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# EXPERIAN UK FRAUD INDEX

Q4 2023



Our latest findings

# 2023 SUMMARY



# 2023 Summary



**£1.9bn**  
prevented



Application  
volumes up  
**5.8%**



First-party  
fraud up  
**9.2%**



Loans  
misuse up  
**270%**



Fronting  
up  
**33%**



Identity  
fraud up  
**10%**

2023 was a tumultuous year economically and this has certainly been reflected in the Fraud stats we have seen when compared to 2022.

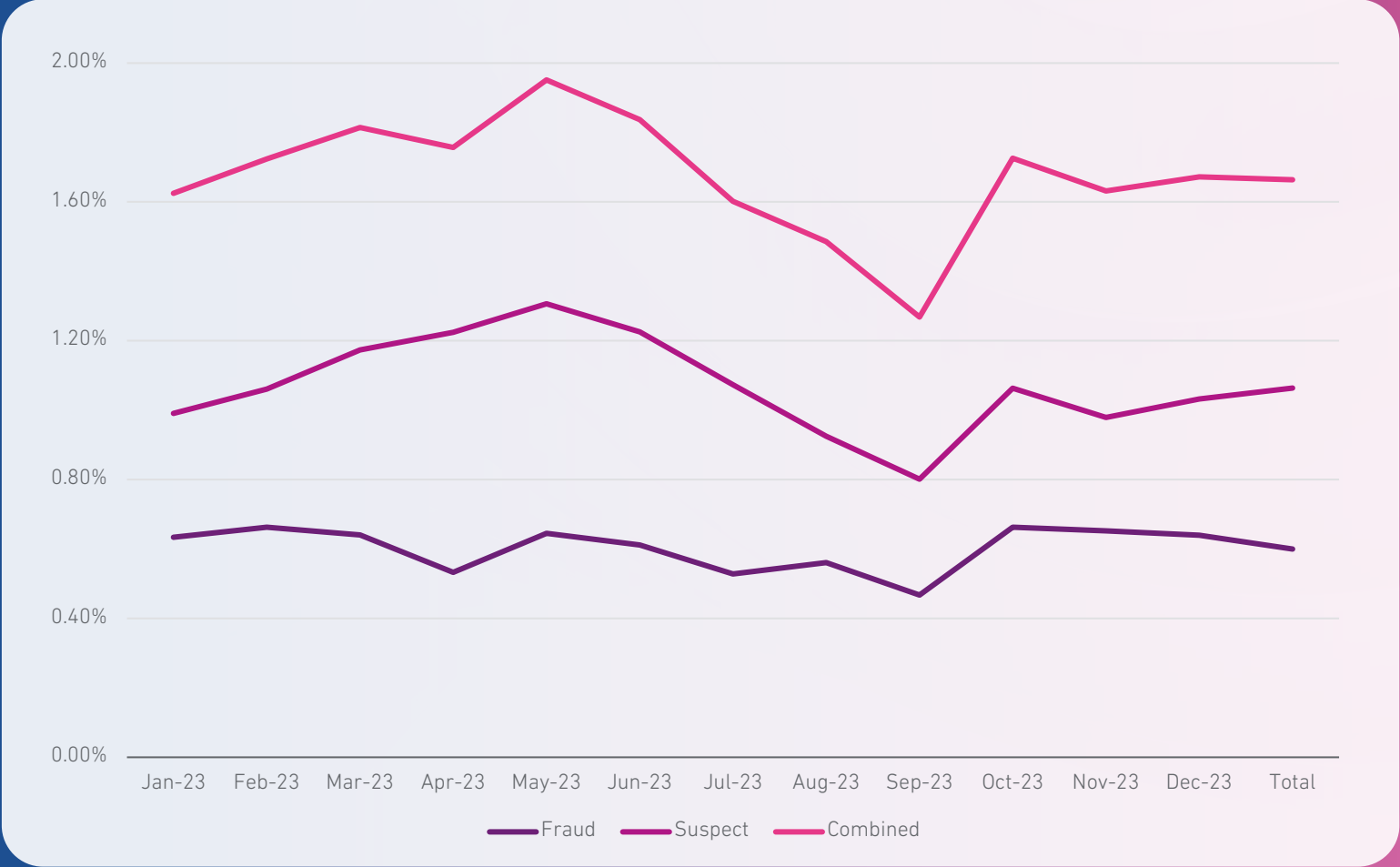
Whilst volumes of applications processed continue to grow year on year, they remain 20-25% below pre-pandemic levels. Volumes of frauds recorded also continued to grow with a 9.3% increase recorded in 2023.

This increasing pressure on consumers has seen an increased number of first-party frauds recorded across the products and a 9.2% increase from 2022. We saw a 270% rise in the number of Loans being taken out with no intent to pay. And a 33% increase in Fronting records in the motor/asset finance space, with fraudsters trying to capitalise on better rates.

As always, third-party, or identity, fraud rates remain the most prevalent recorded fraud type and increased by 10% in 2023.



# 2023 Fraud Rate Summary



Across all products in 2023, the fraud rate, which includes both fraud and inconsistent records, averaged 0.6% of all submissions.

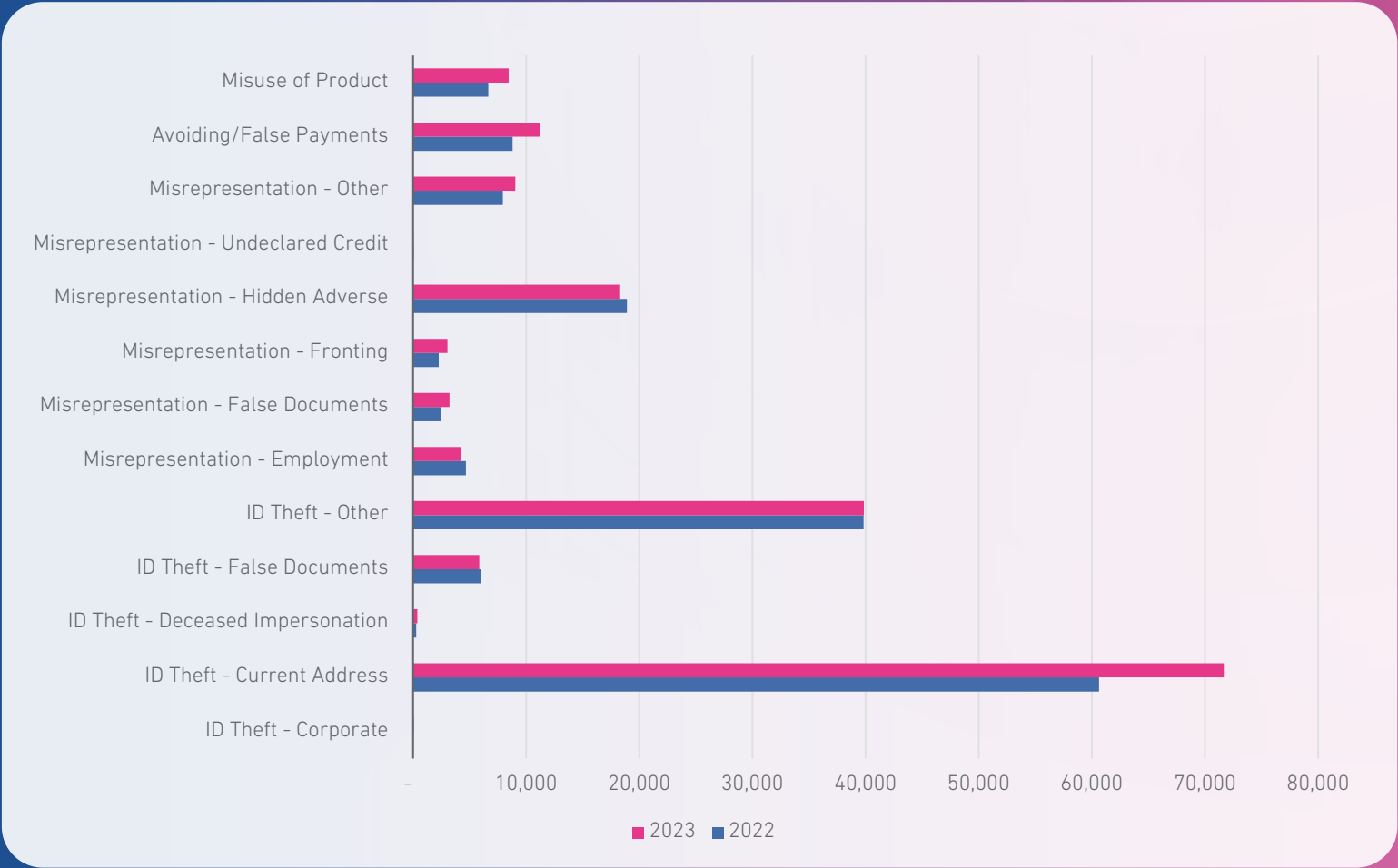
2023 was the first year we began tracking the suspect rates. These have consistently tracked above the fraud rate throughout the year.

