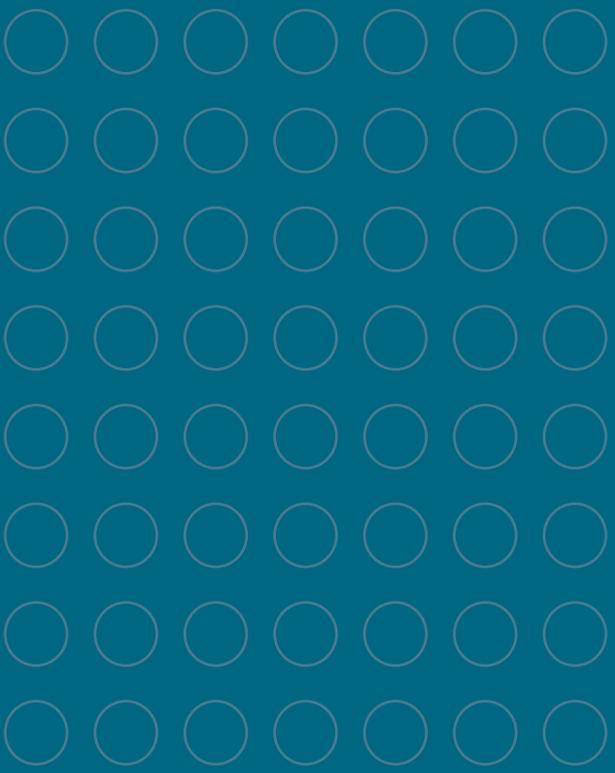


CONSUMER HARM REPORT 2020



PROTECTING
CONSUMERS
SAFEGUARDING
BUSINESSES





CONTENTS

A Foreword.....	4
B Our role	6
C How we operate.....	10
D Emerging threats	33

FOREWORD

The customers who never receive the products they order online; the older and vulnerable people who are aggressively sold products they don't want or need; the homeowners who are preyed on by illicit 'tradesmen' offering to carry out unnecessary and poor quality work, costing victims thousands of pounds to repair.

There is a long list of illegal tactics used by criminals to con the public and businesses. It includes doorstep crime, marketing scams, counterfeiting and misleading consumers and businesses. Throughout England and Wales, National Trading Standards (NTS) teams are committed to **protecting consumers and safeguarding legitimate businesses by tackling this kind of criminal activity.**

The 2020 Consumer Harm Report highlights the work and many achievements of NTS teams between April 2019 and March 2020. It has been a year like no other, as the outbreak of COVID-19 and associated lockdown had an unprecedented impact on our investigations and legal proceedings right at the end of the reporting year. Nevertheless, I am pleased that in 2019/20 we secured the convictions of 64 criminals with prison sentences totalling almost 91 years.

This year we have also reached another impressive milestone. Since NTS was established in 2014, we have saved consumers and businesses **more than £1 billion**. That impact has provided good value for the public purse, saving £12.64 in consumer and business detriment for every £1 spent. Saving £1 billion is a remarkable achievement – one that is only possible because of the dedicated and highly professional work of the Trading Standards community.



£1bn+

savings in consumer and business detriment by NTS teams

Landmark successes

We have achieved some significant successes this year, including the first ever secondary ticketing fraud trial, which led to landmark prosecutions for two ticket touts who were sentenced to a total of six-and-a-half years in prison. And following one of the biggest investigations ever undertaken by National Trading Standards, the criminals behind 'copycat' websites that mimicked official government websites were ordered to pay back more than £6 million under the Proceeds of Crime Act.

We have also continued our work with consumers and businesses to educate and empower them to take a stand against fraudulent activity. The *Friends Against Scams* initiative continues to go from strength to strength with more than 200,000 new 'friends' joining the campaign in 2019/20. Working together is a powerful way to combat illegal activity and protect the most vulnerable members of our society.

Evolving to changing circumstances and COVID-19

Our teams should quite rightly be proud of these achievements. But we will never allow ourselves to become complacent. We know that criminals rarely rest on their laurels. They are constantly on the lookout for new opportunities to defraud consumers and businesses and are quick to evolve and adapt to changing circumstances.

The outbreak and spread of COVID-19 – and the associated responses to it – have seen criminals exploit the pandemic with new scams and bogus products that falsely claim to cure or prevent COVID-19.

As restrictions on the high street lead more shoppers to buy products online, fraudsters are seeking to take advantage of our changing shopping habits. Consumers should be aware of potentially fraudulent and misleading websites and social media profiles which may appear to offer a great value deal but, in reality, could be selling counterfeit or even non-existent products.

Disrupted travel plans and cancelled holidays may be causing misery for many, but for opportunistic criminals restrictions on international travel provide new ways to scam innocent consumers. Companies offering 'assistance' with claiming refunds for cancelled holidays or claiming to process insurance claims are an increasing risk to consumers.

Major policy changes also offer fertile ground for criminals seeking to take advantage of consumers and businesses. Leaving the European Union will see criminals pounce on opportunities for fraud and the Green Home Grant, designed to incentivise energy efficient home improvements, will likely be exploited in order to deceive consumers and businesses.

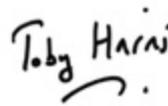
But we stand ready. Through effective intelligence gathering we are able to identify new threats and disrupt the innovative tactics used by criminals. By providing all important funding to specialist teams of trading standards professionals we are able to undertake thorough investigations and achieve results.

As long as Trading Standards Services – both locally and nationally – and the broader consumer protection landscape are supported by an adequate level of funding, NTS will continue to work alongside our Trading Standards colleagues in local authorities across England and Wales, as well as other enforcement partners, to investigate and bring criminals to justice.

This report is designed to provide a snapshot of our work and achievements over the past year. More detailed information on our activity in 2019/20 is available in our Annual Report, available at www.nationaltradingstandards.uk.

Nevertheless, I hope it provides a useful insight into our work and evolving priorities.

If there is anything you read, experience, see or hear which makes you think you or someone you know could be a victim of a crime, please call the Citizens Advice consumer helpline on 0808 223 1133.



Lord Toby Harris
Chair of National Trading Standards

OUR ROLE

National Trading Standards (NTS) was set up as part of the Government's changes to the consumer landscape. We prioritise and allocate government grants to tackle high priority national and regional Trading Standards issues, funding teams and work areas hosted within local authorities. This is separate to the work of local Trading Standards departments, which deliver the bulk of day-to-day Trading Standards enforcement.

Our role is based on four key objectives:

- Tackling criminal activity
- Protecting consumers
- Safeguarding legitimate businesses
- Supporting supply chain integrity

TACKLING CRIMINAL ACTIVITY

Modern crime is complex. The apparatus and techniques available to criminals continue to diversify, making it even more challenging to tackle criminal activity. Criminal activity focused on fraud, scams and unfair trading are no different.

This is why we fund specialist teams to focus on specific priority issues. The teams' expertise helps uncover, combat and disrupt criminal activity that affects consumers and businesses, ranging from intercepting mass marketing mail scams and shutting down online fraud to exposing aggressive doorstep selling and regulating estate and letting agents. We bring criminal perpetrators to justice.

NTS teams are highly skilled. Our expertise is recognised both nationally and internationally - sharing expertise and intelligence with local authorities across the country as well as pursuing joint initiatives and investigations with law enforcement agencies around the world.

Tackling criminal activity and ensuring those responsible are brought to justice is at the heart of National Trading Standards' work.



Since National Trading Standards teams were established in 2014, we have saved consumers and businesses more than £1 billion. That impact has provided good value for the public purse: £12.64 saved in consumer and business detriment for every £1 spent.

