalena, the beautiful blonde pictured in the letter, kindly asked Jennie to forward a 'small contribution' of £25, for which she'd send her 'the Codex of da Vinci, not only to attract powerful rays of Luck and Money, but also to short-circuit all your problems'.

Amazingly, Magdalena promised Jennie that she'd be able to use the codex to determine the location of the coffer of gold coins. Jennie was guaranteed that 'images will appear on

the golden screen as if on a television'. Better even than the new video iPod then, and cheaper, too. Excitedly, Jennie sent her cheque for £25.

The promised codex arrived within two weeks. Inside the small red velvet pouch was a cheap, tinny pendant of the type you win at the fair (see picture, right). The Jiffy envelope it arrived in was probably worth more. To be fair, we weren't exactly surprised. The original letter had all the hallmarks of a scam – it constantly repeats Jennie's name, makes promises that are just too good to be true, asks for money upfront

Someone very close has designated you as the legitimate heir to the Codex of Leonardo da Vinci. Thanks to the Codex, you will receive an immense fortune reserved especially for you.



Magdalena
Clairvoyant
Astro-Medium
Numerologist

In exchange for £25, our researcher was promised the 'Codex of Leonardo da Vinci' – which turned out to be a cheap, tinny pendant



and gives a PO box in Switzerland.

No doubt we'll next receive a letter telling us that we are Dumbledore's legitimate heir and the

key to Hogwarts is ours. This time, our Best Buy shredder will be coming out of the cupboard before you can say 'Expelliarmus'.

The work-from-home scam

Hundreds of adverts appear daily in local newspapers, on lamp posts or on the internet claiming that you can make thousands without ever leaving the house. But what exactly do these jobs involve?

Over a quarter of adults have seen one of these adverts. Clearly not all of these are scams, but it pays to be on your guard. Mike Lambourne, head of the ScamBusters team at the Office of Fair Trading's (OFT), says that you should be wary of home-working schemes that seem to offer good money for very little work, or the opportunity to 'get rich quick'. 'Often, the earnings claims made are misleading, or you are not told the true nature of the work', he told us.

When we started to investigate these schemes, our main problem was actually finding out what the 'job' entailed. We

responded to a couple of adverts and in both instances were asked to part with money upfront (up to £30) to receive the 'joining pack' for further information.

One joining pack we've seen suggested taking out an ad in the local newspaper advertising a 'work-from-home' scheme. You are then instructed to charge a fee to anyone who contacts you, make copies of the pack and send them exactly the same information. So there is no end product – just potentially hundreds of classified adverts advertising nothing and charging for it.

Other employment scams target people who are looking for a change in career. The Department of Trade and Industry (DTI) warns of schemes that offer training courses to become a pub landlord, with a guaranteed job at the end.



Robert Burns, Inspector of Companies at the DTI, told us: 'We aren't aware of anyone obtaining a tenancy or manager post through this scheme.'

If you do respond to an advert on working from home and you're asked for money upfront, it's likely to be a scam.

The international lottery scam

Cherry Howard

From: Cherry Howard
Sent: 02 September 2005 20:38
To: terry made
Subject: RE: RESPONSE

My name is Cherry Howard, and my telephone number in England, 01462 123456.
Any fee should be deducted from any winnings - if they happen!
Best wishes,
Cherry Howard

-----Original Message-----
From: terry made
Sent: 02 September 2005 19:11
To: Cherry Howard
Subject: RESPONSE

DEAR WINNER,

BE INFORMED THAT YOUR WINNING CLAIMS HAVE BEEN VERIFIED AND AUTHENTICATED. CONSEQUENTLY I HEREBY CONGRATULATE YOU FOR BEING ONE OF THE WINNERS OF THE INTERNATIONAL LOTTERY PROGRAM. AS YOU NEED OUR SERVICE, YOUR OBLIGATION WILL BE TO FACILITATE THE RELEASE OF YOUR WINNING. YOU NEED TO PAY FOR THIS TYPE OF SERVICE MY STANDARD CONTINGENCY FEE IS ONLY 3%. I HOPE YOU AGREE WITH IT.

WE HAVE STARTED PROCESSING THE CLAIM TO YOUR WINNING AND TO MAKE YOUR FUNDS AVAILABLE TO YOU WITHIN A 48 HOURS FROM THE DAY OF SUBMISSION;

IMMEDIATELY THE PROCESS IS STARTED, YOU WILL RECEIVE ALL THE NECESSARY DOCUMENTS AND DAY TO DAY UPDATE OF YOUR CLAIM PROCESS TO ENABLE YOU MONITOR THE PROCEEDINGS. THE EARLIER YOU EXPEDITE ACTION THE BETTER FOR YOU BECAUSE YOU DO NOT HAVE MUCH TIME LEFT TO WASTE.

