



## THE COUNTER FRAUD CAMPAIGN 2019

### PART 2: RECRUITMENT FRAUD IN TRAVEL

Prevention of Fraud in Travel (PROFIT) and the Fraud Intelligence Network (FIN) are working with the City of London Police to reduce fraud in the travel industry. PART 2 looks at pre employment screening.

**PROFIT is the only official travel industry counter fraud body. We work on your behalf to carry out analysis and research, disseminate best practice and disrupt crime.**

**Find out how you can join the fight against crime. Contact via: [contactus@profit.uk.com](mailto:contactus@profit.uk.com)**

#### 1.0 PRE-EMPLOYMENT SCREENING

- 1.1 Every organisation is vulnerable to employee fraud and should engage in pre-employment screening in order to minimise the threat of loss to the business. It is no defence to fraud that an employee has experience within the industry, or that they have worked for a large company.
- 1.2 Identity fraud is an increasingly common offence. There are three main reasons why individuals resort to using false identities:
  - i. **To avoid detection.**

Avoiding detection can occur because an applicant does not want you to know that they are a serial criminal, illegal immigrant, money launderer, disqualified driver, or a person with a poor credit history. Individuals who wish to remain anonymous and/or undetected, such as terrorists, may also use false identities.
  - ii. **For dishonest financial gain.**

Dishonest financial gain can include infiltrating your business to commit fraud, credit fraud, welfare benefits fraud or falsifying educational or professional qualifications to obtain employment.
  - iii. **To avoid financial liability.**

Avoiding financial liabilities can include failing to pay debts, taxes, child maintenance etc.
- 1.3 These motives highlight the importance of using a comprehensive document verification process, focussed on establishing the authenticity of every document a prospective employee provides, not just the passport and/or photo driving licence.
- 1.3 Pre-employment screening will help to reduce the likelihood that a criminal gains access to your organisation. Also, it will ensure that you confirm the identity of your employees in a way that would assist any subsequent investigation into insider activity.

#### 2.0 CHECKS ON ALL NEW RECRUITS

- 2.1 The potential for being taken in by fraud or identity theft starts at the pre-employment stage. The minimum checks that organisations should carry out on all recruits are:
  - Identity,
  - Residential address,
  - Right to Work in The UK, and <https://www.gov.uk/legal-right-to-work-in-the-uk>
  - Work History and References.

An organisation that fails to carry out these minimal checks not only could be in breach of the law, and leave itself and its employees vulnerable, it can also expect law enforcement agencies to be unsympathetic to reports it may make of economic crime committed against it.

- 2.2 UK law requires that certain pre-employment screening checks must be carried out on all employees including directors and failure to carry out these specified checks and maintaining records of them is a criminal offence.

### **IDENTITY**

- 2.3 Always carry out some checks to satisfy yourself that the person you are taking on is the person they claim to be. You should be aware that there are several websites offering to create a complete fictional work history, a bogus CV, an untrue education history, an artificial identity, along with supplying the relevant official looking documents; Remember that your next applicant could have used these.
- 2.4 A name can be easily checked using free online tools. In addition, there are several proprietary tools that enable you, for a charge, to research the identity of the applicant. When using these tools you should seek to verify the name and the date of birth because whilst it is relatively easy for a person intent on fraud to obtain a person's name and address the date of birth is harder to falsify unless the victim has done something unwise.
- 2.5 At interview the applicant can be asked to bring an original government-issued document such as a *current* passport, a photographic driving license, birth certificate, or in the case of a married person a marriage certificate all of which will help confirm the identity that you have already checked out using other sources.
- 2.6 You might also be able to corroborate some facts about the applicant using social media such as Facebook, LinkedIn, and Twitter.
- 2.7 Remember that where an inconsistency in a person's name or address arises you must seek evidence to satisfy yourself of why that discrepancy has occurred. Amongst plausible reasons you might find a recent marriage, a recent residential move, or that a person is commonly known by a different name to their given name.

### **RESIDENTIAL ADDRESS**

- 2.8 A simple search online will return details of companies offering to identify the accuracy of an address. One semi-official free site that is accurate and up to date belongs to the Royal Mail: <http://www.royalmail.com/postcode-finder>. Google maps may also be helpful in this regard. Proof of address can also be checked by asking the applicant to produce recent utility bills.

### **RIGHT TO WORK IN THE UK**

- 2.9 The Immigration, Asylum and Nationality Act 2006 requires that anybody who employs people over the age of 16, including organisations, to prevent illegal working by carrying out document checks to confirm if a person has the right to work in the UK. By the right to work in the UK the Act means that the person has an entry clearance or leave to remain, or a valid permit to work in the UK.
- 2.10 The checks required under this law also help establish the identity of the person that is being employed and so discourage infiltration of the workplace by a criminal, who is intent on committing a fraud.
- 2.11 The Act requires that organisations should check and keep copies of original, acceptable, documents *before* someone starts working for them. Complying with the 2006 Act is complex and the requirements do change from time to time. For up to date and full information visit: <http://www.ukba.homeoffice.gov.uk>.

### **WORK HISTORY & REFERENCES**

- 2.12 Some organisations do not take up references as policy because they say there is no point doing so because, "no one ever gives a negative reference for fear of being sued". However, this misses the point that references verify a potential employees' employment history. This will enable you to verify the applicant's previous employers, the length of each employment, confirm the position held, and identify any gaps in the employment record.

