

THE FAILURE AT ALL LEVELS TO INVESTIGATE OR PROSECUTE FRAUD

A High Court Judge, Ms Clare Montgomery, recently pointed out the total failure of the police and Regulatory Authorities to either investigate or prosecute fraud. In a recent court case over a fraud of £12m the senior judge, HHJ Griffith again castigated the police and Crown Prosecution Service for failing to tackle a clear major fraud. The case had to be brought privately, and the defendant, Stephen Jones, was gaoled for 12 years. His name comes up in a number of similar multi million pound cases that have never been investigated.

Most of those defrauded simply do not have the finances behind them to take on a major fraud in a private criminal prosecution, and the guilty get away with it. If a case is taken forward it is usually pushed into the Civil Court and the victims have little chance of success against the might of the large legal practices employed by the banks and accountants involved in the fraud.

In the nearly nine years I was the Police and Crime Commissioner for the Thames Valley we took on a major fraud that came out of HBOS Reading. The fraud approached £1bn, though it was only prosecuted on £245m. Those charged were found guilty and received combined sentences of 49 years. Lloyds Bank, which owned HBOS, denied throughout the trial that a fraud had taken place, and it was only after the jury returned the guilty verdicts that they would admit to the fraud. This was in spite of internal documents showing full well that the main board were aware of the fraud.

The HBOS Reading fraud was small in comparison to what had gone on in other banks. None has been investigated or prosecuted.

It has taken myself and others many years to prise compensation out of Lloyds Bank. Even when compensation has been paid the victim has had to sign a draconian Non Disclosure Agreement (NDA) before being paid back the money the bank has in effect stolen. Why should anyone sign an NDA to regain the money the bank has stolen?

The HBOS Reading case cost Thames Valley Police £7m. Two other police forces had turned the case down, as had the Serious Fraud Office. If the Chief Constable, Sara Thornton, had not taken it on it would have been ignored, and the guilty would have gone off with their gains. The Treasury refused to reimburse Thames Valley the £7m it cost to bring the case. I wrote personally to the Chancellor, Philip Hammond, asking that the cost be reimbursed. I received a curt refusal. The one lesson to come out of this was that the police cannot afford to take on a major fraud, let alone small ones. I am aware of several frauds that are well over £100m that have not been investigated. In one clear case that the CPS failed to take on, the assets, several modern passenger jet aircraft, literally flew across the Atlantic.

The sums involved in fraud in the UK are vast, running into many billion. I doubt if household burglary even approaches a thousandth of the sums lost at all levels to fraud. Yet it is almost entirely ignored by the police, the Regulatory Authorities and the Government. Less than 1% of fraud is even looked at, let alone prosecuted. The easy out for police to deal with complaints on

fraud is to send them to Action fraud, a call centre in Glasgow. It has no investigatory capability and only a small proportion are sent back to the police where again they are ignored.

There have been a number of reports into what has gone on. The internal Turnbull Report written by a senior accountant in Lloyds revealed widespread fraud in 2017. Its author was promptly sacked without compensation. The bank claimed the report was unauthorised, unsubstantiated, and the author was unhinged. None of that was true. It took Lord Hollick and myself, after a difficult meeting with Lord Blackwell, the Chairman of Lloyds, to get the bank to compensate her properly. Yet again it was dependent on her signing an NDA. The Financial Conduct Authority had sat on the report, without taking any action, for three years, and failed to support the author in anyway. Eventually the report was leaked. Another major report into what went on has been under the control of a retired High Court Judge, Dame Linda Dobbs. This report, now in its seventh year, has yet to be completed. Meanwhile the victims, whether individuals or shareholders in companies, have no redress.

At a high level the complicity and conflicts of interest within Government, the Regulatory Authorities and Police, enables fraud to continue without any investigation or hope of redress for the companies and individuals ruined. Fraud at a lower level is just ignored. It would not be difficult to prevent much of it. It requires cases to be investigated and those guilty brought to justice, and examples made at the most senior level. At the moment it is a crime that goes unpunished and the guilty flourish.

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