If you take both fraud and suspect rates into consideration, then the combined rate averages 1.7% of all submissions.

In 2023 the value of the applications being prevented for fraud was £1.83b.



# 2023 Fraud Type Summary



Across all the products, recorded third-party identity-based fraud has increased 10% in total volumes, with a large rise in number of Current Address cases being reported.

Misrepresentation categories, which covers first-party application fraud remains comparable with 2022, however we have seen increases in the Fronting, False Documents and 'Other' categories.

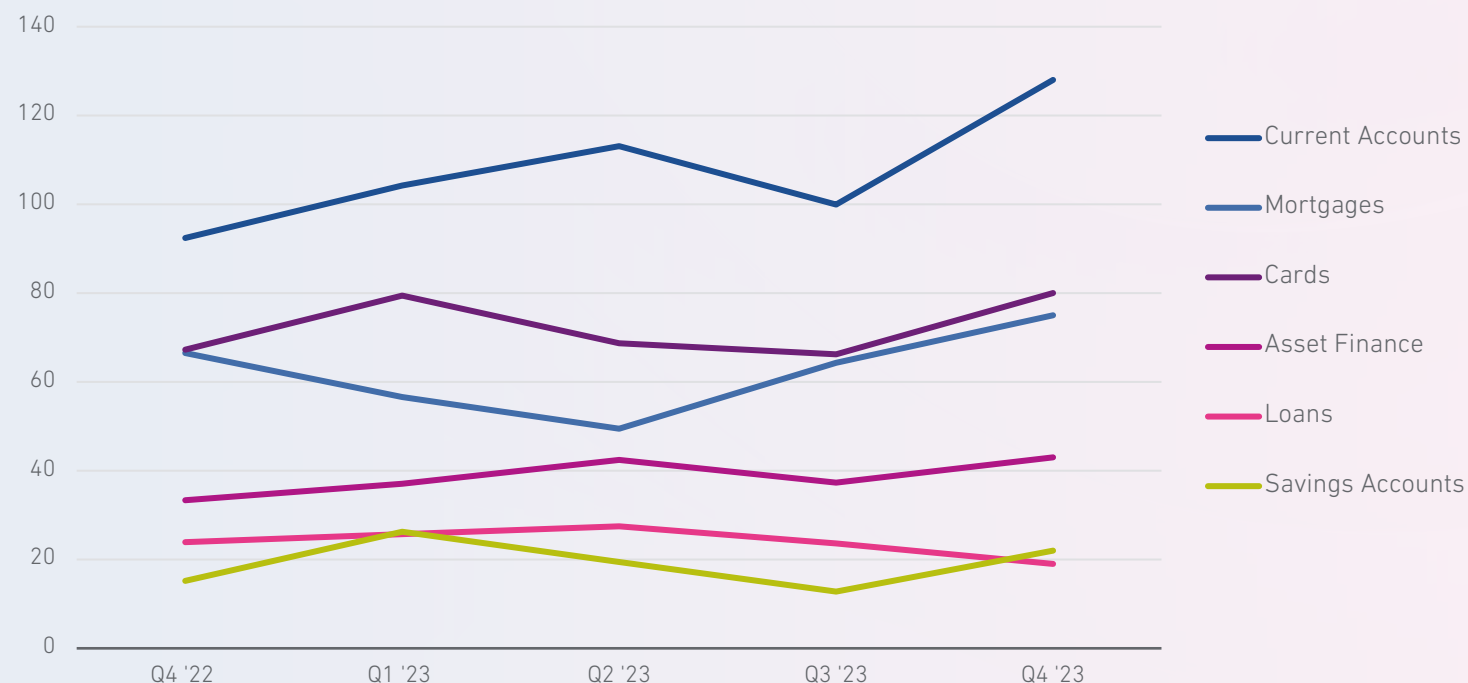
Product Misuse and Avoiding/False Payments makes up the remaining recorded categories with both showing increases over 2022, most notably in the Loans sector where we saw 270% increase.

# Q4 FRAUD INDEX



# Overall Fraud – Q4 2023 (Oct-Dec)

## Full Year by sectors



Note: The index includes externally notified confirmed fraud and does not include suspected fraud cases.

The Experian Fraud Index is the number of confirmed detected and/or prevented fraud applications per 10,000 applications received.

2023 finished with recorded highs across five of the six products in 2023 and recording higher than the same period of 2022.

