

# The Graydon Fraud Map

## A regional overview of corporate fraud in the UK.



# Foreword



We are pleased to bring you The Graydon Fraud Map: A regional overview of corporate fraud in the UK. The focus of this Graydon report is to present a geographic overview of the number of businesses in the UK that have recorded indications of fraudulent activity.

## Corporate Fraud

*Definition: A deception committed against a business that is intended to obtain unlawful gain.*

In line with the National Fraud & Cyber Crime Reporting Centre (Action Fraud), fraud impacting businesses can be both general frauds that target any business, to sector specific frauds. Examples of corporate fraud include:

- **Application Fraud:** Misleading companies into extending a line of credit by creating fictitious credit ratings. These scammers often file false documents at Companies House.
- **False Invoicing:** An invoice from a fraudster pretending to be an existing supplier, for goods and services not actually rendered.
- **Long Firm Fraud:** This is when a customer establishes a good credit history with a supplier by paying for lots of small orders promptly. Having won the trust of their suppliers, they then place a number of large orders. Once the goods have arrived, they disappear and sell them elsewhere.

## The cost of fraud

The National Fraud Authority (NFA) announced a £52 billion loss to the UK economy due to fraud in 2013. It is with this in mind that Graydon developed the UK Fraud Map. Our corporate fraud report has revealed that one in every 635 companies nationally displayed fraudulent behaviour in 2013. It has also revealed that in Central London alone, one out of every 343 companies displayed fraudulent behaviour. Some key statistics from the Graydon Fraud Map include:

- Over 50% of fraudulent activity nationwide happens in Central London and the North West region
- Over 40% of all corporate fraud happens in just 10 out of 235 UK Postcode areas
- London W1 has overtaken Manchester as the UK's top fraudulent area

As part of this overview, we have included data on the areas of Blackburn, Peterborough and Stevenage, all of which have moved into the top ten UK locations for fraudulent activity.

The results in the Graydon Fraud Map demonstrate the need for companies to be vigilant in identifying and dealing with fraudulent behaviour at the earliest possible time.