- 2.13 Every company that the applicant claims they worked for can easily be checked out online to ensure they exist(ed). Additionally, employment gaps of more than three months should always be checked out. We always recommend seeking references for the past three employments at the very least.

### **3.0 ADDITIONAL CHECKS**

#### **CARRYING OUT ADVANCED CHECKS**

- 3.1 Carrying out additional checks beyond the minimum basic checks should be carried out in a manner that is proportionate to the risk involved. Apart from regulated organisations, and those required to carry out advanced checks on certain personnel, all organisations should consider advanced checks on:

- board members,
- senior managers,
- staff that handle money and financial information,
- positions that are politically sensitive,
- staff that handle personal data, and
- security staff.

Depending upon the importance or sensitivity of the position being recruited to then more checks may be necessary. Listed below are some of the additional checks that an organisation might consider carrying out:

#### **Criminal Convictions**

- 3.2 For any post that is in a position of trust we recommend that your organisation checks out whether they have criminal convictions. Only professional competent HR staff should undertake this check.
- 3.3 Before checking a potential employees criminal convictions regard must be had to the time limits for disclosure of convictions by that person as set out in the Rehabilitation Of Offenders Act 1974, Rehabilitation Of Offenders (Exceptions) Order 1975 (as amended), and the young offenders time limits as set out in the Crime And Disorder Act 1988. Convictions which are 'spent' are those which are not required to be declared by the person and should be neglected by the potential employee except in small number of a limited number of cases.
- 3.4 The procedure for checking criminal convictions is that the potential employee should be asked to complete and sign a declaration which should be returned to HR staff. UK criminal convictions can be checked, for a small fee, at <https://www.gov.uk/government/organisations/disclosure-and-barring-service/about> or <https://www.mygov.scot/working-jobs/finding-a-job/disclosure/>.

#### **Civil Judgements**

- 3.5 When recruiting board members and senior managers consideration should be given to checking whether they are disqualified from holding positions of responsibility within an organisation. This can be checked for free at <https://beta.companieshouse.gov.uk/search/disqualified-officers>.
- 3.6 When recruiting board members; senior managers; staff involved in financial affairs of the organisation; call centre and front-line staff; or security personnel, consideration should be given to checking civil judgements. Checking businesses or people for civil judgements including County Court Judgements (CCJs), Administration Order's, Tribunal Awards, High Court Judgements, Magistrates Court fine defaults and Child Support Agency liabilities can be done at <http://www.trustonline.org.uk>.
- 3.7 The procedure for checking civil judgements is that the potential employee should be asked to complete and sign a declaration stating any judgements lodged against them which should be returned to HR staff.

#### **Credit History**

- 3.8 When employing staff involved in financial affairs of the organisation; call centre and front-line staff; or security personnel, consideration should be given to checking the person's credit history. Credit history can be checked through a commercial credit reference agency such as:

- Callcredit Check <https://www.transunion.co.uk>,
- Checkmyfile <https://www.checkmyfile.com>,
- Equifax <https://www.equifax.co.uk>, or
- Experian <https://www.experian.co.uk>.

### **Qualifications and Professional Qualifications**

- 3.9 Where an educational qualification is declared on the application form or in a CV, a professional qualification is required to carry out a function, or as a competency threshold for a position within the organisation the potential employee should be requested to bring the original certificates to interview and these should be examined and copied.
- 3.10 In the case of professional qualifications, checks should be made with the awarding body or organisation although some can also be checked through <https://www.qualificationcheck.com>. Whilst it is possible to check educational qualifications from school or university through <https://www.knowyourcandidate.co.uk>. Both services require a small fee and for the data subject to have signed a consent form before providing information.

### **Politically Exposed Persons**

- 3.11 Under money laundering regulations it is a requirement to check whether a person is a politically exposed person. It also makes sense for organisations to check anyone who is a potential employee to a role that is sensitive or embarrassing to the organisation.
- 3.12 A Politically Exposed Person is defined as:
1. Current or former senior official in the executive, legislative, administrative, military, or judicial branch of a foreign government (elected or not)
  2. A senior official of a major foreign political party
  3. A senior executive of a foreign government owned commercial enterprise, and/or being a corporation, business or other entity formed by or for the benefit of any such individual
  4. An immediate family member of such individual; meaning spouse, parents, siblings, children, and spouse's parents or siblings
  5. Any individual publicly known (or actually known by the relevant financial institution) to be a close personal or professional associate.
- 3.13 Politically Exposed Persons can be checked for free at <https://namescan.io/FreePEPCheck.aspx> or for a fee at World Check Risk Intelligence <https://www.refinitiv.com>.

### **Child Protection Considerations**

- 3.14 If an organisation has staff that work with vulnerable people on your behalf then you must carry out a Disclosure and Barring Service (DBS) check on that person before employing them. DBS Checks are carried out - and must be carried out - for anyone who wishes to work with children, the elderly or individuals who might otherwise be classed as vulnerable.
- 3.15 The DBS can provide information about an individual about whether or not he or she has a criminal conviction or has been charged with a criminal conviction which has expired. This information is gathered from several sources and collated by the DBS who will provide the applicant with what is known as a 'disclosure'. This disclosure enables a prospective employer where children, the elderly or vulnerable people are involved, to decide for themselves if an applicant is suitable for employment.
- 3.16 When applying for a job the employer may well pay the cost of acquiring this disclosure or the applicant may be asked to pay for it and will be reimbursed if the candidate is successful in applying for a job.

**Next Week: Part 3 Employee Fraud**