**CURRENT  
ACCOUNTS**

**MORTGAGES**

**CARDS**

**ASSET  
FINANCE**

**LOANS**

**SAVINGS  
ACCOUNTS**

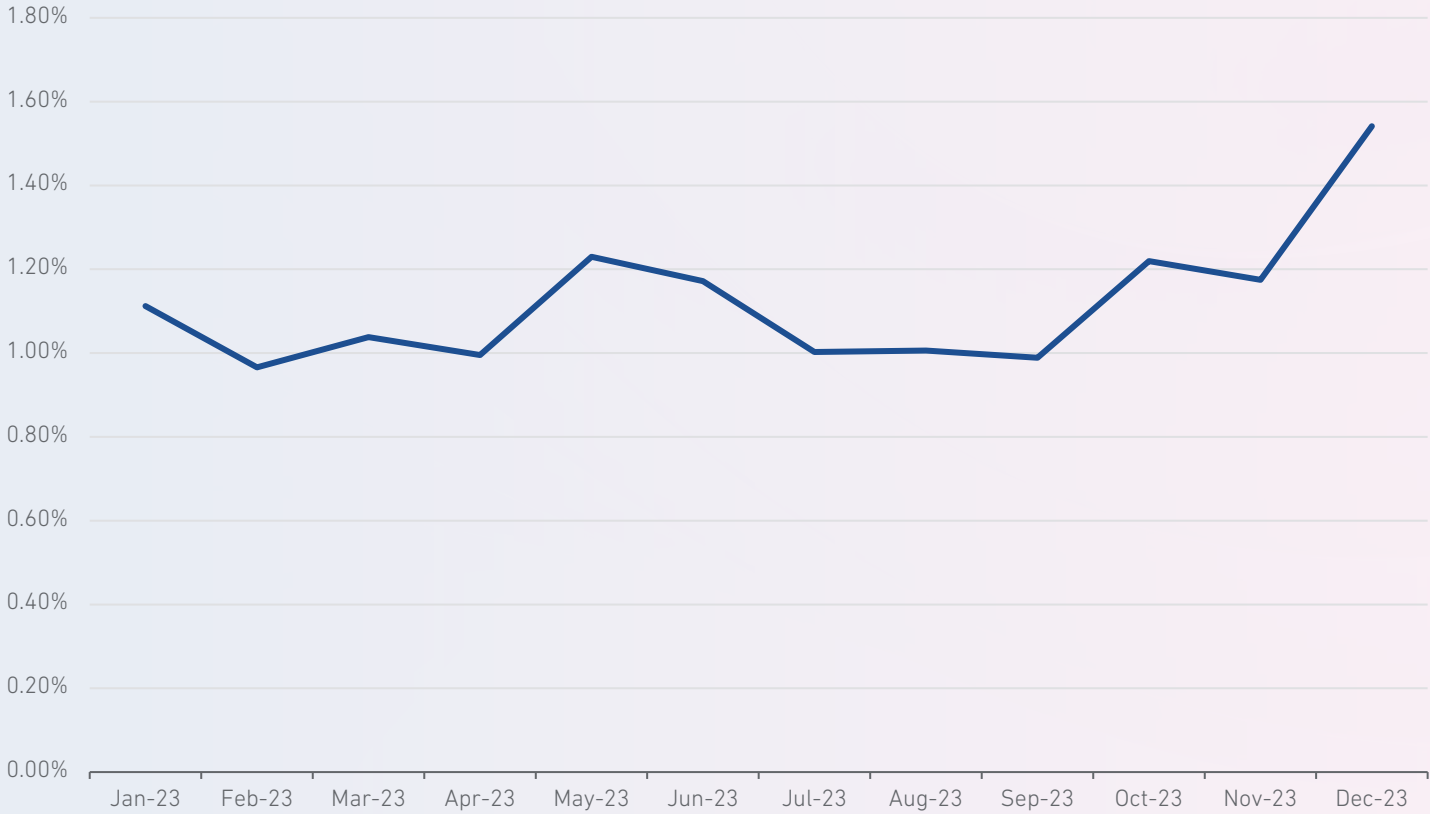


# CURRENT ACCOUNTS



# Fraud Rate

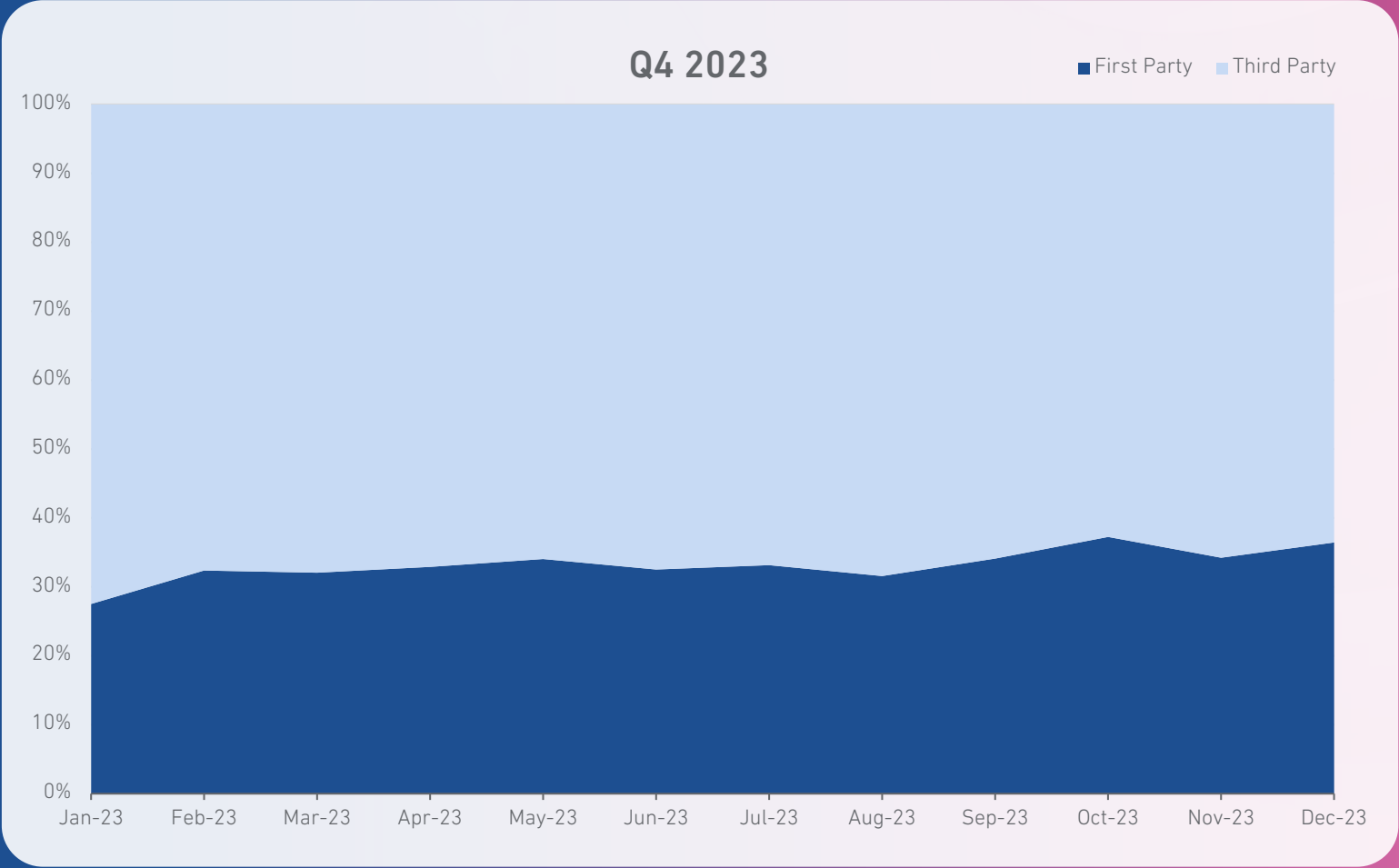
Q4 2023



Throughout most of the year, the Current Account fraud rate has remained in the 1-1.2% range. However, in December this has sharply risen to 1.54%.

As a result, the final quarterly fraud rate of 2023 is the highest we have seen since the first half of 2021.