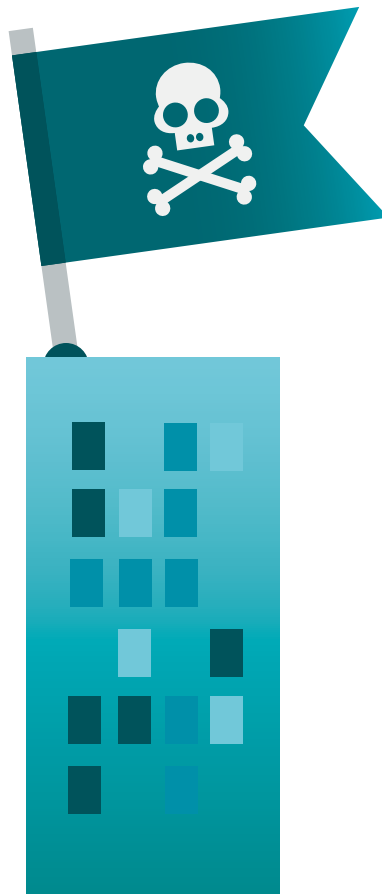
Alan Norton  
Head of Intelligence

Graydon UK

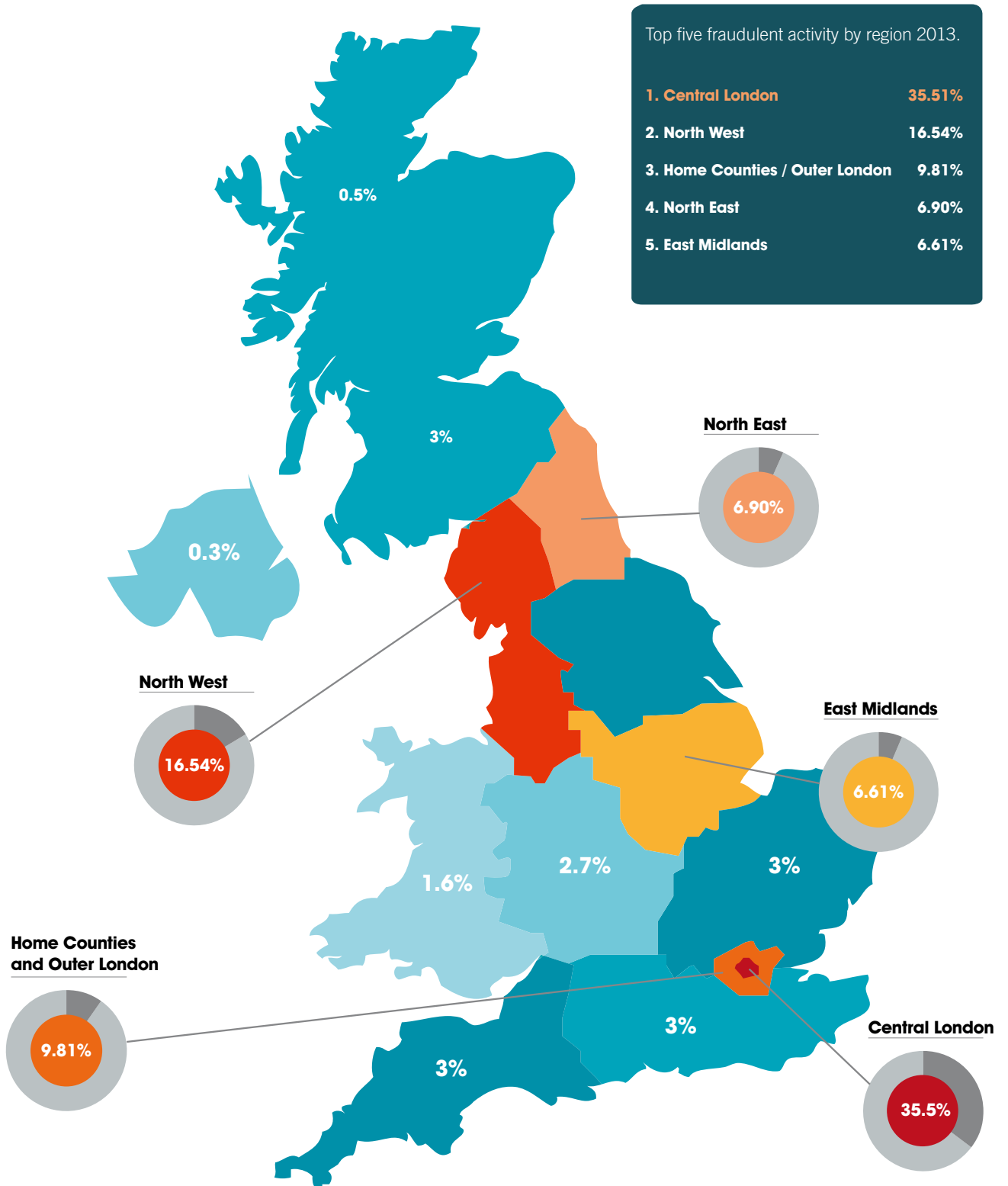
*Alan Norton is Head of Intelligence at Graydon UK. He is an expert in risk and compliance and regularly writes about developments and trends in these areas through blogs, opinion pieces and reports for Graydon.*

# Contents

Top 5 regions for fraudulent activity	<b>4</b>
Regional analysis	<b>6</b>
Conclusion	<b>7</b>
Colophon	<b>8</b>



# Top 5 regions for fraudulent activity



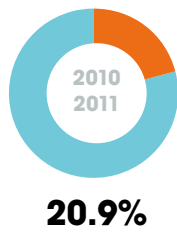
# Regional analysis

The statistics below illustrate the geographical spread of fraudulent activity in the UK. Our data reveals an increase of almost 15% in fraudulent activity in Central London between both of these two year periods. Outside of London, Manchester, Birmingham and Glasgow are also hubs of suspicious activity. This geographical spread has remained consistent over a period of time, with the highest rates occurring in Central London, and the North West.