THIS PROCESS IS VITAL AND URGENT FOLLOWING THE INSTRUCTION OF OUR BANK THAT ALL PRICE MONEY SHOULD BE CLAIMED ON OR BEFORE THE 30TH OF SEPTEMBER 2005. DO SEND TO US YOUR NAME AS IT IS IN YOUR VALID IDENTIFICATION, YOUR PHONE AND FAX NUMBER IF YOU HAVE ANY.

I HAVE ALREADY REQUESTED FOR YOUR LOTTO WINNER CERTIFICATE FROM THE LOTTO ORGANIZATION. IMMEDIATELY I OBTAIN IT I WILL SEND YOU A COPY LATER FOR YOUR PERUSAL. PLEASE IF YOU HAVE ANY QUESTION DO NOT HESITATE TO ASK. YOU CAN GIVE

We've all spent idle moments daydreaming about winning the lottery, so when you open an email or letter telling you that all your dreams have come true, it's very tempting to get carried away.

Which? reader Cherry Howard, from Andover, received an email saying she'd won \$2,500,000 in the 'Email Lottery Ballot International', a draw promoted and sponsored by unnamed 'eminent personalities' and one which Cherry had absolutely no recollection of entering. She was asked to pay a \$75,000 'contingency fee' to release the winnings. After confirming her name and telephone number by email, Cherry replied saying the payment could be taken from her winnings. Her husband, John, later telephoned the Dutch mobile number to ask for more details. The person became 'rather stropky' and John decided to hang up.

Fortunately, the couple haven't been contacted since or suffered any repercussions. But, despite realising early on

that it was 'a classic con', John remains concerned that some people targeted by such scams might not know where to go to get advice.

Cherry is one of many. Our research showed that 16 per cent of Britain's adult population (almost eight million of you) have seen or received material promoting this kind of international lottery.

It's illegal to promote foreign lotteries in the UK but modern communication methods, such as email and mobile phones, make it difficult for police to crack down on the perpetrators, as most are based abroad. Even if you don't cough up any money, you could still be a victim – by simply confirming names, email addresses or telephone numbers, you may be providing information that can be used to carry out identity fraud. Our advice is to shred or delete any approach you may receive from a foreign lottery. And remember, you can't win a lottery when you haven't bought a ticket.

The charity collection scam

January is prime time for scam artists posing as charity collectors. Look out for leaflets through your door offering free collection of your household or electrical goods. Some don't give any of the proceeds to charity, while others boast that 1 per cent of the value of your goods will be donated.

Sarah Jane Digby, spokesperson for the Charity Commission, recommends that you check whether the organisation named is legitimate. 'Look for a registered charity number,' she told us. 'This means it is registered with us, and therefore must operate

for fully charitable purposes. Ring our helpline on 0845 3000 218 if you are unsure.'

Door-to-door collections are also common. If you're approached, ask whether the collector is from the charity itself or from a separate fundraising organisation. If the latter, ask what proportion will go directly to the charity.

And don't be shy about asking to see official permits. Sarah Jane Digby told us: 'Most collectors are honest and genuine and will be happy to answer your questions, while fake collectors

If someone collecting for charity comes to your door, ask to see their permit



will be put off by questioning'.

Charity publications

Scam artists have also jumped on the charity publications bandwagon. In April this year, the Department of Trade and Industry (DTI) issued a winding-up order for Anderson

Clarke Publications Ltd, which claimed to be publishing drug awareness booklets for schools. It received £1.2 million in donations which, according to the DTI, 'is almost certainly an underestimate of the amount taken from small businesses and the public'.

The truth about scams

- Scam artists will use your name but they don't know you. Any mail you receive will look personalised but you are never the only 'winner'.
- Scam artists are only after your money. You'll always be asked to pay them money before you receive your 'prize'. Never give out money at the promise of receiving more.
- Scam artists are good actors. They will be more excited than you about your 'good luck'. They will be friendly on the phone or on the doorstep.
- Scam artists are up to date and well organised. They use the latest trends – for example, *The da Vinci Code* – to make them seem current and credible.
- Scam artists have a believable answer to every one of your questions.
- Scam artists try to rush you into a decision. They don't want you to think about whether the offer or win is genuine.
- Scam artists will steal your personal information. They will demand your bank or credit card details and use them to commit fraud.
- Scam artists target all of us. Don't think you can't be conned.