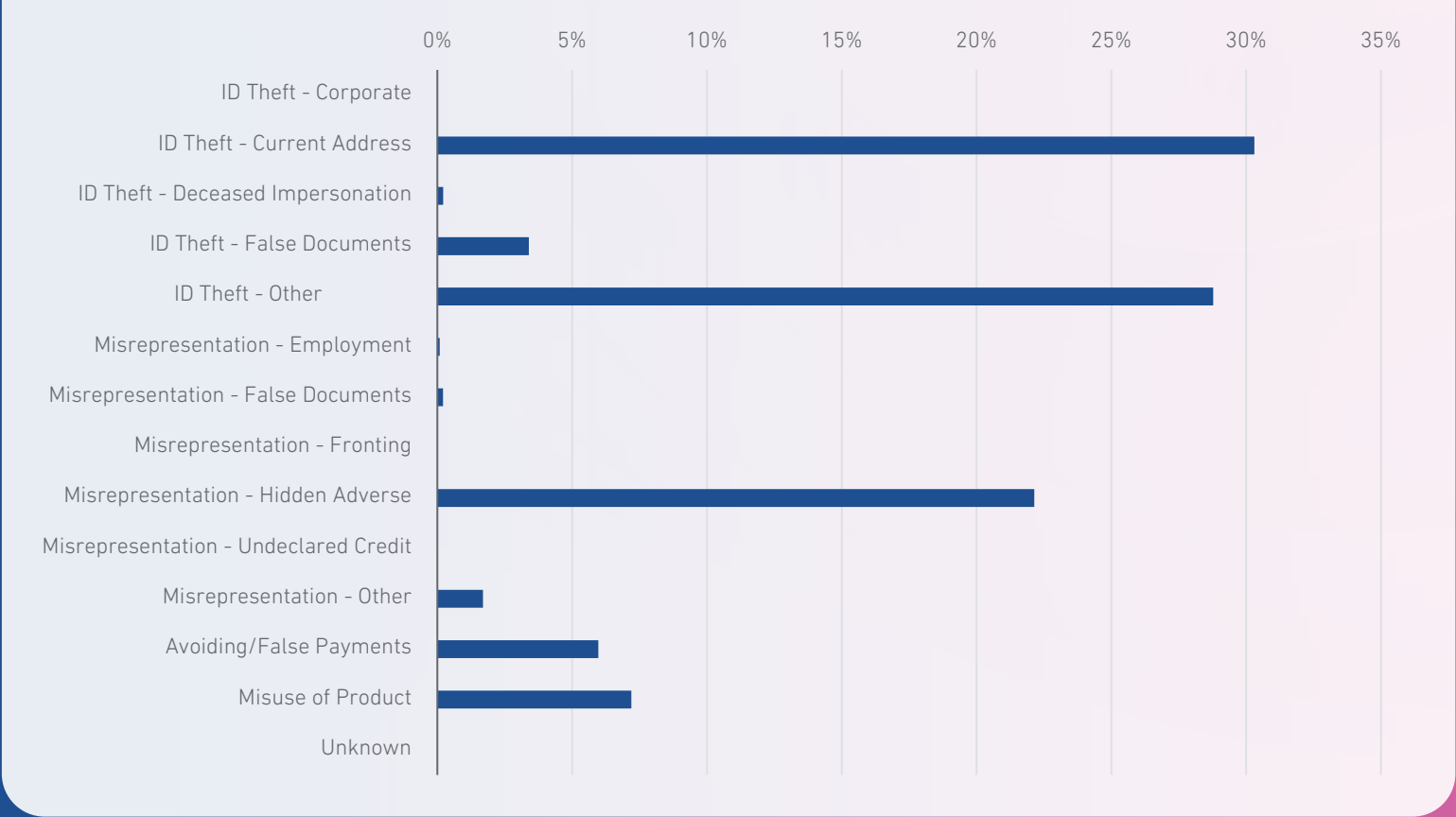
# Fraud Type



The distribution between first and third-party fraud has remained consistent throughout 2023, with third-party remaining in the majority at around 66%.

# Fraud Categories

Q4 2023



Despite a slight reduction in cases of False Documents, the different types of ID Theft continue to be the most prevalent forms of Current Account fraud.

Within first-party cases, Hidden Adverse, which includes misrepresentations of address history to hide adverse credit or public information (such as CCJs, defaults, missed payments etc), increased from 16% last quarter to 22%.