In the year 2019/20, NTS secured convictions for 64 people, with prison sentences totalling 91 years and more than £400,000 in fines.

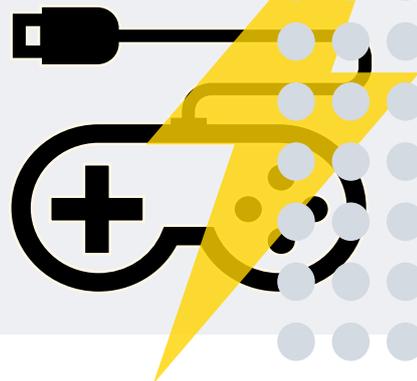
PROTECTING CONSUMERS

Protecting consumers from financial detriment underpins Trading Standards activity – and shapes how we prioritise our specialist work areas. In many cases, criminals target people in vulnerable situations – such as older people living alone or people with a long-term health condition – to

mislead, bully, defraud or otherwise exploit them. NTS teams directly intervene to support victims, disrupt criminal activity at source, raise awareness of issues that could affect consumers and pursue legal action to return money to victims.

In 2019/20, National Trading Standards Teams:

- secured more than £350,000 in compensation for victims
- delivered savings of £17,643,249 for consumers and businesses



SAFEGUARDING LEGITIMATE BUSINESSES

Illegal and unfair trading damages the operation and balance sheets of responsible, law-abiding businesses. Competitors breaking the rules often undercut legitimate businesses, luring potential customers and revenue with cheaper, fraudulent pricing. Illegal traders also steal intellectual property, break copyright law and sell counterfeit or dangerous products, from fake fashion accessories to dangerous, non-compliant electrical goods such as chargers, headphones and air pods.

NTS teams across the country identify and tackle illegal and unfair practices through investigations, helping to protect consumers and safeguard responsible businesses. Businesses are often victims of scams that our teams investigate. Examples include:

- Small businesses losing out to energy scams, where criminals mislead consumers by offering fraudulent home improvement and energy efficiency measures
- Responsible pubs, bars and clubs showing satellite TV – and satellite TV providers themselves – who are among a number of business victims that have lost trade as a result of criminals selling illegal satellite TV boxes
- Responsible estate and letting agents, who risk losing business as a result of criminal operators.

CASE STUDY

Operation Comfort – energy fraud against small business

Corporate Energy Saving Solutions Ltd (CESS) made unsolicited calls to small businesses offering a free audit of energy bills. After auditing, the businesses were told they had been overcharged by £1000s, then received a request for £325 to process their refund claim. Sixty complaints were received, though an estimated 3,800 small businesses were targeted. Based on British Gas (with an 18% market share) receiving 690 authorisation forms from CESS, the estimated detriment was between £224,000 - £1.25m.

The NTS East Midlands Regional Investigations Team investigated and, in August 2019, five defendants were found guilty of conspiracy to commit fraud and fraudulent trading offences and sentenced to a combined total of 12 years' imprisonment, one suspended sentence, 200 hours community service and one conditional discharge. The main defendant, Steven Ricardo, 45, absconded before sentencing but was caught just before Christmas 2019 and given an additional three months.



NTS teams across the country identify and tackle illegal and unfair practices through investigations, helping to protect consumers and safeguard responsible businesses

SUPPORTING SUPPLY CHAIN INTEGRITY

Today's consumers are used to shopping at the click of a button. Online shopping has many advantages (social distancing being just one). But making a purchase without touching the goods or meeting the vendor also presents risks. Businesses selling faulty or unsafe goods can exploit this relative anonymity. In 2019/20, NTS teams helped maintain the integrity of the domestic supply chain by providing a "safety net" to identify and tackle the importation of unsafe consumer goods entering the UK.

NTS teams also police the safety of animal feed through the animal hygiene enforcement programme. This helps keep the food chain safe, avoiding problems like the BSE outbreak and helps ensure that UK farmers can export their meat.



Making a purchase without touching the goods or meeting the vendor also presents risks

HOW WE OPERATE

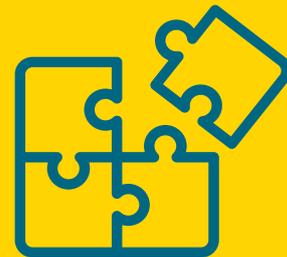
We deliver our work by funding teams of trading standards professionals who specialise in our core priorities. The specialist teams cover:



Scams



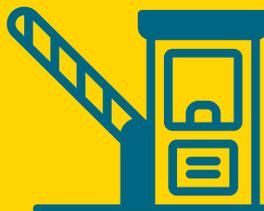
eCrime



Intelligence



Estate & Letting
Agency



Safety at Ports
& Borders*



Regional
Investigations

* From April 2020, these responsibilities passed to the Office for Product Safety and Standards, part of the Department for Business, Energy and Industrial Strategy.



Criminal fraudsters operate across the country, employing a range of illegal tactics including doorstep crime, preying on vulnerable communities, counterfeiting and misleading consumers and businesses.

REGIONAL INVESTIGATIONS AND SUPPORTING LOCAL TRADING STANDARDS

Criminal fraudsters operate across the country, employing a range of illegal tactics including doorstep crime, preying on vulnerable communities, counterfeiting and misleading consumers and businesses. The bulk of Trading Standards enforcement action against these criminals is led by local authorities.

In specific cases, our eight NTS Regional Investigations Teams will support or lead these types of investigations, providing expertise and additional resource to tackle high priority regional issues and serious or complex cases that require enforcement beyond local authority boundaries.

In 2019/20 the NTS Regional Investigations Teams worked on 97 live cases and this work led to:



Savings of
£17,643,249 for
consumers and
businesses



19 defendants
being convicted



8 prison sentences
totalling **19** years
and **8** months



8 suspended
sentences totalling
7 years and **8** months



1,070 hours of
community service
for perpetrators



Fines totalling
£204,700



3 company
director bans
amounting to
25 years.



THE TEAMS IN ACTION

Operation Electron – illegal access to paid TV

The defendant bought and reprogrammed set top boxes and Amazon Firesticks to illegally access paid for TV content such as Sky and BT Sport. He sold 744 units in 18 months and had over £80,000 in sales. His activities presented a potential loss of up to £1.5 million in lost subscription revenue for the TV channel providers.

Following an investigation by Merthyr Tydfil County Borough Council Trading Standards - supported by the NTS Wales Regional Investigations Team - Carl Bertram Ruddock pleaded guilty to five offences and was sentenced in 2019 to a total of 16 months' imprisonment. At the POCA (Proceeds of Crime Act) hearing in November, the Court was satisfied that the criminal benefit was £72,955.27 and the available assets were £10,188.04. Ruddock was given six months to pay with six months in prison as a penalty for non-payment.

Operation Funder – mother and son ordered to pay back customers for Dyson vacuum fraud

Thomas and Linda Scoffin ran Excel Servicing Limited. Representatives of the company defrauded customers – many of whom were elderly or vulnerable – by falsely claiming to represent Dyson and then conducting unnecessary servicing on their Dyson vacuum cleaners. Aggressive practices were also used to make unnecessary sales of expensive Kirby Cleaners. The company had 68,000 customers who were cold called and persuaded to have an unnecessary Dyson cleaner servicing visit. In 2017, following an investigation by the NTS Yorkshire & Humber Investigations Team, they were found guilty of conspiracy to defraud and sentenced to a total of ten years in prison.

