

Rt. Hon. Rachel Reeves MP, Chancellor of the Exchequer
Rt. Hon. Yvette Cooper MP, Secretary of State for the Home Department
Rt. Hon. Peter Kyle MP, Secretary of State for Science, Innovation and Technology

18 March 2025

Dear Chancellor, Home Secretary and Secretary of State for Science, Innovation and Technology,

Last year you wrote to the tech and telecommunication sectors calling for them to go further and faster in reducing fraud, requesting an update by March. March is now upon us and we await details of this update and the Government's response. This presents a real opportunity to incentivise these sectors to contribute proactively to fraud prevention and we urge you to publicly outline what measures have been taken by these companies and what actions the Government will be taking to address any lack of progress.

The best way to tackle fraud is to stop it happening in the first place, but the various voluntary initiatives have had no meaningful impact on the scale of fraud. Since the Government's Online Tech Charter was first established fraud volumes remain far too high and recent research by Which? found it has done nothing to make consumers feel safer online.

Before the election the Prime Minister highlighted the role the financial services sector plays in supporting customers who've been defrauded, including through the Payment Systems Regulator's (PSR) newly introduced mandatory reimbursement scheme for APP fraud victims. He also outlined the need for big tech to step up and do more, calling for these firms to have a 'clear obligation' and 'financial incentive' to work with banks and law enforcement agencies to identify and stop fraudsters from targeting UK consumers. Which? and the banking sector wholeheartedly agree.

UK Finance's latest data found 72 per cent of authorised push payment (APP) fraud – where criminals trick people into transferring them money – started online, and 16 per cent via telecommunications networks. While some firms are making efforts, it's clear that not all of them are taking the problem seriously enough.

Almost £1.2 billion was stolen by criminals through payment fraud in 2023, equivalent to over £2,000 every minute. The economic impact of this is significant, eroding consumer trust in digital markets, dampening small business productivity and profits and diverting money away from our economy and into the hands of organised crime.

The problem isn't just a financial one. Fraud is a pernicious crime that can cause severe psychological and emotional harm to victims. Which? research from 2023 calculated the impact on the wellbeing of consumers who've fallen victim to online scams as equivalent to

the cost of £7.2bn per year. Some victims have reported changes in their behaviour and a loss of trust in the online world. In the long run, this is likely to have knock-on effects on consumers' willingness to try new products and services, which is compromising economic growth. The harm doesn't stop there, with recent harrowing reports on how the perpetrators are often press-ganged to work in scam camps in places such as Myanmar.

The Online Safety Act (OSA) will help address this issue by forcing some platforms to introduce preventative measures to stop their customers from encountering fraudulent content in the first place. However, it is deeply concerning that the regulator previously announced it was delaying the implementation of the codes for paid-for fraudulent advertising by over a year, meaning that the Act will not be fully enforced until 2027 at the earliest. The Government must ensure Ofcom not only swiftly implements these codes, but that the codes themselves are sufficiently robust to effectively reduce the volume of fraudulent advertising online. We ask that you publicly call for these provisions to be in place as soon as practically possible to provide much needed reassurance to consumers.

In addition to the Online Safety Act, the Government should take robust action to require tech and telecommunication firms to contribute to the cost of dealing with fraud and publicly confirm its intentions to do so. It should also accelerate the publication of a Fraud Strategy in which it sets out its plans to close gaps in consumer protections, especially in relation to online advertising outside of the scope of the OSA, and to improve consumer protections from scam calls and texts.

We are ready to collaborate with your departments and work together to prevent fraud and keep people safe.

Yours sincerely,

David Postings
Chief Executive, UK Finance

Anabel Houtt
CEO, Which?