“Silence isn’t golden, whistleblowers are.”

MARGARET HEFFERNAN

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| The UK Government’s Fraud Strategy from 2023 stated that fraud now accounts for over 40% of crime but receives less than 1% of police resources.1 All the time that the police allocation to this crime type remains low, other investigative and reporting channels must be utilised to their full potential. Whilst a company can have the best-in-class technological solutions in place to detect and prevent fraud, nothing will beat the ingenuity and expertise of a human. Therefore, whistleblowers are the single most important means of identifying and intercepting fraud.  ***“Government sources estimate £6bn) is the real total of fraudulent Covid-19 loans”***  HMRC received 13,775 tip-offs from whistleblowing employees regarding the fraudulent receipt of government-issued loans (such as the Coronavirus Business Interruption Loan Scheme and Bounce Back Loan Scheme) designed to support those in need during the Covid-19 pandemic.2 The Department of Business & Trade reporting in 2023 that confirmed fraudulent loans during Covid-19 totalling £1.7bn were approved,3 while other Government sources estimate £6bn is the real value of fraudulent Covid-19 loans.4 Thus, it is evident why the real value of fraud losses as a whole is unknown, let alone just as a result of the pandemic. So who is responsible for paying up to recuperate the billions of pounds lost to fraudulent loans provided during Covid-19? The criminals? Guess again. It’s you, the taxpayer!  ***“Companies encourage whistleblowing in policy, but discourage it in practice”***  The non-existent fraud controls for these loans was heavily over-compensated by the number of whistleblowers. Despite circa 14,000 whistleblowers | being impossible to ignore, whistleblowing charity *Protect* reported that over half of them received no response from their employer when initially raising their concern.5 *Protect* also received a considerable number of calls from whistleblowers wanting to act but had no access to internal whistleblowing services or channels.6It is evident to me that most companies encourage whistleblowing in policy, but discourage it in practice.  The HMRC website offers two whistleblowing channels: online form and phone. For those who do not have access to the internet and for those who cannot use the phone… evidently they are in no need to blow the whistle. The online form provides 24 different fraud categories to choose from, but no guidance on what each of them means. Having been a practitioner in the counter-fraud space for the last decade, I can tell you what they all mean, however for those who do not work in this area and simply want to disclose something that ‘does not seem quite right’ (isn’t that what we’re encouraged to do, after all?), it may not be that simple.  ***“How is the media content with publishing articles that refer to whistleblowers as ‘snitches’?!”***  The period of April 2021 to March 2022 saw 15,118 qualifying disclosures made to HMRC. What does ‘qualifying’ mean? What’s the threshold? What happens to those reports which do not qualify? The Crown Prosecution Service states that “proof is not needed to raise a concern” and “to raise a concern there only needs to be reasonable belief that wrongdoing has occurred, is occurring, or is likely to occur.”7 That begs the question, how can a whistleblowing report possibly *not* qualify? |

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1 Home Office (2023). “Fraud Strategy: stopping scams and protecting the public“.

(https://www.gov.uk/government/publications/fraud-strategy/fraud-strategy-stopping-scams-and-protecting-the-public#:~:text=Most%20importantly%2C%20 victims%20must%20know,than%201%25%20of%20police%20resource)

2 Andrew Sackey, Pinsent Masons (2022). “14,000 online whistleblowers prompt HMRC crack down on furlough fraud“. https://www.pinsentmasons.com/out-law/news/online-whistleblowers-prompt-hmrc-crack-down-on-furlough-fraud

3 Kalyeena Makortoff, The Guardian (2023). UK taxpayers left footing bill as number of fraudulent Covid loans soars.

https://www.theguardian.com/business/2023/sep/14/uk-taxpayers-left-footing-bill-as-number-of-fraudulent-covid-loans-soars#:~:text=In%20total%2C%20ab out%20%C2%A31.65,to%20cover%20the%20lenders%27%20losses.

4 Kalyeena Makortoff & Jasper Jolly, The Guardian (2022). How the UK government lost £4.9bn to Covid loan fraud.

https://www.theguardian.com/politics/2022/jan/29/how-the-uk-government-lost-49bn-to-covid-loan

5 Dan Cave, People Management (2022). “HR urged to be proactive as HMRC receives 14,000 furlough fraud whistleblower reports”. https://www.peoplemanagement.co.uk/article/1795548/hr-urged-proactive-hmrc-receives-14000-furlough-fraud-whistleblower-reports 6Ibid. [3].