Confiscation proceedings concluded in April 2019. Thomas Scoffin was ordered to repay £78,190 and Linda Scoffin ordered to repay £294,138 and prosecution costs of £20,000. Victims who provided evidence in the original trial were awarded compensation of £14,139.78. The Scoffins were given three months to pay or face default prison sentences of 12 months and three years, respectively.

CLAMPING DOWN ON DOORSTEP CRIME

Doorstep criminals continue to prey on households and neighbourhoods across the country. This year Trading Standards Services and NTS Regional Investigations Teams have tackled doorstep criminals

across the country, ranging from fraudulent traders pressurising victims into agreeing to unnecessary building repairs to people trying to sell mobility scooters to vulnerable consumers.

OPERATION KORONA – HOME SECURITY AND IMPROVEMENT SCAM

In March 2020, five defendants were sentenced to a total of almost 30 years for doorstep crime offences. The defendants were targeting elderly and vulnerable consumers and offering over-priced, substandard and often unnecessary home security and home improvement works. The total harm to consumers is estimated to be around £100,000. Three of the defendants were also disqualified as directors for a total of 27 years.

The National Tasking Group, which meets every eight weeks to task work areas in line with NTS priorities, provided £25,250 in funding on a 'one-off basis' in 2018/19 for West Yorkshire Joint Services to support this investigation.

OPERATION VANGUARD – AGGRESSIVE SELLING OF MOBILITY PRODUCTS

A family and linked trading entities used aggressive pressure selling techniques to persuade elderly and vulnerable customers to buy mobility aids and enter into contracts that averaged £4,000.

An investigation was initiated by Suffolk Trading Standards, with support from the NTS Tri-Region Investigations Team in October 2019. David Waters, 71, of Felixstowe, and his company, Anchor Mobility Limited, were found guilty of 31 separate offences, including fraudulent trading under the Companies Act 2006 and engaging in unfair commercial practices. Waters misled consumers by taking large deposits with the promise of delivering goods without doing so and failing to refund consumers. He received a 32-month custodial sentence and was banned from being a company director for ten years and given an indefinite Criminal Behaviour Order. Anchor Mobility Ltd was fined a total of £15,000 for 15 counts of unfair commercial practice.

OPERATION EMERALD – ROOFER TARGETED ELDERLY AND VULNERABLE PEOPLE

Patrick Christopher Dunne of Griff Park Travellers' Site, Nuneaton, Warwickshire, was sentenced to two years and nine months at York Crown Court in June 2019 following an investigation by North Yorkshire Trading Standards. After pleading guilty to 34 counts of fraud and consumer protection offences, Dunne was prosecuted in relation to 17 victims from North Yorkshire, East Riding, Hull, Warwickshire, Coventry and Staffordshire, with a total detriment of £50,090. Dunne also received a five-year Criminal Behaviour Order and is the subject of a Proceeds of Crime Act action.

OPERATION SLICK - FRAUDULENT TARMAC REPAIR BUSINESS

Allan John Coutts used a lorry designed to resemble an 'official' vehicle, such as one from the Highways Agency. He cold called, mainly elderly, residents living in secluded properties in remote areas and carried out poor quality work. He was found guilty of breaches of the Fraud Act 2006 and the Proceeds of Crime Act 2002.

He was sentenced to five years and six months in prison. In January 2020, the judge said that Coutts had benefited by over £905,000 and ordered him to make a £150,000 hidden assets payment within three months or face a further two years' imprisonment in default. This will help to compensate victims.

The investigation was led by Powys County Council Trading Standards and supported by the Wales Regional Investigations Team.

OPERATION ROWAN - DOOR-TO-DOOR FISH SELLING

Peter Carroll, 51, operated a door-to-door fish selling business under various names. His strategy was to target elderly and vulnerable consumers, many living alone and with serious health conditions. His sales team applied intimidating sales techniques.

An investigation was led by the NTS North East Regional Investigations Team. The prosecution accepted a guilty plea to one count covering all allegations of engaging in commercial practices which contravened the requirements of professional diligence. Carroll received a one-year custodial sentence and a seven- year Criminal Behaviour Order preventing the supply of any goods door-to-door unsolicited either by way of his own means or through others. Proceeds of Crime proceedings are now progressing.

CCTV Trial



The NTS Scams Team, in conjunction with RISCO Security, has supplied a set of cloud-based CCTV equipment that can be installed in the homes of doorstep crime victims. Two trials have been conducted in doorstep victims' homes, each one lasting three months. The second and final trial concluded in January 2020.

Over a six-month period, zero rogue trader or doorstep crime incidents were reported. Additionally, the wellbeing of each participant was measured over the course of the six months with results demonstrating a positive increase in participants' wellbeing.

PUTTING THE BRAKES ON USED CAR FRAUD

Used cars continue to be the most complained about issue year-on-year across the country. Issues around used car fraud are therefore a key priority work area for NTS, which allocated funding in 2019/20 to:

- Support 5 local authority investigations
- Resource a project focused on digital car clocking
- Gather intelligence on online sellers of fake branded service books and garage stamps to share with local authorities.

INVESTIGATIONS Operation Sarbi

**Result: Defendant company fined £39,600
and prosecution costs £13,797**
Financial value of complaints: £339,784

This case concerned complaints about vehicles sold by Motorsure Limited t/a Motorhub from Keighley, West Yorkshire between August 2017 and May 2018. This led to an investigation by the NTS Yorkshire & Humber Regional Investigations Team. Guilty pleas were entered for six breaches of the Consumer Protection of Unfair Trading Regulations 2008 at Leeds Magistrates' Court. The complaints included:

- Selling vehicles with covered or disconnected dashboard warning lights to conceal faults with the vehicle
- Failing to disclose recorded mileages were incorrect
- Not declaring that a vehicle had been subject to accident damage
- Failing to disclose a vehicle had previously been used as a taxi.

In 2019, the District Judge imposed a fine of £39,600 and ordered prosecution costs of £13,797.

Digital car clocking

The Central England Trading Standards Authorities received funding to deliver a project to disrupt providers of mileage adjustment services, focusing on traders that were advertising prominently online.

Out of 54 websites identified, 40% of the identified businesses have ceased to advertise. The NTS eCrime Team also supported the programme by ensuring that seven providers' websites were taken down for failing to disclose relevant information.

Fake Service Books and Stamps

The NTS Intelligence Team gathered data and insights about online vendors selling fake service books and garage stamps. This identified 64 local businesses providing fake vehicle service stamps and books, and potentially enabling used car fraud.

Local authorities were supplied with the relevant intelligence to help them take local enforcement or disruption action where possible. A number of regions have taken this information and undertaken further analysis to identify 'high risk' vendors, while other authorities have committed to 27 investigations so far.

Most complained about traders

Trading Standards South West was commissioned to lead a project to identify unsafe/unroadworthy cars among the region's most complained about used car traders.

Of the 129 vehicles being sold that were assessed as part of the investigation, one in every three had faults and would have failed an MOT test. This includes vehicles with faulty parts, suspected mileage issues or tyres with near insufficient and illegal levels of grip.