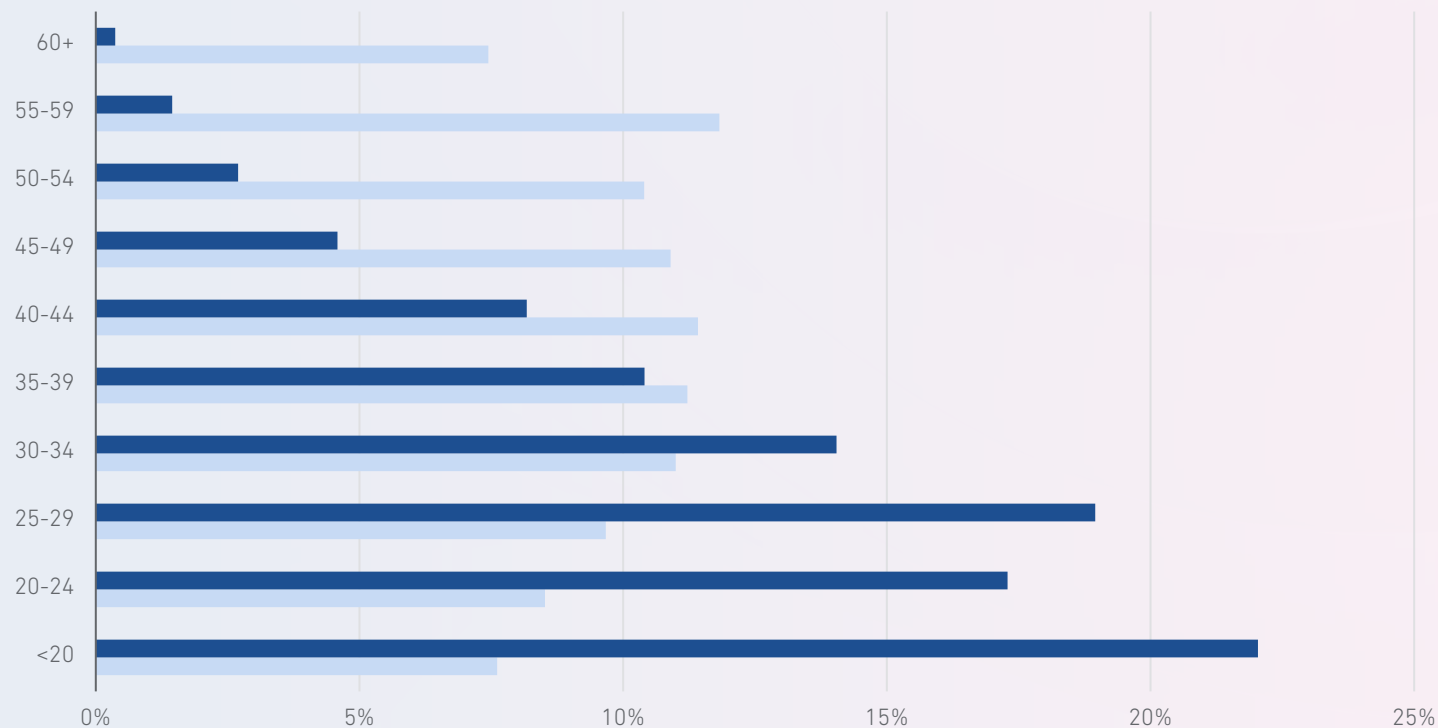
# Age

Experian Fraud Index Q4 2023

Current Accounts

Q4 2023

■ First Party ■ Third Party



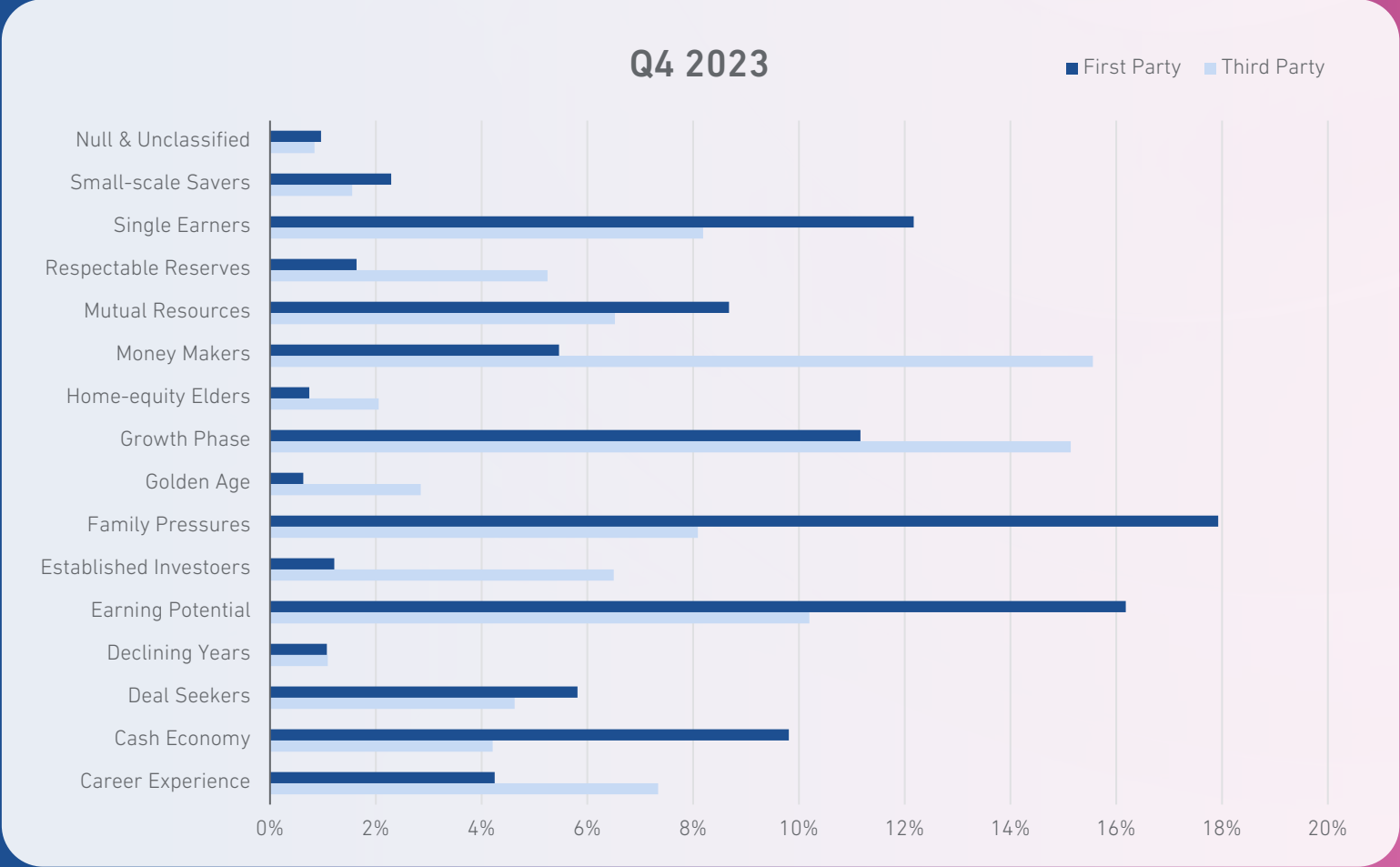
These figures are normalised based on relative population size in each age range and then indexed against the largest group.

As is commonly seen, the younger age groups are at the greatest risk of first-party Current Account fraud, with risk decreasing as age increases.

Third-party fraud is far more evenly distributed, with only a slight reduction in risk at either end of the age scale.



# Demographics



Within the demographics, little has changed within Current Accounts throughout the year. First-party fraud remains the highest amongst the 'Family Pressure' segment at 18%, closely followed by 'Earning Potential' at 16%.

The demographic profiles most likely to be victims of fraud are still 'Growth Phase' and 'Money Makers' segments.