The classified ads scam

Even people selling their own possessions honestly can't escape the scam artists. Ian Hubbard, from Ulverston, recently advertised his Reliant Kitten on a classic car website for £650. Bizarrely, he was then approached and offered £5,300 for the car. He couldn't keep the profit, though, but was asked to cash the South African cheque he was sent and return £4,650 of it by Western Union money transfer to the buyer's 'shipper' in Nigeria.

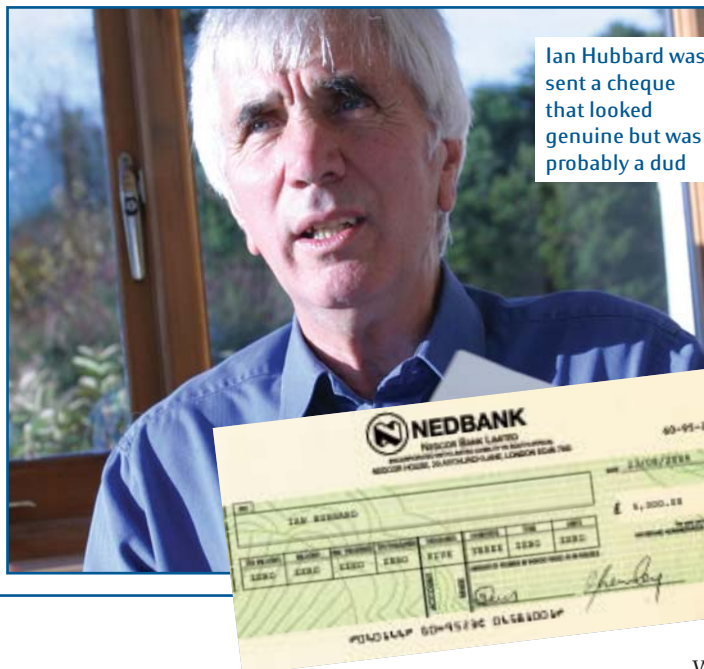
Sensing something wasn't quite right, Ian immediately pulled out of the deal, despite the claims of the would-be buyer to have fallen on hard times – a hallmark of this kind of scam. Had Ian gone through with the arrangement and agreed to transfer the £4,650, he would have found himself seriously out of pocket once the seemingly authentic cheque was rejected and the funds retracted. This is because cheques can be withdrawn at any point in the

cheque-clearing cycle, even after money has been paid into the recipient's account.

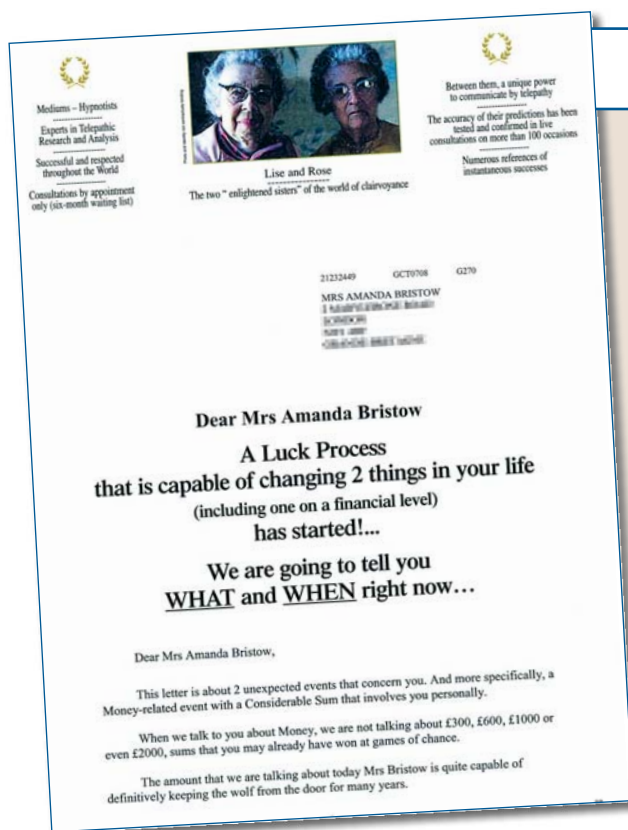
Apacs, the body that oversees the payment industry, advises against accepting high-value cheques from anyone unless you know and trust them. Ebay urges all sellers 'to use extreme caution when accepting foreign

cheques for high-priced items', especially when buyers ask to make excessive overpayments.