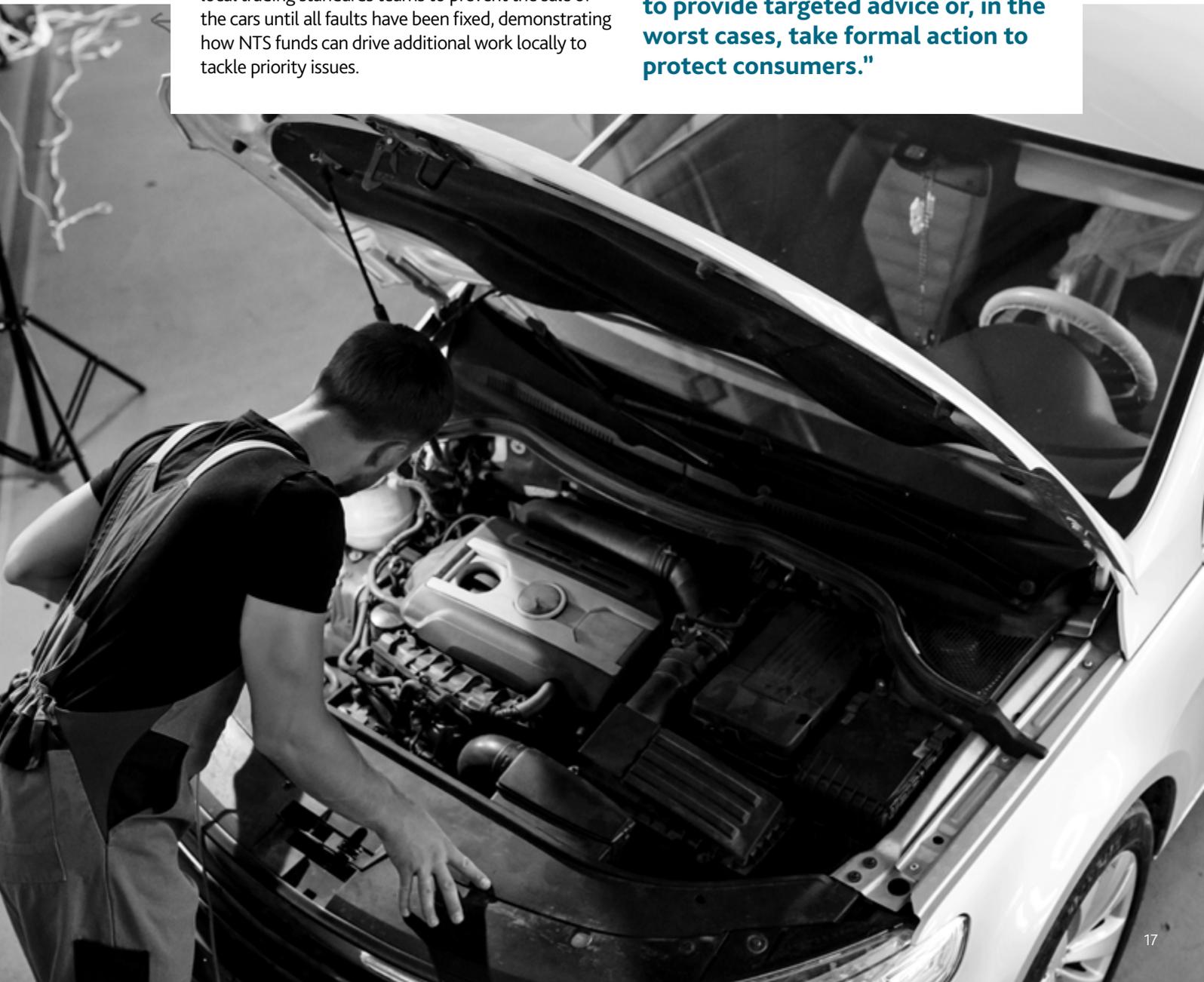
The financial loss to consumers from the potential purchase of these vehicles is estimated to be almost £350,000.

The project also discovered a number of traders charging consumers additional, unadvertised administration fees as part of the vehicle sale. Such fees are in breach of pricing rules. One business, which charged an admin fee of £99 per sale, stood to make almost £400,000 each year from these fees.

Formal enforcement action has now been taken by local trading standards teams to prevent the sale of the cars until all faults have been fixed, demonstrating how NTS funds can drive additional work locally to tackle priority issues.

Gary Webster, the South West's used car lead officer from Cornwall Council, said:

"Unfortunately, there are some traders that place profit before the safety and satisfaction of their customers. This investigation has enabled our efforts to be focused on the small minority who generate the most complaints. We are then able to provide targeted advice or, in the worst cases, take formal action to protect consumers."



DISRUPTING MASS MARKETING MAIL SCAMS

Fake lotteries, misleading prize draws, unproven health supplements and clairvoyant scams sent by mail can cost victims up to £10 billion annually.

Working together with partners and overseas enforcement agencies, the NTS Scams Team helps to disrupt, remove and, where appropriate, ensure enforcement action is taken against the organised international networks behind scam mail. This international collaboration has ensured that scam mail, destined for the UK, was stopped in Austria and Germany before it reached our borders. The NTS Scams Team estimates that, during 2019/20, for each £1 of funding received, it saved consumers £47.

The Team's successful work with Royal Mail and the wider mail sector has drastically reduced classic "scam solicitation" mailings. These bold "guaranteed winner, urgent mail please open, seven days to reply" style of letters are being replaced with smaller plainer envelopes targeting previous responders to scam mail. Scam mail is still entering the UK but the methods of anonymising the mail change regularly, making it harder to detect. The trend now is for the fraudsters to send smaller batch quantities rather than bulk mailings and to use stamps instead of franked mail.

These insights – alongside information about local victims and issues – are shared with relevant local authorities.



**389,648 items
of mail fraud
intercepted**



**Over £22.7m of
savings to consumers
and local authorities**



**3,328 scam victims
identified and
supported**

HEALTH SUPPLEMENT MAIL SCAMS

The NTS Scams Team has been working with the FSA National Food Crime Unit to identify UK-based companies behind health supplement scams sent to potential victims by post. The companies often make false claims of miracle cures but, in reality, charge consumers for dangerous or ineffective products.

A previously identified French health supplements company, thought to have withdrawn from mailing into the UK, was found to be still sending packages to victims, with an average cost of £60. The Team worked with a European mailing company and the

contract of the health supplements business was terminated in October. No further parcels are believed to have entered the UK, saving an estimated £300,000 in consumer detriment. The company is now subject to a winding up investigation by French law enforcement.

The NTS Scams Team also supported local Trading Standards in Lincolnshire, Cambridgeshire, Portsmouth, Cheshire, Hull and Aberdeen. This led to two health supplement contracts being terminated in November, after 427 victims each lost on average £330.

FRIENDS AGAINST SCAMS

The *Friends Against Scams* (FAS) initiative continued to recruit friends, families and communities to find out more about scams. The initiative runs training sessions – including free online courses – to empower more people to take a stand against scams.

Anybody can join *Friends Against Scams* – and more than 200,000 new 'friends' joined the campaign in 2019/20.

By the end of the year:

- 414,144 'friends' had joined the campaign
- 1,796 SCAMchampions were recruited to deliver local training sessions
- 1,637 people had completed the online training.

