Customer Protection and Fraud Mitigation

Ryan Adams – Head of Financial Crime Prevention Unit

Structure of the session

This session will be comprised of the following sections:

- Introduction to FCPU/Roadmap
- Phishing / scam
- Data sharing vulnerabilities
- How do we identify fraud?
- False statements on applications
- Student fraud against the provider (indirect fraud against student finance)
- How can we minimise fraud in student finance?
- Wrap up – summary and questions

Financial Crime Prevention Unit: Who we are and what do we do?

Financial Crime Prevention Unit

FCPU view of financial crime across the education sector:

- Multiple risks exist both at student and organisational level:
  - External Fraud (application fraud)
  - Internal Fraud
  - Bribery & Corruption
  - Money laundering
  - Terrorist Financing
  - Sanctions / PEPs
  - Facilitation of Tax Evasion
  - Modern Day Slavery / People Trafficking
- FCPU are tackling these risks in various ways but in particular:
  - Better data analytics
  - Sharing intelligence more effectively with external parties
  - Creating our own intelligence unit
  - Looking at all of our financial crime risks

Phishing Scam

- Student Loans Company has been fighting against Phishing attacks for a number of years
- Fraudsters have been able to utilise and take advantage of our set payment cycles, which happen 3 times a year to coincide with the term dates
- Student's will be sent emails or text messages claiming to be from Student Loans Company. These communications are made to look URGENT and often advise students that their payments will be withheld if they fail to comply with the instructions in the email/text
- In September, we were subject to our largest phishing attack in 10 years
- Thanks to the detection work of our Analytics Department, we were able to prevent approximately £1.75 million being paid to phishers

Phishing Scam

Controls

- System generated email alert to student
- Analysts generated text message
- Analysts ongoing monitoring
- Information and Guidance published on Phishing

How to identify a phishing email/text

- Communications are often poorly written and can contain spelling/grammatical errors
- Communications normally contain a general greeting instead of naming the customer (e.g. Dear Customer, Dear Student)
- Communication occasionally come from public email domains. No legitimate organisation will send an email from an email address that ends @gmail.com

Data Sharing vulnerabilities

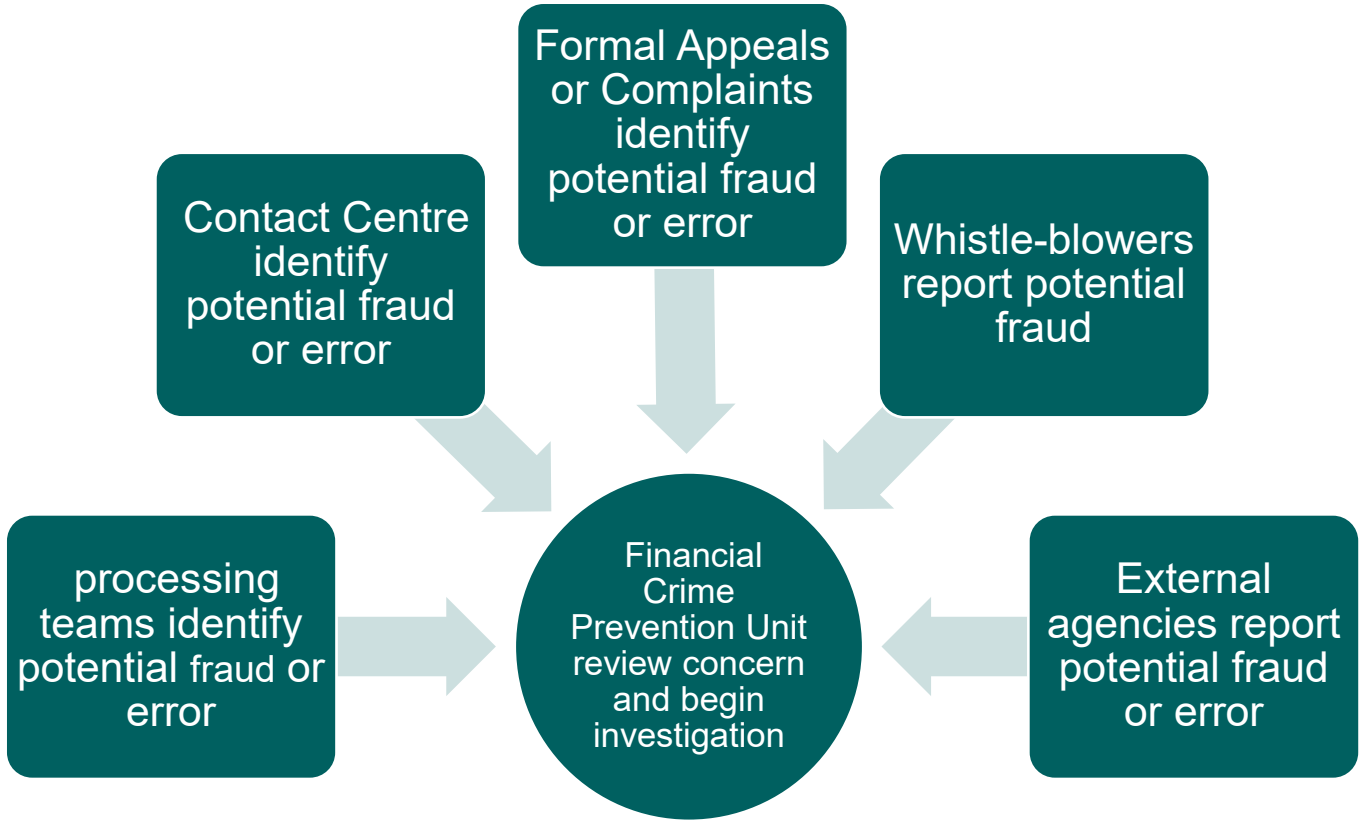
- Following on from Phishing it is imperative that students don't share their details through any potential scam emails/texts. They are a target group for fraudsters and they should be alert to potential scams, The best way to protect themselves is to ensure they don't provide any personal data to a 3rd party, no matter how convincing they appear
- This could include:
  - Agencies who assist with helping student's apply for Finance
  - Staff at the HEP
  - Friends/family
  - Childcare providers
- It is important that they keep themselves safe online by ensuring they use a secure website to submit any personal information and avoid logging into their student finance account on public networks or computers. SLC will work with students to secure their account if they have any concerns

