

Watchdog warns charities and the public to protect themselves against fraudsters amid pandemic

The Charity Commission is warning trustees and donors to strengthen their defences as it fears the pandemic has created environments that are enabling charity fraud.

As we enter [Charity Fraud Awareness Week](#) (19 – 23 October 2020), charities have reported being victims of fraud or cybercrime 645 times since the start of the pandemic in March, amounting to £3.6 million in total losses to charities. The true scale of fraud against charities is believed to be much higher, as fraud is known to be underreported.

The regulator is concerned that remote working and virtual activities and sign-off processes, combined with charities' tendencies to place goodwill and trust in individuals, may make them especially vulnerable. It says that charities providing services and supporting local communities could be amongst those at risk after earlier [reports of criminals using PPE](#) as a lure in scams.

Analysis of frauds reported to the Commission has found that in some cases fraudsters have preyed on people's fear and anxieties. In one case, the regulator saw a fraudster using a beneficiary's story of personal struggle during the pandemic to pressure a charity into making a payment quickly. The regulator also considers that economic hardship may have increased perpetrators' temptation to commit fraud, particularly in cases of insider fraud. It has seen cases of charity employees diverting funds into their personal bank accounts and even selling charity equipment for personal gain.

Helen Stephenson CBE, Chief Executive of the Charity Commission said:

We are seeing evidence that opportunists may be taking advantage of charities during the pandemic and I urge all charities to be extra vigilant against fraud.

This comes at a time when charities are a lifeline for many people suffering from Covid-19, and the wider impacts of the pandemic – charities have been at the forefront of responding to the crisis, and many have also been placed under severe financial strain. As our country faces another challenging point in the crisis, we cannot afford for charitable work to be disrupted by criminals. When fraud hits charities, its impact is felt far beyond the balance sheet – it is people that are let down, often hard-working volunteers or people in desperate need. That's why I'm urging all trustees to take action now, to protect their charity's valuable

funds and assets.

Charity brings immense value to society, not just through the good work charities do directly, but also in its power to promote cohesion, well-being, and pride in our society. This is more important than ever, so the fact that there are those who wish to exploit public generosity and charitable endeavour for selfish, criminal purposes is appalling. Combating fraud is vital to giving people confidence that their money is safe and will go to the causes they care so deeply about.

[Research by the Commission](#) has found that nearly three quarters (73%) of charities affected by fraud go on to change their procedures or enhance internal controls to avoid future frauds. The same survey also found that two thirds of frauds are picked up by financial controls or audit, so the regulator says that some simple checks and controls, together with a strong counter-fraud culture, can be key to disarming fraudsters.

Charities can find free tools and advice via an [online hub](#) as part of Charity Fraud Awareness Week, and are urged to follow the regulator's 3 top tips in the fight against fraud:

1. Be fraud aware

- All organisations are at risk from fraud – being a charity is no defence
- Be vigilant – in order to fight fraud, you need to find fraud
- Be sure your trustees, staff and volunteers know how to spot and report fraud

2. Take time to check

- Ensure your charity has robust financial controls in place and knows how to enforce them
- Is there a counter-fraud policy that staff and volunteers are signed up to?
- Trust is exploited by fraudsters – be willing to challenge unusual activity and behaviour, whoever is involved

3. Keep your charity safe

- Prevention really is better than cure – taking simple steps now will help protect your charity from harm
- Building a strong counter-fraud culture is vital and will boost your charity's defences
- Help is available – seek professional advice if you need to
- Some charities may not even know they have been defrauded

Helen Stephenson added:

Sadly the figures we're seeing are likely to just be the tip of the iceberg. We know that fraud is under-reported and I worry that the

pandemic may have intensified that. Charities working remotely may be slower to discover fraud in their new environments. We cannot fight fraud if we cannot find it, so I'd urge anyone involved in charities to speak out if they see anything suspicious.

“Check before you give”

The regulator also fears that the public's generosity could be abused before cash reaches charities. [Action Fraud](#) has received reports of a scam email purporting to be from HM Government asking for donations to the NHS during the COVID-19 outbreak.

Anyone wanting to support NHS charities can search for charities via the new [register of charities](#) and should always check for a registered charity number before giving.

The Commission has [published advice for the public](#) on how to ensure they are giving safely to registered charities.

Helen Stephenson warned:

The fundraising efforts we've seen over the past 6 months have shown the British tradition of charitable giving at its best. We must not allow that generous spirit to be knocked by criminals. My message to everyone is to give with your head as well as your heart: always check you are donating to a genuine registered charity before giving.

Pauline Smith, Head of Action Fraud, said:

It's a sad reality but unfortunately criminals will try to abuse the generosity of others for their own gain. This can have a huge financial impact on charities and the good causes they support.

Recently, criminals have been taking advantage of the increase in charitable donations being made during the coronavirus pandemic, setting up fake charities or impersonating well-known ones. We would encourage people not to be put off donating to charities, but instead to be vigilant and make sure you do your research to ensure you are giving your money to a legitimate organisation. Don't let your donation end up in a criminal's pocket.

Remember, if you think you've been the victim of a fraud, you should report it to Action Fraud online at actionfraud.police.uk or by calling 0300 123 2040.

Ends.

Notes to editors:

1. Figures on reports of fraud and total fraud losses to charity are based on reports made to Action Fraud between March and September 2020.
2. Charity Fraud Awareness Week runs from 19 – 23 October 2020. More information is available at www.gov.uk/government/news/charity-fraud-awareness-week-2020
3. The regulator recently issued an [alert to charities warning of the risks of fraud and cyber-crime during the pandemic](#).
4. Last year, the Commission conducted the largest-ever survey of charities' attitude towards fraud and cybercrime, the [findings of which are published on GOV.UK](#).
5. The Charity Commission is the registrar and regulator of charities in England and Wales. Its purpose is to ensure charity can thrive and inspire trust so that people can improve lives and strengthen society. The Commission is an independent, non-ministerial government department.