# MORTGAGES

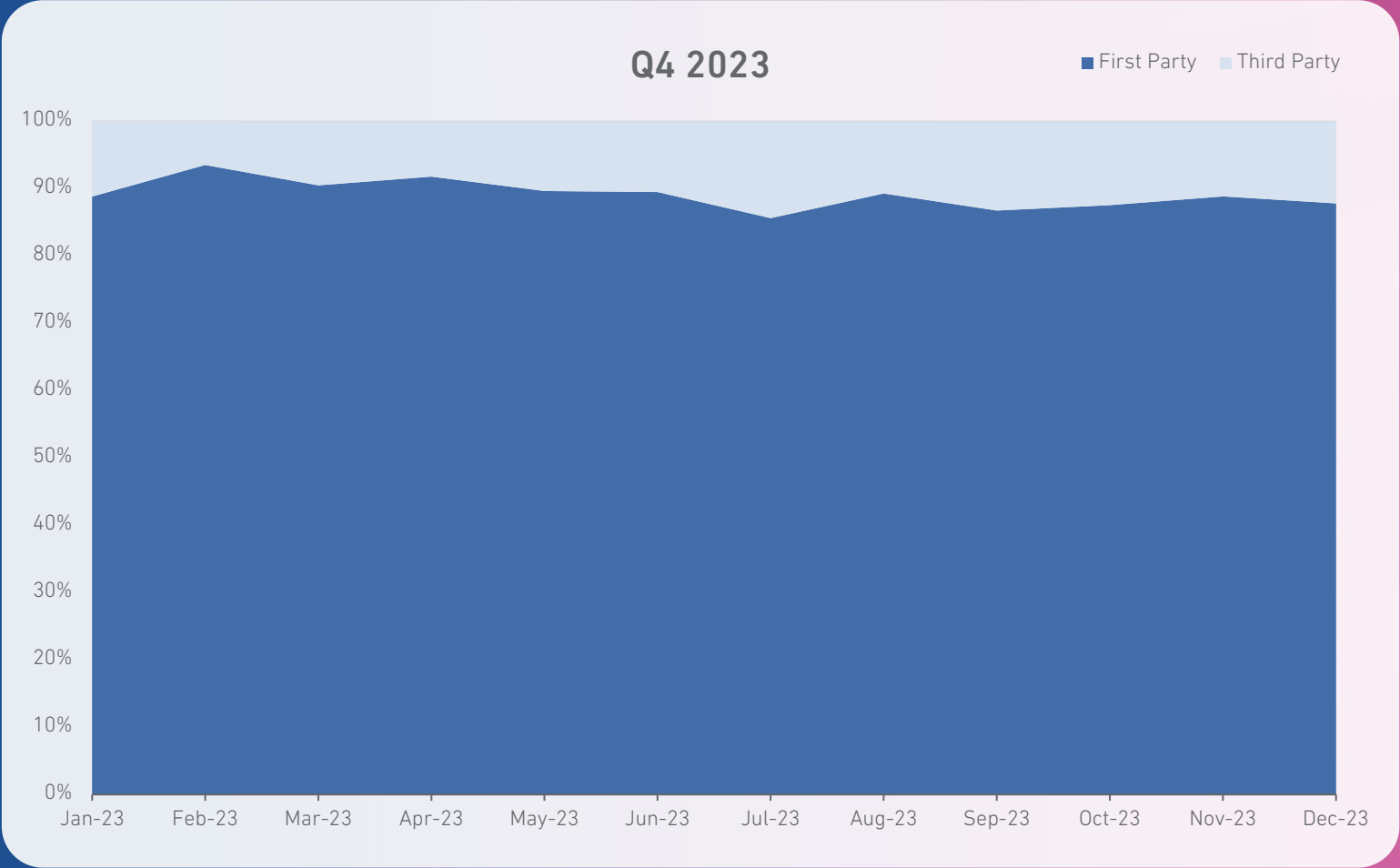


# Fraud Rate



With a peak of 0.8% in October and an overall quarterly fraud rate of 0.75%, the final quarter of 2023 saw the highest Mortgage fraud rate since 2015.

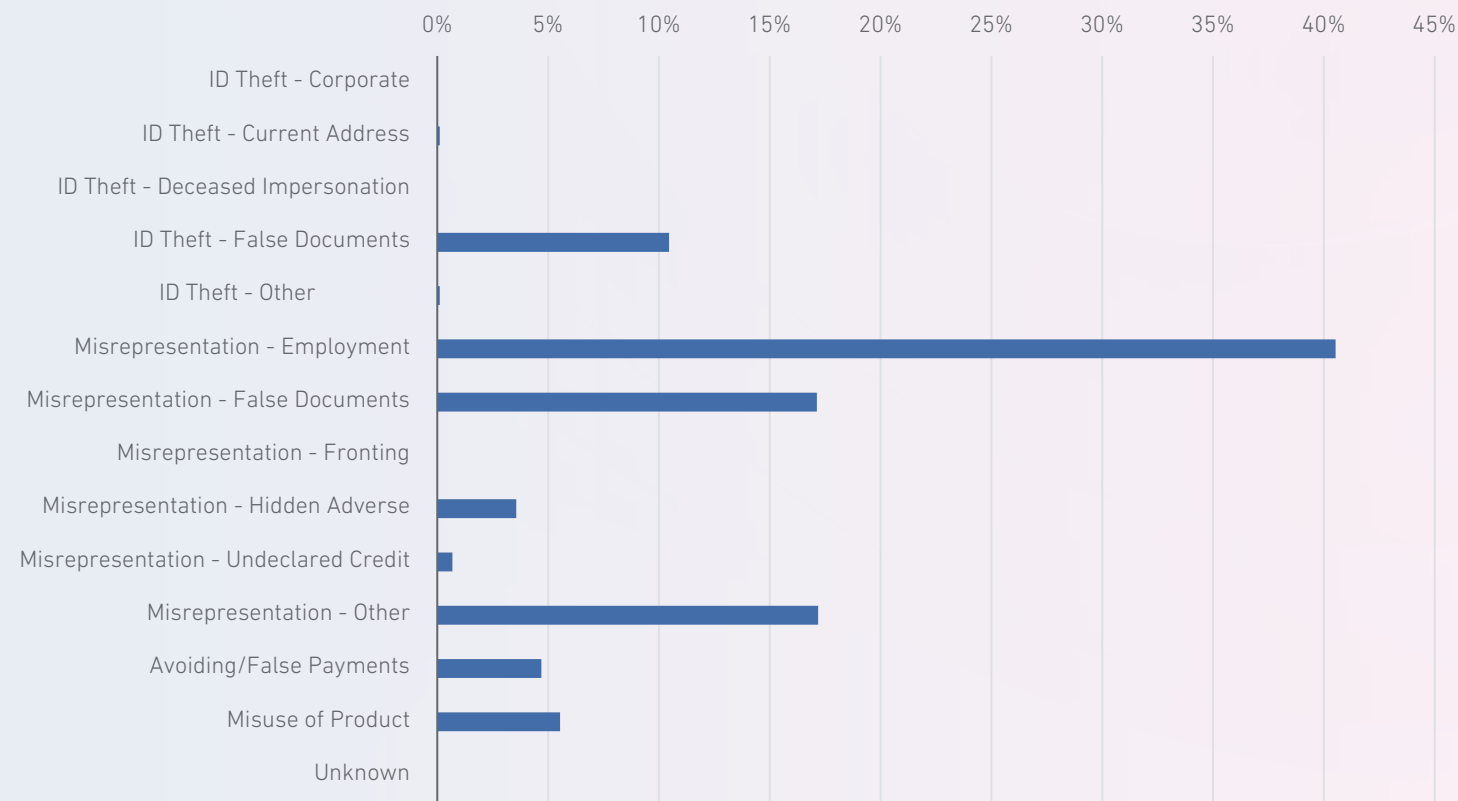
# Fraud Type



First-party fraud remains by far the most common Mortgage fraud type. Despite this, there has continued to be a gradual increase in third-party instances throughout 2023, with third-party fraud accounting for 12% of all cases in December, compared to 6.5% in February.