The campaign has attracted support and direct involvement from 234 public, private and third sector organisations. During 2019/20, the *Friends Against Scams* team worked with the National Mental

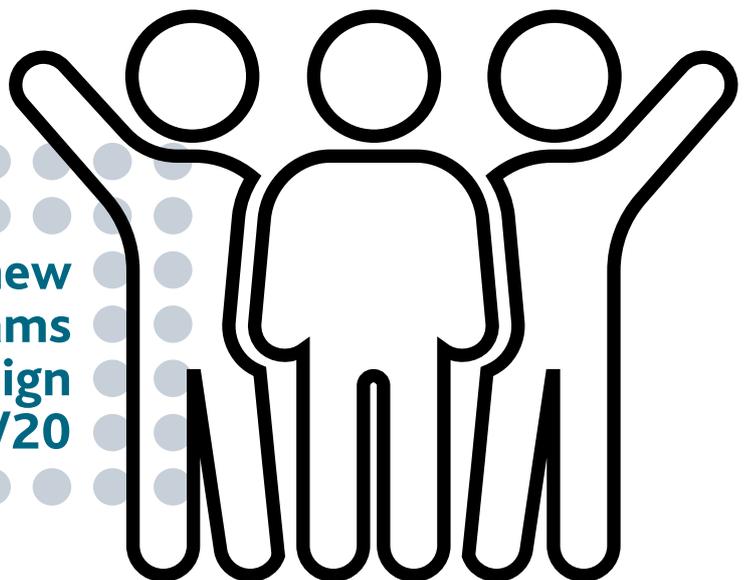
Capacity Forum to develop Utilities Against Scams producing training and a toolkit designed for energy, water and telecoms companies.

Friends Against Scams is also working with the City of London police to develop training materials specifically aimed at Police Community Support Officers, who regularly interact with scam victims as part of their day-to-day work.

FAS is also represented on the Multi-Agency Campaign Group; a partnership that works with police bodies nationally to develop priority-driven fraud and cybercrime advice and campaigns.

In summer 2019, after a successful pilot, the 'Young Friends Against Scams' training package was launched and was positively received. It provided adapted campaign materials that were shared in schools and youth groups for children aged 9-14 years old.

more than 200,000 new
Friends Against Scams
joined the campaign
in 2019/20



TAKING DOWN ONLINE FRAUD

The NTS eCrime Team deploys disruptive tactics to take down fraudulent websites and remove other illicit online content. Rogue traders who continue to operate off-line are subjected to further action.

The team completed seven cases in 2019/20, including the first ever secondary ticketing fraud trial, which led to landmark prosecutions for two ticket touts who were sentenced to a total of six-and-a-half years behind bars.

In 2019/20, the team:

- Completed 7 cases
- Made £4 million in savings for consumers and businesses
- Suspended 856 websites and social media accounts
- Supported 49 investigations being led by local authorities or partner agencies
- Secured 4 custodial sentences totalling 13 years 10 months and 4 company director disqualifications totalling 36 years.



OPERATION EIFFEL - LANDMARK PROSECUTION OF ONLINE TICKET TOUTS

After a trial lasting four months at Leeds Crown Court, Peter Hunter and David Smith were found guilty of three counts of fraudulently trading under S993 of the Companies Act 2006 and one count of possession or control of an article for use in fraud contrary to the Fraud Act 2006.

The landmark case marks the first successful prosecution against a company fraudulently reselling tickets on a large scale.

Hunter and Smith ran BZZ Limited, a multi-million pound limited company through which they purchased and resold hundreds of tickets at inflated prices on secondary ticket reselling websites for events and concerts such as Ed Sheeran, Harry Potter and the Cursed Child (the play), Madness and other mainstream acts.

The offences were committed between May 2010 and December 2017. The pair made a net profit of £3.5 million in the last two years of the fraud.

The pair were found guilty on four counts:

- **Fraudulent trading** – namely by knowingly enabling BZZ Limited to purchase event tickets for resale
- **Possession or control of an article for use in fraud** – including the use of bots and debit/credit card payments held in the names of people other than BZZ Limited
- **Fraudulent trading** – based on continuing the business of BZZ Limited for a fraudulent purpose between 19 May 2010 and 13

December 2017, namely by offering for resale tickets which were at risk of being refused entry and/or falsely representing that said event tickets offered for resale were valid

- **Fraudulent trading** – by listing and offering event tickets on secondary ticket websites that they did not own, and/or falsely representing that BZZ Limited did own the said event tickets.

To evade restrictions imposed on ticket sales, the pair:

- Used a number of different people to buy tickets
- Applied other people's personal details to purchase tickets
- Deployed at least 97 different names, 88 postal addresses and more than 290 email addresses to evade platform restrictions. These identities were enhanced through the use of bots, which are designed to support the automated bulk-buying of tickets. Emails to the 290+ email addresses were all auto-forwarded to one email address held by BZZ Limited
- Used different IP addresses and concealed their IP address – their internet identity – to disguise bulk buying.

Peter Hunter was imprisoned for four years and David Smith for 30 months.

The team also completed one of the biggest investigations ever undertaken by National Trading Standards. Three criminals behind 'copycat' websites that mimicked official websites, run by eleven government agencies and departments, were ordered to pay back more than £6 million

under the Proceeds of Crime Act. The criminals were told that failure to pay within three months would lead to a further 26 years behind bars for the trio, which would be in addition to the prison sentences totalling more than 38 years for this case.

£6 MILLION CONFISCATED FROM 'COPYCAT' WEBSITE CRIMINALS

Three 'copycat' website criminals were ordered to pay back more than £6 million* between them at a Proceeds of Crime hearing at Teesside Crown Court in April 2019. The confiscation orders followed trials held in July 2017 and March 2018 which led to the initial convictions and prison sentences, which totalled 38 years and seven months.

The trials were two of the biggest conspiracy to defraud trials ever brought by Trading Standards and heard how, between January 2011 and November 2014, the criminals set up and operated copycat websites that knowingly misled hundreds of thousands of consumers into paying more than they needed for a number of government services including new or replacement passports, visas, birth and death certificates, driving licences, driving tests, car tax discs and the London Congestion Charge.

The lookalike sites were deliberately designed to mimic official websites run by eleven government agencies and departments. They manipulated search engine results,

making users think they were using official government websites when in fact they were using 'copycat' sites that charged additional fees, leaving consumers out of pocket and at risk of identity theft.

The Judge commended the investigative team and financial investigator. His Honour Judge Sean Morris presiding said:

"This case has brought to book very complex fraudsters who scammed the public out of millions of pounds in a sophisticated fashion and enabled me to recover millions of pounds on behalf of the public."



The Team's expertise was also sought by other agencies; the National Fraud Intelligence Bureau referred an online computer servicing fraud network controlled from India, while an investigation into a recruitment agency scam was referred by the Metropolitan Police.

The team also supports multi-agency investigations to tackle counterfeit goods being sold online. This includes Operation Jasper, the multi-agency enforcement operation to combat counterfeiting

and piracy on social media, which has formally joined with a broader strategy delivered by the Illicit Trade Group for England and Wales. The Team also feeds into Operation Aphrodite, a Europol-led operation based on the Operation Jasper model, and co-ordinates work to tackle the supply of counterfeit and other illicit goods on social media platforms.

CASE STUDY

Operation Lily – fraudulent trading online

Three individuals used a series of websites to offer electrical goods for sale (TVs, digital cameras, etc.). Customers complained that goods ordered from the Electrohut website (operated by Electroponents Limited) were never delivered or were different to their order. In a few months, £330,000 worth of orders were received from almost 1,000 consumers.

Saleem Arif, a director of Electroponents Limited, was sentenced to four years and six months in prison for fraudulent trading and money laundering. Kewal Banga pleaded guilty before trial to money laundering the proceeds from the illegal trading activities. He was sentenced to two years 11 months imprisonment. Both were banned from being a director for eight years. A third defendant was acquitted at the trial.