7 Crown Prosecution Service (2021). Whistleblowing: Frequently Asked Questions. https://www.cps.gov.uk/publication/whistleblowing-frequently-asked-questions

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| ***“Criminals need to be punished, not those who are***  ***trying to stop it.”***  With news articles such as one by the Telegraph in August 2023 entitled “HMRC pays over £500,000 to tax snitches”,8 can you really blame potential whistleblowers for not coming forward? Also, how is the media content with publishing articles that refer to whistleblowers as snitches?! Criminals need to be punished, not those who are trying to stop it. If *you* had the choice between blowing the whistle and being labelled a ‘snitch’, or keeping schtum…  Despite the UK being one of the first countries in the world to develop a whistleblowing framework,9 *Whistleblowers UK* has published data that demonstrates that this is so ineffective in the workplace, often causing more harm than good - in the forms of harassment, bullying, discrimination, severe mental health problems and dismissal.10 Therefore, change is desperately needed and is long overdue.  ***“Crime thrives in silent environments”***  Who can blame the whistleblowers for their reluctance to share and report wrongdoing, considering the backlash the majority of them face as a result? This creates a company culture of employees keeping quiet in order to protect their livelihood and wellbeing. Crime thrives in silent environments: it is therefore impossible to reduce financial crime if whistleblowers are sidelined or treated in such a way that they wish they’d never come forward.  ***“Whistleblowing is not mentioned in the Government’s Fraud Strategy”***  This is where the value of whistleblowers is underrated and overlooked: reinforced by the worrying observation that whistleblowing is not mentioned in the aforementioned Government’s Fraud Strategy. Without the required attention and resources being applied to one of the main channels of reporting fraud, how can we expect to reduce fraud in the UK?  Despite legal firm RPC observing that fraud reports rose by 47% in the past year, so did the payments to whistleblowers who could provide evidence, despite payments being provided on an ad hoc basis.11 | On the other hand, some believe that public outrage is the reason for increased whistleblowing numbers. Is this a new extreme form of Britishness, that we can aim to eradicate financial crime off the back of widespread anger?  ***“Why should we need to incentivise doing what we already know is the right thing to do?”***  Surely paying whistleblowers as a reward for reporting will lead to false whistleblowing reports, resulting in a drain on resources being allocated to investigate fictitious reports, because people have heard that you may be entitled to receive money. Don’t get me wrong, I’m not going to turn my nose up at receiving money for carrying out a good deed, but why should we need to incentivise doing what we already know is the right thing to do? Fraudulently reporting a fictitious fraud is *not* the way to stop fraud.  Insider fraud (also known as employee fraud, internal fraud and occupational fraud) is one of the biggest crime threats in today’s society. Exacerbated by Covid-19 and the cost-of-living crisis, under certain strains even the most ethical and law-abiding individuals may feel that perpetrating fraud against their own employer is their only option. Insider fraud can range from false job applications, false expenses claims, theft of customer or company data, and even false reporting of wrongdoing for financial gain.  **Over and over again genuine whistleblowers are the most valuable control in the fight against insider fraud. As the eyes and ears ‘on the ground’, they are more likely to witness any wrongdoing than anyone else.** The Whistleblowing Bill presented to Parliament by Mary Robinson MP, Chair of the APPG for Whistleblowing presents the Government with the opportunity to maximize our fraud detection.  **About the Author:**  Claire Maillet is an award-winning counter-fraud expert with a decade of experience in the field. A seasoned national and international public speaker, Claire primarily speaks about internal and external fraud, disability and inclusion. She is vice chair of the WhistleblowersUK financial services focus group.  In her spare time, Claire undertakes a PhD in Criminal Justice Studies at the University of Portsmouth, looking at insider fraud. Additionally, in January 2024 Claire launched ‘fraudible’ - a video podcast combining fraud practitioner experience and academic fraud theory. |

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8 Charlotte Gifford, The Telegraph (2023). “HMRC pays over £500,000 to tax snitches”.

https://www.telegraph.co.uk/money/tax/return/hmrc-secretly-pays-500000-tax-snitches/

9 Kevin Hollinrake MP (2023).

(https://static1.squarespace.com/static/617d2382e081bb2aead159f0/t/642d67a05f69a827d8059ace/1680697253040/WBUK+Spring+Newsletter+2023.pdf) 10 Whistleblowers UK (2023). “Whistleblowing Awareness Week 2023: The Data”.

(https://static1.squarespace.com/static/617d2382e081bb2aead159f0/t/644bf6fe091dc030fb96d791/1682700041028/WBAW+%2723+The+Data.pdf) 11 Maria Ward-Brennan, City AM (2023). “Whistleblower reports to HMRC hit five year high”. https://www.cityam.com/hmrc-whistleblower-reports-hit-five-year-high/