# Fraud Categories

Q4 2023



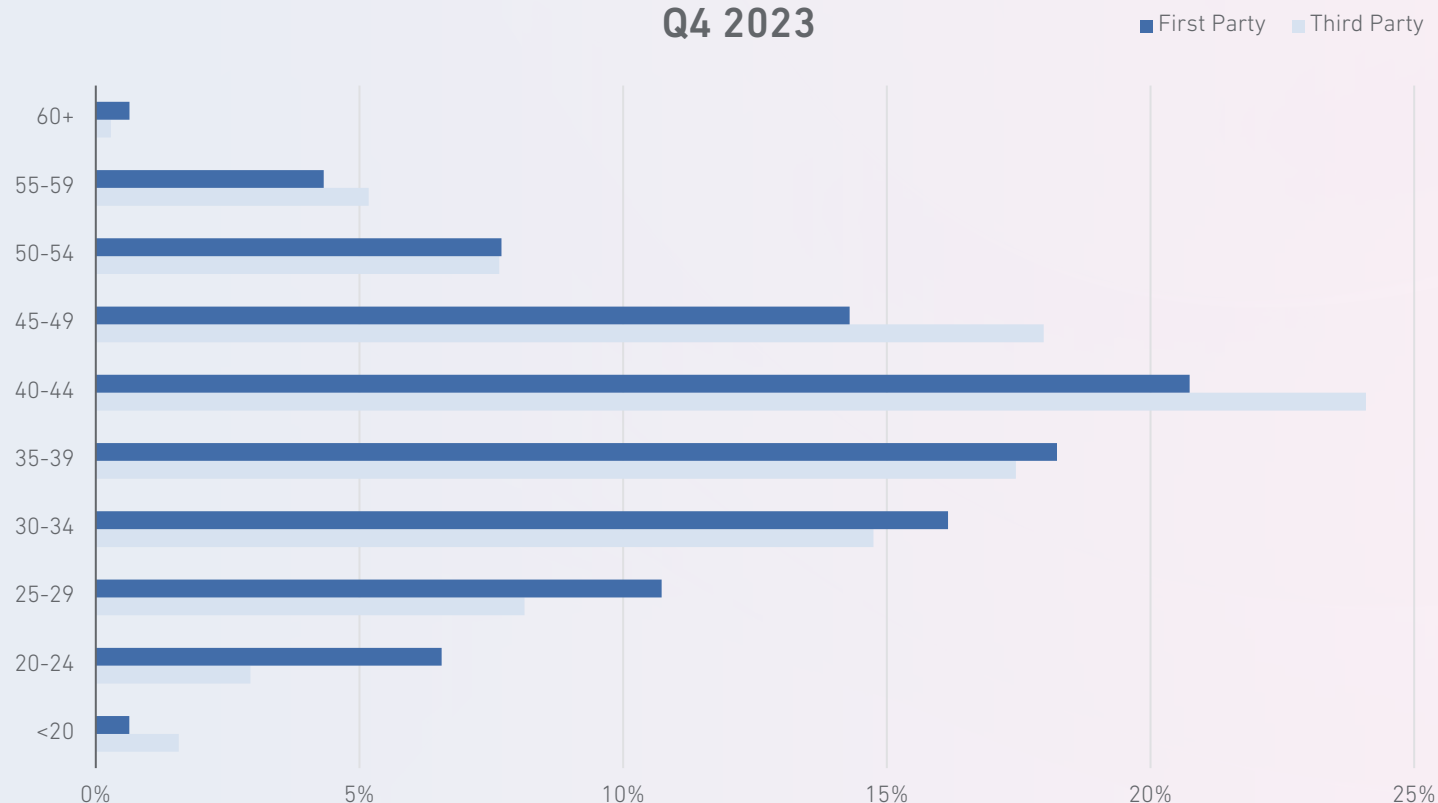
Employment Misrepresentation, which covers items such as salary, contract type and length of service, remains the predominant fraud type, accounting for 41% of all cases in the final quarter of the year.

In cases where third-party fraud is recorded, nearly all of those are due to false documents being used.



# Age

## Q4 2023



These figures are normalised based on relative population size in each age range and then indexed against the largest group.

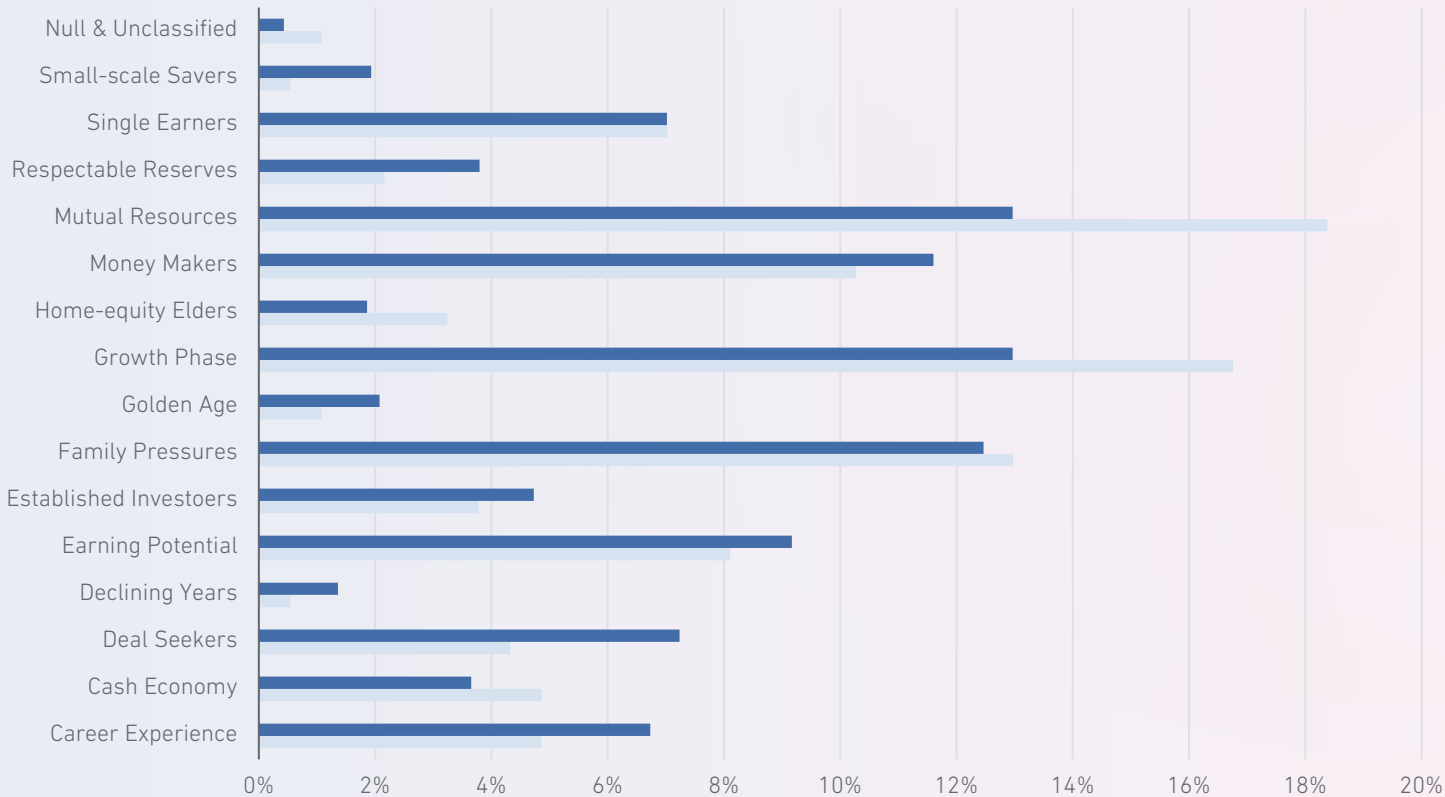
Both first and third-party follow an almost identical curve which peaks in the 40-44 age group at 21% for first-party and 24% for third-party.

The younger and older ages groups are at a significantly lower risk for both fraud types.

# Demographics

Q4 2023

■ First Party ■ Third Party



There continues to be many similarities between first and third-party Mortgage fraud when reviewing the demographics. Although more pronounced among third-party fraud, 'Mutual Resources', 'Growth Phase' and 'Family Pressure' are the three highest risk groups for both fraud types.