WEBSITE TAKE-DOWNS

The NTS eCrime team suspended 856 websites and social media accounts in 2019/20. These suspensions included different types of crime or non-compliance. Some examples are provided below.

ukgrocertificates.co.uk – taken down in June 2019, this website purported to be a Government registry service when unauthorised/not affiliated.

trainingspring.com – suspended in October 2019, the site was taking payments from customers and failing to provide online training, work experience and placements as promised. Their website displayed a postal address, but the company operating from these premises have no knowledge of Training Spring and they have never had a contract with the company. The website for Training Spring did not identify the legal entity through which the business trades and there was no company number.

gohoverboard.co.uk – removed in January 2020, the hover boards listed for sale on the website were subject to RAPEX (Rapid Alert System for Non-Food Products) notification and a product withdrawal notice issued under the General Product Safety Regulations 2005. Testing found the products were non-compliant, but the website remained open and continued advertising non-compliant boards. A sale tracker on the sites (this and three others associated) indicates they were continuing to sell them in quantities of around 40 per hour.



INCREASING PROTECTION FOR TENANTS

In advance of the Tenant Fees Act coming into force on 1 June 2019, a new team was set up in April 2019 to provide greater protection for renters in England from letting agents who charge illegal tenant fees.

The new remit provides a single combined enforcement function to protect consumers and legitimate businesses in the property sector, bringing together the new team with the existing NTS Estate Agency Team to become the **NTS Estate & Letting Agency Team**.

To support enforcement of the Tenant Fees Act, the team provides support to local authorities to help regulate the private rental sector in England, protecting tenants from illegal fees and safeguarding compliant letting agents.

In 2019/20, the team started:

- **Overseeing the operation of relevant letting agency legislation**
- **Issuing guidance to enforcement authorities – including training to more than 700 enforcement officers from Trading Standards, Housing, Environmental Health and Legal departments**
- **Providing information and advice to enforcement authorities in England and to the public about the operation of the relevant letting agency legislation**
- **Keeping under review and advising Government on developments in the letting agency sector**
- **Developing E-learning package for local authority officers in England.**

CASE STUDY

Operation Abigail – Letting agency fraud

The director of a lettings and property management agency who defrauded over £230,000 from his clients – landlords and tenants – received a two-year prison sentence at Southampton Crown Court in December 2019. Complaints covered the Midlands, South and South East.

The defendant traded under various names and persistently failed to protect deposits.

He frequently issued false certificates to fictional deposit schemes; was removed from membership of ombudsman schemes for failing to comply with adjudications; made false representation to both landlords and tenants as to payment of rent and deposits; and withheld payments due to them.

REGULATING ESTATE AGENTS

The team also works to ensure that individuals or businesses considered unfit to engage in estate agency work are prevented from doing so. As the lead enforcement authority for the Estate Agents Act 1979, the team:

- Issues prohibition and warning orders
- Manages and approves the UK's consumer redress schemes
- Provides sector-specific advice in relation to the obligations and responsibilities of businesses under the Estate Agents Act
- Maintains a public register of prohibition and warning orders issued.

In 2019/20, there was an increase in the number of instances of failure to enrol as a member of an approved redress scheme. The Team continues to work with the redress schemes to review this intelligence and share it with relevant local Trading Standards authorities for action.

In 2019/20 the NTS Estate & Letting Agency Team:

- Received 1,275 complaints regarding estate and letting agencies
- Issued 16 prohibition orders, banning individuals from operating as estate agents, with 30 cases awaiting assessment and a further 64 cases under investigation
- Issued 12 fixed penalty notices for non-membership of a redress scheme, with a further potential 186 cases investigated during the year.

The team have
received 1,275
complaints
regarding estate
& letting agencies



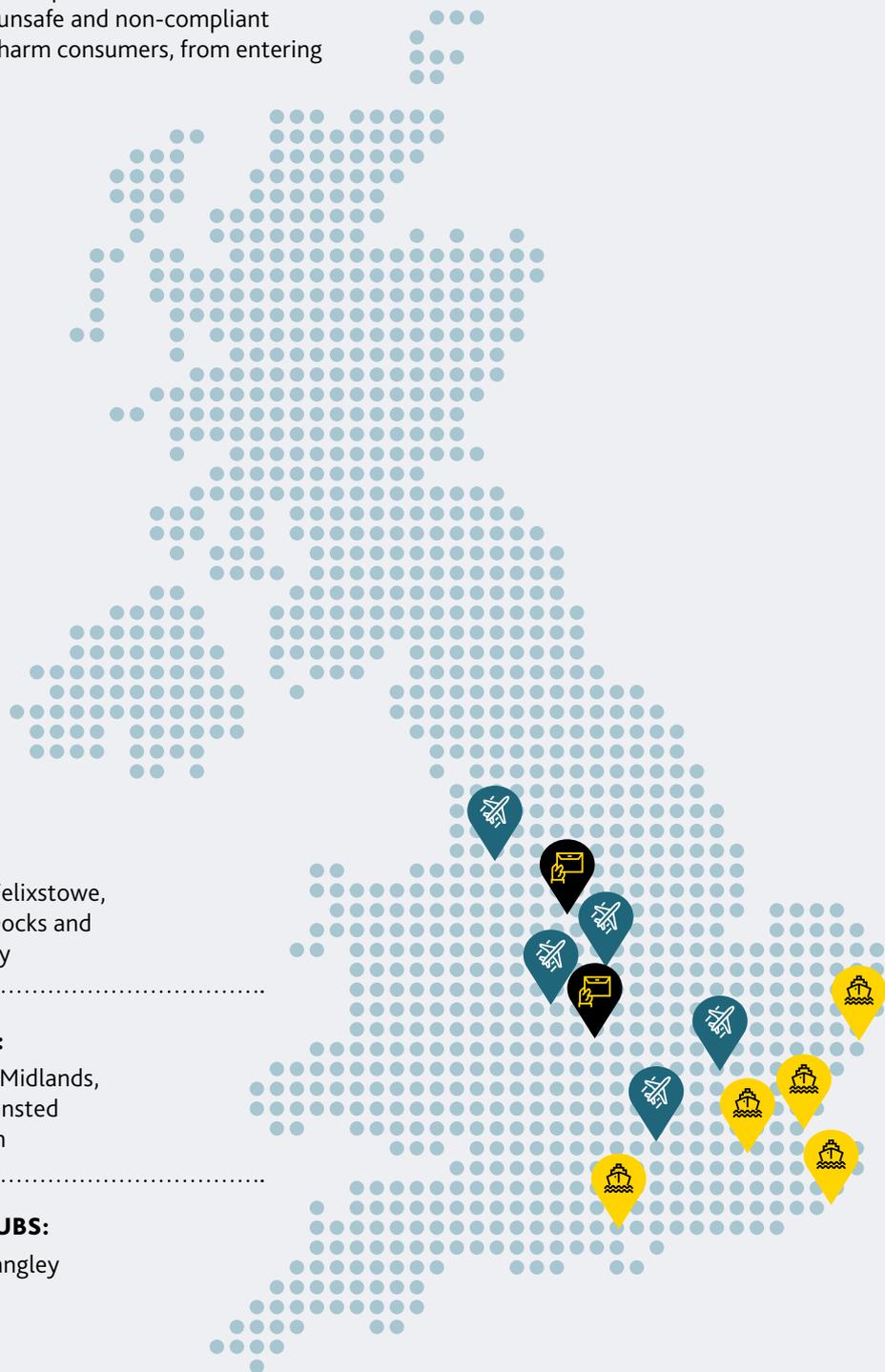




The Ports and Borders Teams prevented more than 1.1 million unsafe items – which could have caused explosions, fires, burns and other injuries – and 4.1 million non-compliant items from entering the supply chain.