Western Union has joined forces with the police and OFT to make it harder for its business to be exploited. Before wiring money, customers have to sign a form confirming they are sure they're not being defrauded.



Ian Hubbard was sent a cheque that looked genuine but was probably a dud



The clairvoyant scam

Some of the most common direct-mail scams are from so-called psychics who promise to make predictions that will change your life forever (for a small fee, of course). Mike Lambourne from the OFT told us how these scams prey on those with a superstitious nature: 'These letters are mass-marketed and go out to millions of us at a time. Because of the way in which the letters are personalised, they hoodwink recipients into thinking that they have been singled out as

being especially fortunate.'

One of our researchers, Amanda Bristow, recently received a mailing from the two 'famous enlightened sisters', Lise and Rose. Taking the letter at face value, it is very easy to see how those targeted could be tricked into parting with their cash. The sisters describe how they 'have helped people with serious problems, in desperate need of a change in their lives'. To see what would happen next, Amanda sent them £27 for their 'Great

Personal Luck study'. She was told it would arrive 'in discreet packaging' and could reveal 'point by point all of the major events that are going to happen in your life in the near future'. A month later, she received a second letter asking for £29 in return for winning lottery numbers.

Before Amanda wrote to the Psychic Sisters, she'd only ever received a handful of scams in the four years at her home address. Now she's getting four or five a week.

Pyramid and matrix schemes

Which? reader Gill Farrington was persuaded to invest £1,500 in the 'Women Empowering Women' pyramid scheme in 2003. The scheme worked by asking new joiners to give money to another person whose name was at the top of a list. Gill's name was added to the bottom of the list in the hope she would move up the list and receive money from other joiners.

Unfortunately, these scams are doomed to fail. There isn't an infinite number of people who are willing to join, and when no one else can be persuaded, the pyramid collapses and the remaining participants lose all the money they invested. Gill lost all

her money and is still upset by the experience: 'It really shook me, especially as I was persuaded to join by a close friend, who told me how good it was.' The good news is that the Gambling Act, which comes into force in September 2007, will outlaw these schemes.

The younger brother of pyramid schemes, matrix schemes embody the cliché 'if it looks too good to be true, it probably is'. However, like pyramid schemes, not everyone who takes part is going to suffer. Indeed some participants will get 'something for nothing' or at least 'something for very little'.

Matrix schemes tend to operate via websites and work by asking you to buy something of little value, such as a

ringtone, in exchange for something worth a lot more money, such as an iPod. Once you've signed up, you'll be placed on a waiting list and offered the opportunity to move up the list (or bypass the lists altogether) by recruiting more players.

The nature of matrix schemes means that the number of members waiting for a 'free gift' always far exceeds the number of 'free gifts' awarded. Like pyramid



Gill Farrington lost £1,500 in a pyramid scheme



schemes, those who sign up late are unlikely to reach the top of the waiting list, as the number of willing participants begins to dwindle.

Last August, the OFT forced Mobiles4all Ltd to close down its matrix scheme. Mobiles4all asked people to buy a cheap product such as a Sim card or CD Rom. Those who bought the items were placed on a waiting list and told they would receive a prize when they reached the top. The catch was

that up to 30 new recruits had to sign up before participants received anything. And they, in turn, had to wait for another 30 to sign up.

The OFT closed down the operation, deeming it to be an unlawful lottery as it wasn't licensed to run as such. For a legal chance to win a prize, you could buy a ticket for the National Lottery. The chance of winning is 14 million to one, but at least it costs only £1.

The Nigerian 419 scam

Scam victim freed after kidnap ordeal

BY JAMES MORRISON

A British businessman has been freed from a week-long kidnap ordeal that began when he was lured into flying to South Africa to hand over his bank details to a notorious Nigerian crime syndicate.

Josef Raca, the owner of a Northampton-based import/export company and a former mayor of the town, was flown back to England yesterday following an international undercover police operation.

The 68-year-old father of two had been kidnapped at Johannesburg Airport a week earlier after agreeing to meet a man and a woman to discuss a financial deal. Mr Raca said his captors had threatened to



Joseph Raca was seized and threatened with mutilation

cut off his ears and kneecap him if he failed to give them his credit card Pin numbers. "I was very frightened," he said. "I crawled and begged and kept trying to persuade

them not to kill me." Mr Raca's experience began when he replied to a letter inviting him to take part in a "business transaction" that would involve him transferring large sums of money between countries through his bank account in return for a hefty fee. The "419 Nigerian letter" has been used by West Africa-based fraudsters for years.