## Central London

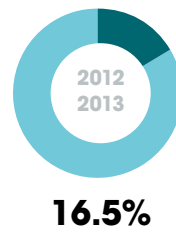


**35.5%**

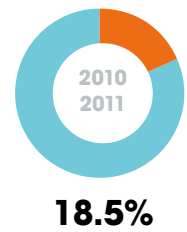


**20.9%**

## North West

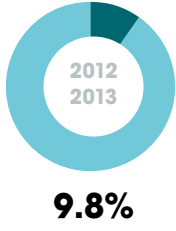


**16.5%**

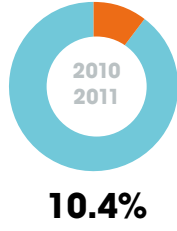


**18.5%**

## Home Counties and Outer London

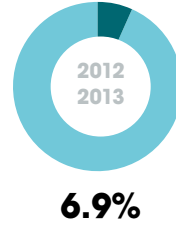


**9.8%**

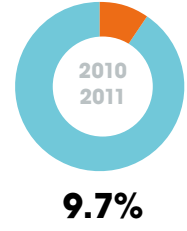


**10.4%**

## North East

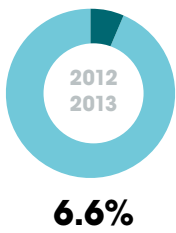


**6.9%**

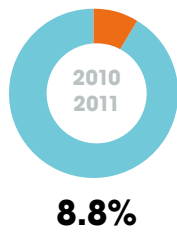


**9.7%**

## East Midlands

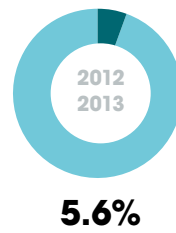


**6.6%**

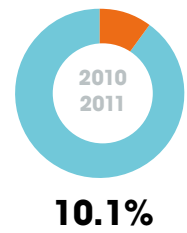


**8.8%**

## Central Southern

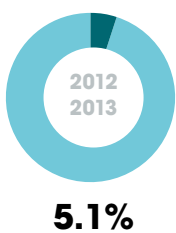


**5.6%**



**10.1%**

## East Angelia

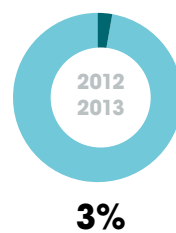


**5.1%**

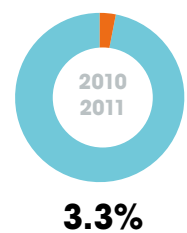


**3.8%**

## South Scotland

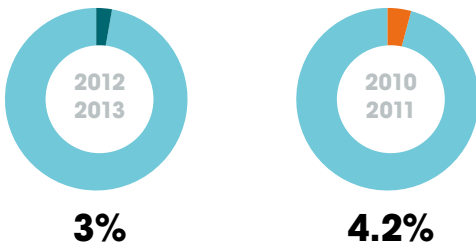


**3%**

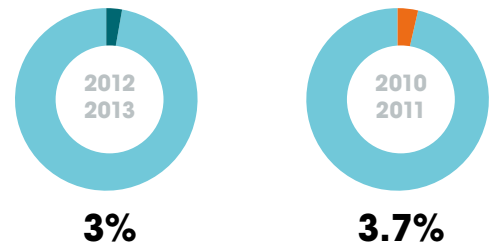


**3.3%**

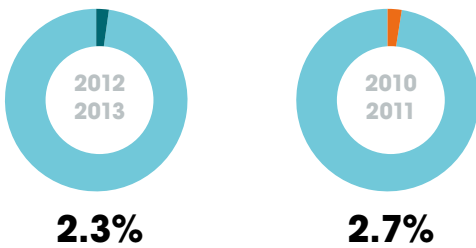
### South East



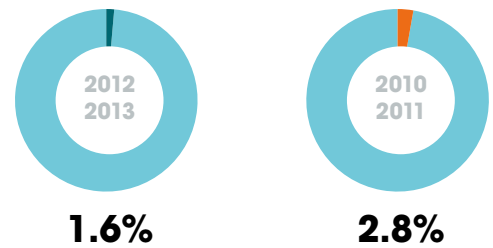
### South West



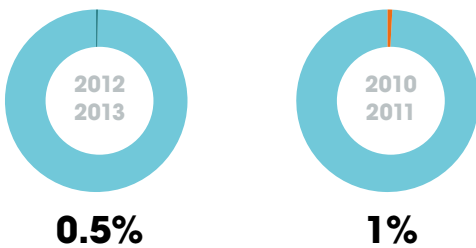
### West Midlands



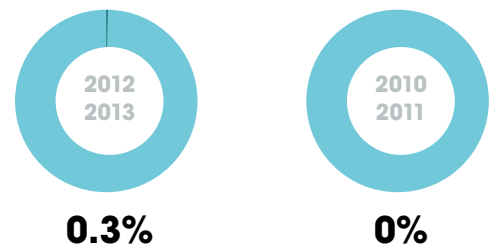
### Wales and Welsh Borders



### North Scotland



### Northern Ireland



Top five fraudulent activity by region 2012-2013.

1. Central London	35.51%
2. North West	16.54%
3. Home Counties / Outer London	9.81%
4. North East	6.90%
5. East Midlands	6.61%

Top five fraudulent activity by region 2010-2011.