PREVENTING DANGEROUS PRODUCTS REACHING CONSUMERS

The NTS Safety at Ports and Borders Teams worked at 13 ports, airports and postal hubs across the country to prevent unsafe and non-compliant items, which could harm consumers, from entering the supply chain.



UK PORTS:

Southampton, Felixstowe, Dover, Tilbury Docks and London Gateway



UK AIRPORTS:

Heathrow, East Midlands, Manchester, Stansted and Birmingham



UK POSTAL HUBS:

Coventry and Langley

DURING THE YEAR

The Ports and Borders Teams prevented more than 1.1 million unsafe items – which could have caused explosions, fires, burns and other injuries – and 4.1 million non-compliant items from entering the supply chain.

The teams' work helped to prevent an estimated 3,155 fires, 3,681 serious injuries and 11 lives lost. The cost to society had these goods remained in the supply chain is estimated as being more than £173 million.

These include:

- Skin whitening products containing hydroquinone, a banned ingredient for cosmetics
- Lipstick and face creams containing high levels of lead and mercury, both banned ingredients for cosmetics
- Giant teddy bears posing strangulation and suffocation risks to young children
- Bath toys containing phthalate chemicals at 180 times the approved level
- Hot air hairbrushes which caused a dangerous fire while undergoing electrical testing
- E-bikes with inadequate speed regulation and dangerous electrical chargers
- Unsafe Christmas lights
- Toy slime that had the appearance of a tub of ice-cream of a well-known biscuit brand. The slime included high levels of lead and pieces of imitation biscuit that posed a choking hazard to young children.

INTERVENTIONS AND SEIZURES AT PORTS AND BORDERS

Burning skin lightening cream

Manchester and Warwickshire Trading Standards found a consignment containing cosmetic products with the banned ingredient hydroquinone. The products consisted of herbal spot and sunburn removal cream, skin lightening lotions and 37 litres of an unmarked yellow liquid. In Manchester, some skin lightening cream spilled on the evidence room floor and this has permanently burnt the floor and also scorched an exhibit label.

Fake 'Despicable Me' watches

Hillingdon Trading Standards examined a large consignment of unsafe and counterfeit 'Despicable Me' children's plastic toy watches imported through Heathrow Airport. The back cover could detach too easily allowing access to the lithium-ion button cell battery, risking acid injury to the intestine and presenting a choking hazard.

130° hairbrush causing fires

A shipment of nearly 200 hot air hairbrushes imported through East Midlands Airport was stopped by Leicestershire Trading Standards. The product was sent for testing and caught fire during the test, resulting in an evacuation of the testing laboratory. The temperature of the brush was found to exceed 130 degrees celsius. The hairbrush also failed on product labelling requirements. All remaining units of the heated hairbrush were removed from sale.

From April 2020, these responsibilities passed to the Office for Product Safety and Standards, part of the Department for Business, Energy and Industrial Strategy.

TACKLING KNIFE CRIME

The causes of knife crime are complex – knife crime is a symptom of wider underlying issues that require multiple solutions. But one thing that is clear is the need to prevent knives from falling into the hands of young people – including knives being sold directly to children.

For the second year running, NTS worked with local authorities to deliver a test purchasing programme to help reduce underage knife sales. Of 1,614 tests carried out by Trading Standards in England and Wales in 2019/20, retailers failed to prevent the sale of a knife to a child in a store on 210 separate occasions (13%). In 2018/19 it was 15%. Of 100 online purchase tests carried out, 41 failed resulting in a knife being sold to a child. Whilst there is an overall reduction in premises-based test purchasing

outcomes – with 15% improvement on last year – the number of underage knife sales is still far too many.

However, there have been improvements among premises-based national retailers, with many adopting more robust systems to verify age and others no longer selling knives. Test purchases carried out by local authority Trading Standards teams in 2019/20 showed that 32% of knives sold to children were bought at national retailers, down from 49% in 2018/19.

The test purchasing programme is also leading to successful enforcement action. Over the two years of the pilot, Trading Standards have completed 74 prosecutions against premises-based retailers who have failed to prevent the sale of knives to children.

GUIDANCE FOR RETAILERS

Guidance has been provided to help retailers make lasting change:

- Consider if you need to sell knives at all. If you do need to sell knives, store them securely in locked cabinets behind a specific counter
- Ensure all staff are made aware that knives are age-restricted products and receive regular training and refreshers on an ongoing basis
- Operate age restricted policies: no ID, no sale
- Sign up to and adhere to the voluntary Code to restrict sales of knives to children <https://www.gov.uk/government/publications/sale-of-knives-voluntary-agreement-by-retailers/sale-of-knives-voluntary-agreement-by-retailers>

- Carry out mystery shopping to ensure procedures are being followed.

For more information go to: <https://www.businesscompanion.info/en/quick-guides/underage-sales/knives-and-other-bladed-items>.



In 2019/20, the programme, which has been funded by the Home Office, has led to:

- **18 prosecutions against premises-based retailers**
- **17 prosecutions in relation to online sales**
- **£160,000 in fines and over £35,000 in costs for online prosecutions**

HELPING ENSURE A SAFE FOOD CHAIN

The importance of safe animal feed is critical not only to animal but also human health. The feed that animals receive is the first step in the process that gets the food from farm to plate.

The NTS animal feed hygiene enforcement programme helps to maintain the safety of the food chain and protect the UK export market. As part of the programme, officers oversee and administer an animal feed inspection and sampling regime on behalf of the Food Standards Agency.

The programme ensures the safety of the food animals are receiving and that it will not contaminate the food chain – ensuring consumers can have confidence that the food they buy is safe.

During the year the team also supported the Food Standards Authority to develop a national training programme, which was delivered to 142 officers from 82 local authorities across England.

Key achievements in the last year have included:

- 6,950 feed interventions
- 2,914 inland feed inspections
- 1,064 Primary Production premises inspections
- 2,494 imported feed consignments have received funded checks at English points of entry
- 70% of inland premises now classified as satisfactory or above



GATHERING INTELLIGENCE

Reliable and timely intelligence is the bedrock of Trading Standards effectiveness. Intelligence tells us new trends and insights about at-risk groups, innovative tactics used by criminals, who the perpetrators are and how they are operating.

One of our key objectives has been to develop intelligence-led working and to support local authority Trading Standards services and NTS teams in using intelligence to help support local, regional and national work. A key part of this has been to develop an intelligence framework to help Trading Standards adopt a problem-solving approach to consumer and business protection work – and to establish an intelligence network.

The intelligence network gathers national, regional and local insights through:

- The National Trading Standards Intelligence Team
- Regional Intelligence Analysts and Regional Support Officers
- Local Intelligence Liaison Officers

This network helps ensure intelligence gathered is shared and coordinated across the Trading Standards profession, helping to identify the priority areas and horizon scanning new issues.

Using intelligence to prioritise work areas

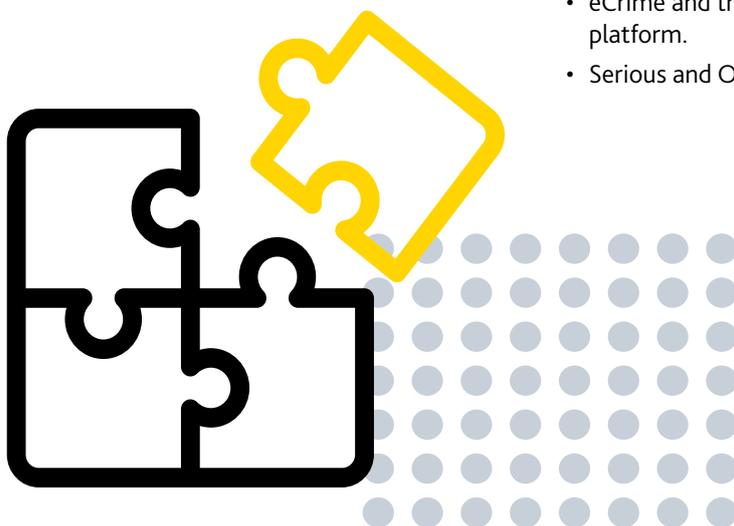
Our priority work areas and funding decisions are based on intelligence. Our National Strategic Assessment identifies key national threats, emerging issues and priority areas.