Data Sharing vulnerabilities

- Students are also more likely to be targeted by money mules
- The current economic climate and the pandemic is driving up this area of fraud as this has pushed more people into financial hardship and therefore making them more vulnerable
- There has been a shift from fraud of greed to fraud of need due to cost of living crisis
- The three main drivers of fraud, Opportunity, Rationalization and Pressure are all on the increase

How do we identify fraud?

- We receive referrals from various external and internal sources



How do we identify fraud?

Analysts will analyse application data against national fraud database

- High risk groups identified via common characteristics

Analysts generate data set

- Data set will include list of students to be investigated

Investigation commences

- Cases sent to our Investigations Teams

False statements on applications

- We have seen a rise in student's making false statements on their applications, in particular areas which attract a higher rate of student funding:
    - Residency, Childcare Grant, Adult Dependants Grant, Parent’s Learning Allowance, Estrangement and Elsewhere
- If an application is proven to be fraudulent, a range of sanctions may be applied which can range from reassessment of their student funding to terminating their eligibility and referral to law enforcement
- In FY 22/23 we removed 1453 Students’ eligibility to student finance
- £9.4 million stopped from being paid in respect of these applications
- 262 of these applications submitted false documents

Organised Fraud

- Student Loans Company have also seen a significant increase in applications from organised crime groups
  - They may use stolen identities or pay people to use their identities
  - They may coerce people who are intending to study into providing false information on their student finance application
  - They may attempt large scale false document submission

Student Fraud against the provider (indirect fraud against student finance)

It is vital that we work with HEPs to tackle the fraud issues which affect them and how this links into student integrity within the funding system

The main issues are:

- Lack of engagement on the course/non attendance
- Plagiarism
- Infiltration of HEPs (specifically franchised campuses)

Student Loans Company carry out data analysis of HEPs and highlight any concerns to DFE and OFS

How can we minimise fraud within student funding?

- Understand the risks and broader financial crime landscape
- Collaboration and data sharing with other Government Departments
- Ensure we have the right tools for data analytics
- Prevention rather than detection is key
- Investing in people and training
- Consider fraud in the early stages of new products and policies

Summary, Questions and Wrap-Up

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