

Commercial law

Law



What is fraud? 03/05 What is fraud? Fraud is defined as wrongful or criminal deception intended to result in financial or personal gain. It is also defined as 'abuse of position, or false representation, or prejudicing someone's rights for personal gain. General form of fraud includes:

1. deception or intentional false representation or
2. failure to disclose information or
3. Abuse of position

The fraud Act 2006 defines fraud as the obtaining of financial advantage or causing of loss by implicit or explicit deception; it is the mechanism through which the fraudster gains an unlawful advantage or causes unlawful loss.

Extent of fraud

Fraud is a serious problem in the UK. Studies carried out by National Economic Research Associates (NERA) and the Norwich Union to estimate the economic cost of fraud (NERA 2000, Norwich Union, 2005). There are no conclusive published figures available on the extent of fraud in the UK. In January 2010, KPMG reported that 2009 saw record levels of fraud cases valued in excess of £100, 000 coming to court, with 271 cases valued at over £1. 3 billion compared with 239 cases valued at over £ 1. 1 billion in 2008.

Regulatory agencies

AgencyResponsibility

Serious Fraud Office (SFO)Is an independent government department that investigates and prosecutes serious or complex fraud and corruption.

Ministry of Defense Ministry of defense and fraud analysis unit delivers fraud awareness and prevention across the Ministry of Defense.

Business, Innovation and Skills (BIS)Deters fraud in companies by investigating and prosecuting breaches to insolvency and Company Law

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Office of Fair Trading (OFT) Receives complaints from victims of frauds, scams, unfair terms, and cartels

Department of work and Pensions Department of Work and Pensions has a fraud investigation service solely committed to stamping out of fraud in pensions and benefit fraud

Roskill recommendations

1. The need for a new unified organization responsible for all the functions of detection, investigation, and prosecution of serious fraud cases
2. An independent monitoring body (or fraud commission) responsible for studying the efficiency with which fraud cases are conducted and make an annual report.