The NTS 2020 National Strategic Assessment identifies the following key national threats, emerging issues and priority areas and it is recommended that these should form the priority areas for the NTS National Control Strategy for 2021/2022:

- Mass Marketing Scams
- Energy related fraud
- Lettings
- Doorstep and cold calling
- Age restricted sale of knives (this is an area where NTS receives funding)
- Intellectual Property
- Other fair-trading issues
- Used cars
- Estate Agents
- Animal feed (this is an area where NTS receives funding)

It is further recommended that NTS continues to consider the following cross-cutting themes as they impact on each priority area:

- eCrime and the use of social media as a selling platform.
- Serious and Organised Crime.



EMERGING THREATS

Criminals are quick to adapt and evolve to changing circumstances. The outbreak and spread of COVID-19 – and the associated responses to it – has seen criminals exploit the pandemic. Major policy changes such as leaving the European Union will also see criminals pounce on opportunities for fraud.

We have already seen criminals adapt during the lockdown period, changing their methods and operation models to prey on people shielding and self-isolating or targeting businesses that have changed to working from home.

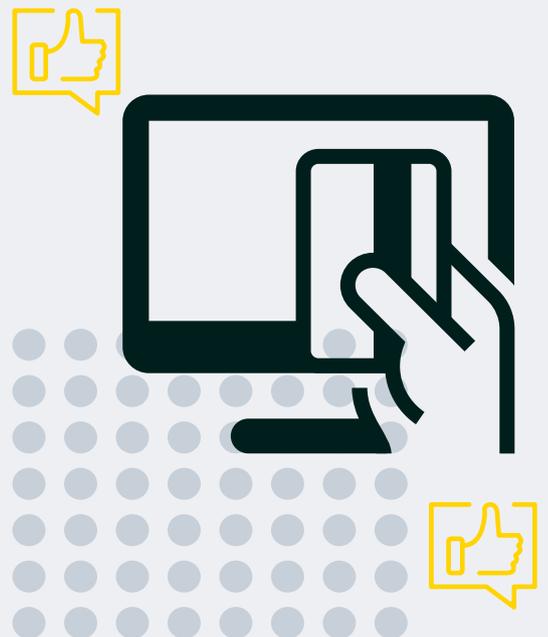
New consumer behaviours, changing business practices and new policies to support the recovery will all lead criminals to find new ways to profiteer. This section outlines some of the main threats and ploys we expect criminals to use to line their pockets.

INCREASED RELIANCE ON DIGITAL AND 'CASHLESS' TRANSACTIONS

As people seek to minimise the risk of infection, the pandemic has forced even more shoppers to make their purchases online. Internet sales were up over the whole of the retail sector from 18.9% in February 2020 to 32.8% in May.

A number of potentially fraudulent and misleading websites and social media profiles were identified in the immediate aftermath of the outbreak of Coronavirus in the UK, a trend reflected across the law enforcement and regulatory landscape. We expect this type of misconduct to prevail for some time as demand for online sales rises while consumers face some ongoing restrictions on the high street.

Consumers are also likely to change how and where they are making their online purchases, providing new opportunities for fraudsters. We expect to see a rise in the use of mobile apps and social media for purchases – such as Twitter, Gumtree, Amazon, Snapchat and Alibaba – where counterfeiters already operate, while more shoppers are likely to explore alternative payment providers such as iZettle, Square and SumUp.



PRICE GOUGING

Since the Coronavirus pandemic, trading standards nationally has seen an increase in traders/businesses exploiting the pandemic by increasing prices for everyday goods and essentials, known as “price gouging”.

Prior to the lockdown, key issues identified included the sale of personal protective equipment (PPE), hand sanitiser and virus testing kits.

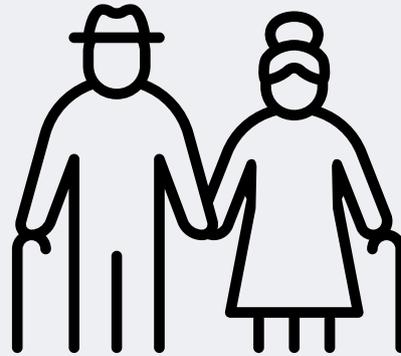
As the situation develops and consumer demand for specific products rises rapidly, beware of price gouging from profiteering traders.



FAKE TRAVEL REFUND WEBSITES

Consumer complaints about travel sector trading has increased, with 11,486 fair trading travel logs recorded on the Citizens Advice database, a year-on-year increase of 1,247 consumer complaints. We expect complaints will continue to rise over the next few months as consumers attempt to secure refunds from travel agents and flight operators or defer holidays until next year.

Future threats could come from companies offering ‘assistance’ with claiming refunds for cancelled holidays, processing of insurance claims that may have been denied or other losses consumers may have suffered as a result of changed travel plans.



PREYING ON PEOPLE IN VULNERABLE SITUATIONS

Targeting people in vulnerable situations is not a new tactic – but we expect it to become more prominent as the virus encourages more people to shield, increasing loneliness and isolation. When lockdown was first imposed, thieves targeted some older people on their doorstep offering to do their shopping, before taking the money and not returning. Sadly, we expect heartless criminals to continue exploiting people in vulnerable situations, using fear tactics to solicit monies from new and previously targeted victims.

GREEN HOME GRANT

We expect criminals to exploit legitimate government policies and investments to deceive and defraud consumers. This includes the Green Home Grant, announced by the Chancellor of the Exchequer in his Summer Statement, which is designed to incentivise energy efficient home improvements. The details of the Green Home Grants have not yet been announced, but similar initiatives have been targeted by criminals in the past – such as the Green Deal scheme in 2013 – which led to a number of individuals and companies being prosecuted for unfair consumer practices.



VIRTUAL HOUSE VIEWINGS

During the COVID-19 lockdown restrictions, physical house viewings were not possible, and since restrictions have been eased they continue to be difficult to manage and have to be risk assessed. This has led to an increase in virtual viewings by video, where prospective tenants or buyers view properties online.

This has led to concerns that inaccurate property boundaries and other misrepresentations can be made more easily due to a lack of physical viewings, that some footage could be manipulated or even that non-existent properties may be advertised. The NTS Estate & Letting Agency Team has already worked with Warwickshire Trading Standards as a primary authority in the property sector to produce guidance on video viewings.

Ninety-five per cent of all letting frauds reported to Action Fraud involve fake properties being advertised for rent, a particular risk for students returning to universities as they reopen.



ESTATE AND LETTING AGENCY 'PHOENIXING'

As the pandemic continues to affect the economy, some estate and letting agents will struggle with revenue and cashflow. This poses a threat to clients' money held by agents experiencing financial difficulties.

Financial difficulties may also be used as an opportunity to close a company to avoid debts, while changing trading names. This practice – known as “phoenixing” – could also put clients' money at risk.

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