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WHY PEOPLE FALL VICTIM TO SCAMS – OFT RESEARCH

The psychological reasons consumers may fall victim to mass marketed scams are revealed today in groundbreaking OFT research

The research, undertaken by Exeter University on behalf of the OFT, provides a valuable insight into why consumers fall victim to scams, as well as the psychological techniques used by scammers to con the UK public out of an estimated £3.5 billion every year.

Some of the key findings about victims of scams are that:

- up to 20% of the UK population could be particularly vulnerable to scams, with previous victims of a scam consistently more likely to show interest in responding again,
- a good background knowledge of the subject of a scam offer, such as experience of investments, may actually increase the risk of becoming a victim through 'over-confidence',
- victims are not in general poor-decision makers, for example they may have successful business or professional careers, but tend to be unduly open to persuasion by others and less able to control their emotions,
- victims often keep their decision to respond to a scam offer private and avoid speaking about it with family or friends.



The research also found that many scams use a range of highly persuasive techniques. A common tactic is to seek to exploit basic human emotions such as excitement or fear to provoke a spontaneous 'gut reaction' to the scam offer. Such scams also abuse people's trust of authority by making a scam look like a legitimate offer from a reputable business or official institution.

The research findings will help to inform the joint OFT and Serious Organised Crime Agency's National Strategy for tackling mass marketed fraud, in particular in developing more effective consumer awareness campaigns to help consumers recognise and resist scams.

Mike Haley OFT Director of Consumer Protection said:

'This research provides valuable insight into the sophisticated, heartless and calculating psychological techniques used by scammers to exploit consumers. Scams often have a devastating emotional as well as financial impact on victims. This research will help us to develop more effective methods to counter the scammers.'

Gareth Thomas, Consumer Minister, said:

'These findings show it is not just the vulnerable but the financially savvy too who are at real risk of falling victim to scammers.'

Trading Standards Scambuster teams are working hard to highlight the dangers of scams across the country. They have already saved consumers more than £3 million and seized £2 million in criminal assets.'

The report can be downloaded at www.of.gov.uk

NOTES

1. The research, commissioned by the OFT, was conducted by the University of Exeter School of Psychology. It involved four studies: in-depth interviews with 25 scam victims and 5 'near' victims, the text mining of nearly 600 scam mailings, emails and web pages to identify key psychological triggers, the use of questionnaires and a behavioural experiment in which 10,000 fake prize draw scam mailings (together with a questionnaire) were sent to consumers to test their responses.
2. The research includes profiles of 10 different types of mass marketed scam: advance fee ('419') scams, international sweepstake scams, fake clairvoyants, prize draw pitch scams, 'get rich quick' scams, bogus investment scams, bogus lottery scams, 'miracle' health cures, premium rate prize draw scams, and bogus racing tipsters.
3. Scams are an OFT priority. In September 2005 the OFT launched the Scambusters Team and set up the Scams Enforcement Group with partner organisations focussing on law enforcement; consumer education; and cooperation with private sector businesses to disrupt scammers' routes to market. The OFT also runs a Scams Awareness Month every February with national and international partners.
4. The OFT and Serious Organised Crime Agency are developing a National Strategy for tackling mass marketed fraud, in partnership with a wide range of other enforcement, consumer and industry bodies. This strategy forms part of the Government's wider National Fraud Strategy which was launched in April.
5. OFT research carried out in 2006 estimated that 3.2 million adults in the UK (around 1 in 15 people) collectively lose around £3.5 billion to mass marketed scams each year. This equates to about £70 per annum for each adult living in the UK. About half the adult population is likely to have been targeted by a scam.