



Coventry &
Warwickshire

cda

MAKING A DIFFERENCE

Fraud & Theft in Credit Unions

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What is Fraud?

Fraud is a type of criminal activity, defined as

‘ abuse of position, or false representation, or prejudicing someone’s rights for personal gain

The criminal offence of Fraud may include

- Deception where someone knowingly makes false representation
- Failure to disclose information
- Abuse of position



What is Theft

Basic definition

(1) A person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it; and “thief” and “steal” shall be construed accordingly.

(2) It is immaterial whether the appropriation is made with a view to gain, or is made for the thief’s own benefit.



Types of Fraud/Theft in Credit Unions

- Corporate
- Cyber crime
- Identity theft
- Phishing
- SMishing
- Cheque cloning
- Banking CU money in own account
- Inflated Expenses



Corporate Identity theft

Using the name of a reputable Credit Union to offer loans

Used approved persons details to legitimise the theft



Phishing & SMishing

Phishing is when internet fraudsters impersonate a business in an attempt to trick you into giving personal information.

SMishing uses a text message or SMS in order to get you to divulge personal information



Examples of Theft/ Fraud

Banvale Credit Union-
£61,416 of theft &
£27,500 of fraudulently
applying for loans. An
employee took money
from family members
accounts & applied for
loans in their name
without their knowledge

Suffolk Credit Union
(2011) Manager stole
£100,000 from over 300
customer accounts. He
also set up fake loans &
cashed cheques
payable to himself.



Action Fraud - national fraud & cyber crime reporting centre (03001232040)

Individual reporting of cyber crime & identity theft

- Reported crime is given a police crime reference number & case is referred to the National Fraud Intelligence Bureau (run by police)

Business Reporting Tool-

To report multiple instances



Staff Fraud (CIPD.co.uk)

Typical long serving staff profile

- Middle age
- Male
- Lengthy employment
- Middle management
- Disgruntled or Disaffected

Prevention

- Good pre- employment checks
- Verifying candidate details
- Regular supervision & appraisals
- Employee feels appreciated by the board



Prevention

- Good policies- Fraud management, Staff Fraud, Fraud reporting, whistleblowing
- Fraud awareness training
- External auditors
- Active supervisory committee
- Insurance
- Relationship with local police officers
- ???? Discuss





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