1. Central London	20.90%
2. North West	18.53%
3. Central Southern	10.10%
4. Home Counties / Outer London	10.04%
5. North East	9.78%

# Conclusion

## Central London

Based on the Graydon Fraud Map, one fifth of all fraudulent activity in the UK occurs in the London W1 postcode district. In addition, we found that over 50% of fraudulent activity nationwide happens in Central London and the North West region. Therefore, UK businesses are 85% more likely to experience corporate fraud in Central London compared to the national average. Moreover, London W1 has also overtaken Manchester to become the top location in the UK for fraudulent activity in the past year.

It is natural to expect a higher incidence of fraudulent activity in metropolitan areas, where there tends to be a larger concentration of businesses. Despite this, when compared to the UK as a whole, the ratios of fraudulent activity occurring within the UK's major urban areas was also higher.

## Outside the capital

Yet the spread of this activity isn't only taking place in the capital. Liverpool and Blackburn are now among the new entrants in the UK's top ten locations of fraudulent activity. In addition, the postcode with the highest number of fraud indications in Manchester was M1, with M25, M8, M7 and M33 completing the city's top 5. Manchester, Liverpool and Blackburn form a triangle of suspicious activity.

Peterborough and Stevenage have both entered the top ten locations showing the highest incidence of fraudulent activity. This spike in suspicious behaviour in these areas may be down to an increase in organised criminal activity.

## Fraud prevention

Considering that the National Fraud Authority estimated a £52 billion loss to the UK economy in 2012 due to fraud, it's clear that tackling fraudulent activity more effectively will have a major effect on business growth, both on an individual and national level.

Therefore, the aim of the Graydon Fraud Map is not just to plot the location of fraudulent activities across UK regions, but to act as a reminder to businesses that vigilance is the key to identifying and stopping corporate fraud. The three main ways to prevent the risk of corporate fraud are:

**Be vigilant** | Monitor your own business for any changes or unusual activity.

**Be proactive** | Dedicate resources internally to check and monitor all credit applications and activity which is prone to fraudulent behaviour.

**Share intelligence** | Build a community of awareness. If you become aware of suspicious activity, make people aware within your industry. You may be the beneficiary of the same information later down the line.

## Basic checks

You're only as strong as your chain, so knowing your customers, suppliers and all third parties you deal with is essential. Here are some basic checks you can do to help prevent the risk of corporate fraud:

- Know the identity of your customer
- Check the company registration number (the one UK data item that can never change)
- Validate all delivery addresses
- Check the company auditors are registered with a recognised professional audit body
- Run a domain name check
- Check for valid VAT numbers

It is best to stop fraud at the credit application stage by vetting all applications thoroughly. Carrying out credit checks on new customers and suppliers should be standard practice, as well as a normal part of any company's fraud prevention and compliance routine. After all, knowledge will ultimately help to prevent companies from ending up on the UK Fraud Map.

---

# Colophon

## **Editor**

Graydon UK

## **Realisation / Formation of publication**

This publication was put together by Graydon, using research by Alan Norton, Head of Intelligence at Graydon UK. For further information on this study, please contact:

**Phillip Cogger**, PR and Communications Advisor

Email: [phillip.cogger@graydon.co.uk](mailto:phillip.cogger@graydon.co.uk)

T +44 (0)208 515 1415

M +44 (0)7831146986

## **Graydon UK Ltd**

2nd Floor Hygeia Building

66 College Road, Harrow

Middlesex

HA1 1BE

For further insight on protecting yourself against corporate fraud, you can download our free eBook: Protecting your business against some of the world's most sophisticated scammers.

<https://www.graydon.co.uk/a/downloads/ebook-modern-day-commercial-fraud>



**Graydon UK**  
**Hygeia Building**  
**66 College Road**  
**Harrow, Middlesex HA1 1BE**  
**United Kingdom**

Telephone: +44 (0)208 515 1495  
E-mail: [marketing@graydon.co.uk](mailto:marketing@graydon.co.uk)



## **Would you like more information?**

Has this report provided you with new insights? If you would like more information about this subject or would like to receive advice about the creditworthiness of your business contacts, please do not hesitate to contact us. You can also contact us for debt collection, training courses and prospect information. We look forward to hearing what Graydon can do for you during a no-obligation discussion.

**For further information, please contact  
us by telephone or e-mail.**

**T: +44 (0)208 515 1495**  
**E: [marketing@graydon.co.uk](mailto:marketing@graydon.co.uk)**