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**PRESS RELEASE**

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**RESULTS FROM THE SOCIAL RESEARCH UNDERTAKEN AS PART OF THE  
REVIEW OF THE DWP BENEFIT FRAUD SANCTIONS REGIME**

Social Research findings from the review of the DWP Benefit Fraud Sanctions Regime are published today.

The independent social research report was conducted by SPARK Research on behalf of the Department, and involved eight focus groups, each with ten members of the general public in England, Scotland and Wales and interviews with twenty-one benefits claimants who had received sanctions for committing a fraud since 1999.

The report evaluates the effectiveness of the sanctions regime imposed on benefit claimants that commit fraud.

The key findings were as follows:

1. The majority of people interviewed believed that their experience of the sanctions regime will deter them from committing fraud again. For them, the sanction they received had a positive deterrent effect.
2. The discussion in the focus groups showed the participants to have an impression that fraud is quite commonplace in society, particularly insurance fraud but they thought benefit fraud was not far behind. Very few focus group participants considered benefit fraud to be as serious a crime as any crime committed against another person, for example victims of drink driving accidents or burglary. However, benefit fraud was considered to be a more serious crime than insurance fraud, TV license fee evasion, tax evasion and shoplifting.
3. The participants highlighted a hierarchy of how serious they thought different types of benefit fraud were. Housing benefit fraud was thought to be the most serious because it is a deliberate and systematic fraud, followed by Incapacity Benefit fraud and Jobseekers' Allowance fraud, while fraudulent claims for state pension were seen as the least serious.
4. Motivations for committing fraud range from being in need to committing benefit fraud as part of a criminal lifestyle. However, some of those interviewed fell into a group of people defined in the report as 'incognisant fraudsters', who do not believe that they have deliberately undertaken a fraud but did so because of their lack of knowledge or understanding of the system. For those interviewed who considered themselves to be in this position, the experience was not shaped by the type of sanction but that they had been subject to the regime in the first place. To many, the deterrent effect would have been the same regardless of

which sanction they received. It is also acknowledged in the research that many genuine mistakes or errors by claimants are dealt with without the imposition of a sanction.

5. The perceived hierarchy of fraud both in the minds of the general public and of fraudsters themselves meant there was more sympathy for those in greatest need who commit fraud. A single person who is working and claiming was felt to be committing a much more serious offence than a person who had children and whose motivation was driven by need rather than greed.
6. The general public's view is that the personal circumstances of the fraudster need to be taken into account and differential punishments should be imposed depending on these circumstances. The focus group participants believed that prosecutions, which are currently considered in cases where the gross overpayment in benefit is over £1,500, should be reserved for the most severe or persistent cases of fraud. Administrative penalties were thought to be most appropriate for first time offenders, but likely to achieve little with serial offenders. The majority of focus group participants thought that cautions are far too lenient, although the views of those who had received a caution varied from this.
7. The public believe that fraudsters should be compelled to put something back into society, especially if they have a skill or expertise that could benefit the community. Community service orders are therefore favoured.
8. Focus group participants seemed unsure of the range of sanctions that could be applied and in what circumstances. Many thought that sanctions as deterrent should be more widely publicised to be more effective. The report recommends that DWP should raise awareness of the sanctions regime amongst benefit claimants in order that its deterrent effects can be more widely appreciated. In particular, the exact nature of the 'two strikes' provision and the extreme circumstances in which it is applied need to be publicised more.

#### **Note to Editors:**

1. The Review of the DWP Benefit Fraud Sanctions Regime – Social Research Report is published today in the Department for Work and Pensions' In-House Research Series [Report number 149, ISBN 1-84388-342-2]. A free copy of the Report and Summary are available from the Research Support Team at the DWP Social Research Division (020 7962 8566).
2. A recent report by the National Audit Office "Tackling Benefit Fraud" (2003) recommended that the current benefits sanctions regime needed to be reviewed and the deterrent effects of the different sanctions evaluated. This piece of research formed part of the evidence base for the overall review.
3. Prior to 1998 the only form of sanction was prosecution and/or recovery of the overpayment through civil recovery. Administration Penalties and Cautions were introduced to address this.
4. The current sanctions regime adopted by DWP since 1998 consists of the following four main elements:
  - Prosecution

This is normally the preferred sanction where the overpayment (the amount of benefit that has been wrongly claimed) is significant. It is the first option for serious or persistent offenders. The vast majority of cases go before the magistrate's court, although some of the more serious cases will go before crown court.

- Administrative penalties

These are normally considered where the case is not so serious as to warrant prosecution as a first option. A person may be offered the choice of agreeing to pay an administrative penalty as an alternative to criminal proceedings being taken against them.

- Caution

These are generally aimed at frauds where the offence is admitted and where the value of the overpayment is less than £400. It is thought to provide an additional tool for deterring those offenders who would not normally be prosecuted or offered penalties.

- "Two Strikes"

Under the Fraud Act 2001 implemented as from April 2002, where a person is convicted of one or more benefit offences in two separate sets of proceedings within a period of three years they may be disqualified from receiving benefit. This is known as the "Two Strikes" provision. Certain benefits can be withdrawn, or reduced by 20 or 40 per cent for up to 13 weeks. Benefits that can be withdrawn are all social security payments except bereavement payments, retirement pensions, benefits paid for children or those that cover the extra costs of disability.

5. These current sanctions have now been reviewed and will gradually be revised within the next two years to reflect the recommendations of the overall Sanctions Review.

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