

2 February 2009

North West fraud costs more than £50m

The total value of fraud cases coming to court in the North West last year reached £52.5m, according to accountancy firm KPMG.

This is the second-highest regional figure since the firm began compiling records for its fraud barometer 21 years ago, superseded only by last year's £200m-plus total.

The figure comprised 32 cases, including: A scientist who raked in more than £10 million after setting up an illegal distillery in Manchester; a landlord and his partner who defrauded mortgage lenders out of £1.67 million; a Lancashire accountant who stole more than £700,000 from a number of charities and a man responsible for a £540,000 cigarette smuggling plot in Bacup, Lancashire.

Nationally, reported fraud cases topped more than £1.1bn – also the second-highest ever total. Fraud conducted by managers, employees and customers trebled, but Government losses to VAT 'carousel' fraud significantly reduced.

However, the firm believes that the worst is yet to come: the bulk of the fraud committed since the credit crunch began in August 2007 will most likely not yet have come into the public courts.

As the global economic downturn takes hold and organisations look ever more closely at their operations, it is very likely that more fraud will come to light," said Damien Margetson, director at KPMG Forensic in the North West. "Internal frauds are becoming more prevalent so now, more than ever, companies really do need to be more alert to this. In difficult times, they could even become the tipping point between the survival and demise of an organisation."

ENDS