After flying out to Johannesburg to meet the letter's authors, Mr Raca was kidnapped and his family ordered to pay £20,000. When Mr Raca's wife, Aurelia, was telephoned with the demand last week, Northamptonshire police contacted their South African counterparts.

Mr Raca was freed on

Wednesday after three of the kidnap suspects were tracked to a Johannesburg bank, where they were attempting to withdraw ransom money.

Police in South Africa have been trying to break the racket for years. Dubbed the "419" scam after the relevant section of Nigeria's penal code, it involves people being sent letters saying a foreign government or official agency is seeking to store large sums in their bank account. They are then stung for various "advance fees" and "taxes".

More than 78,000 such letters have been received in London alone over the past three years.

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The 419 scam (named after the relevant part of the Nigerian penal code) has been around for a decade or so now but shows little sign of disappearing – eight per cent of all adults in Britain have seen a 419 scam.

The exact scenario in the email or letter can differ but some details remain constant: there is a large sum of money waiting to be paid out; secrecy is an absolute must to protect all concerned; and the writer is willing to share the proceeds, initially only for supplying a foreign bank account number. The scam artist sometimes signs off using the title of Doctor, Chief or General.

Those who are enticed and contact the fraudsters get drawn into an ever more complicated scenario. At the heart of the scam is the 'advance fee'. You will be asked to transfer money – often thousands of pounds – to cover some 'unforeseen problem'. But you never

receive any of the promised cash from abroad.

One of the most prominent victims of the 419 scam is Joseph Raca, the former mayor of Northampton. In 2001, Mr Raca received a letter from an 'official' South African government source and asked for his help to transfer funds out of the country. Mr Raca was tricked, and engaged in correspondence with the scam artists. He then flew to Johannesburg to 'complete' the deal, but

of our international activity we feel necessity of new employees...we have announced a set of employees on a post the Regional Financial Manager [sic].

As you can see, one hallmark of this scam is poor English. These emails are a thinly veiled version of the same 419 fraud – at some stage you will be asked to pay an advance fee.

During our research, we were amazed to discover that some people have taken it

The scam artist signs off using the title Doctor or Chief

was kidnapped at the airport. A ransom of £20,000 was demanded from his wife but the police managed to track down the kidnappers and he was released.

The publicity created by the Nigerian 419 scams has forced the scam artists to try different approaches. At *Which?* we've received emails offering us a job as a 'financial manager'. One said: 'In connection with constant expansion

upon themselves to become 'scam-baiters' – replying to the emails and attempting to waste the fraudsters' time and avert them from taking money from others. We think this is a dangerous game. These scams are run by highly organised criminals and we recommend you never reply to any of these approaches. Delete the emails and shred the letters.

Stamping out scams

The OFT estimates that we, as consumers, lose one billion pounds to scam artists every year. Unfortunately, if you respond to one scam, you're likely to receive more as your name will be sold on to other unscrupulous traders.

Mike Lambourne, head of the ScamBusters team at the Office of Fair Trading (OFT), told us: 'Once you've fallen for one scam, it is likely that your name and address will be added to what we call the "suckers" mailing list and you may be bombarded with further scams.'

Next month the OFT launches its second Scams Awareness campaign. It aims to arm consumers with the knowledge and skills necessary to recognise, report and stamp out scams. Look out for the publicity in February.

Unfortunately, scams are continually evolving and can be hard to spot. And the internet has opened up new avenues for criminals to exploit.

As awareness of one scam rises, and authorities take steps to hunt them out, another evolves.

Scam artists will approach you by mail, phone and email – here are some tips on how to deal with them.

JUNK MAIL

One way to reduce the amount of junk mail you receive is to

register with the Mail Preference Service (visit www.mpsonline.org.uk or call 0845 703 4599). All members of the Direct Marketing Association have to comply with the MPS, but registering won't stop letters from companies that aren't members. It isn't likely that fraudsters will comply, but it might make it easier for you to spot a scam among the rest of your normal mail.



PHONE CALLS

To reduce the number of cold calls you receive, register with the Telephone Preference Service (visit www.tpsonline.org.uk or call 0845 070 0707). It's illegal to make a marketing call to someone registered with the TPS – but you may still receive calls from overseas and from companies breaking the law.



EMAIL

If you receive scams by email, you can report the email to the 'abuse' address of the webmail provider – just put the word 'abuse' before the @ sign. For example, if the scam comes from a hotmail address, forward the suspect email to abuse@hotmail.co.uk, which will investigate, and possibly close down, the email address.