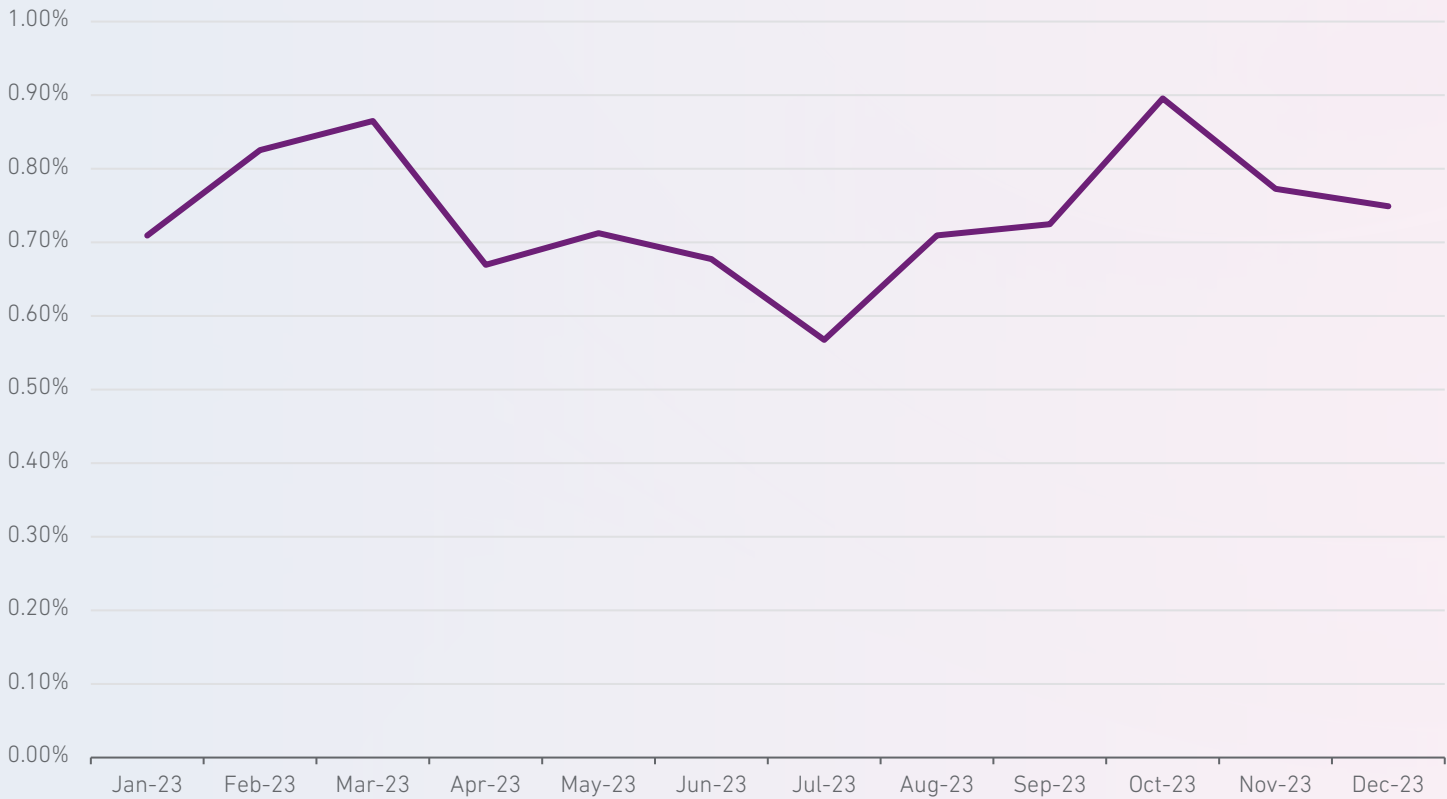
These similarities are echoed when reviewing the older generations, 'Golden Age', 'Declining Years' and 'Home-equity Elders', which are among the lowest risk groups.

# CARDS



# Fraud Rate

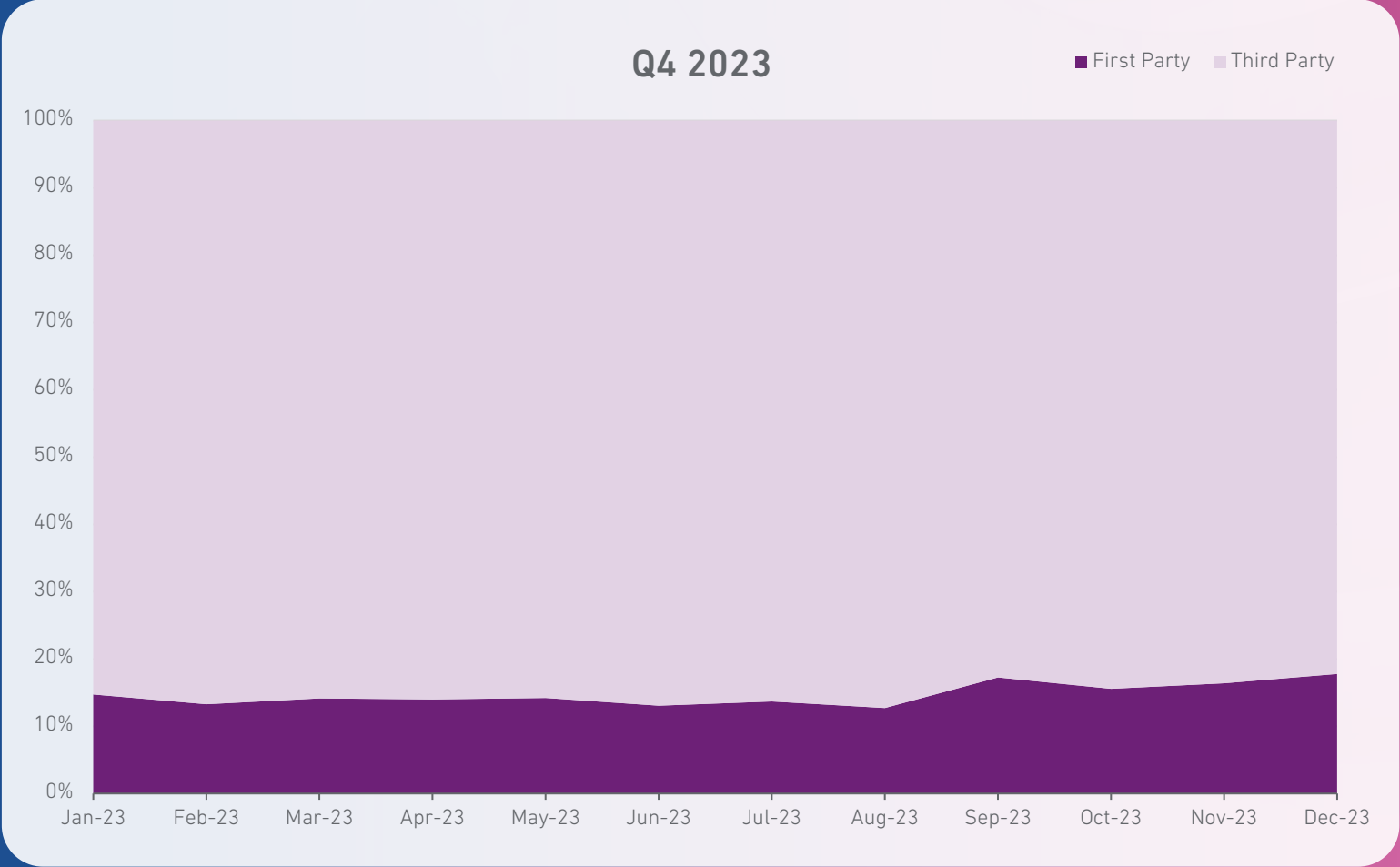
Q4 2023



With October's spike of 0.9%, the quarterly Cards fraud rate of 0.8% is the highest seen since mid-2022.



# Fraud Type

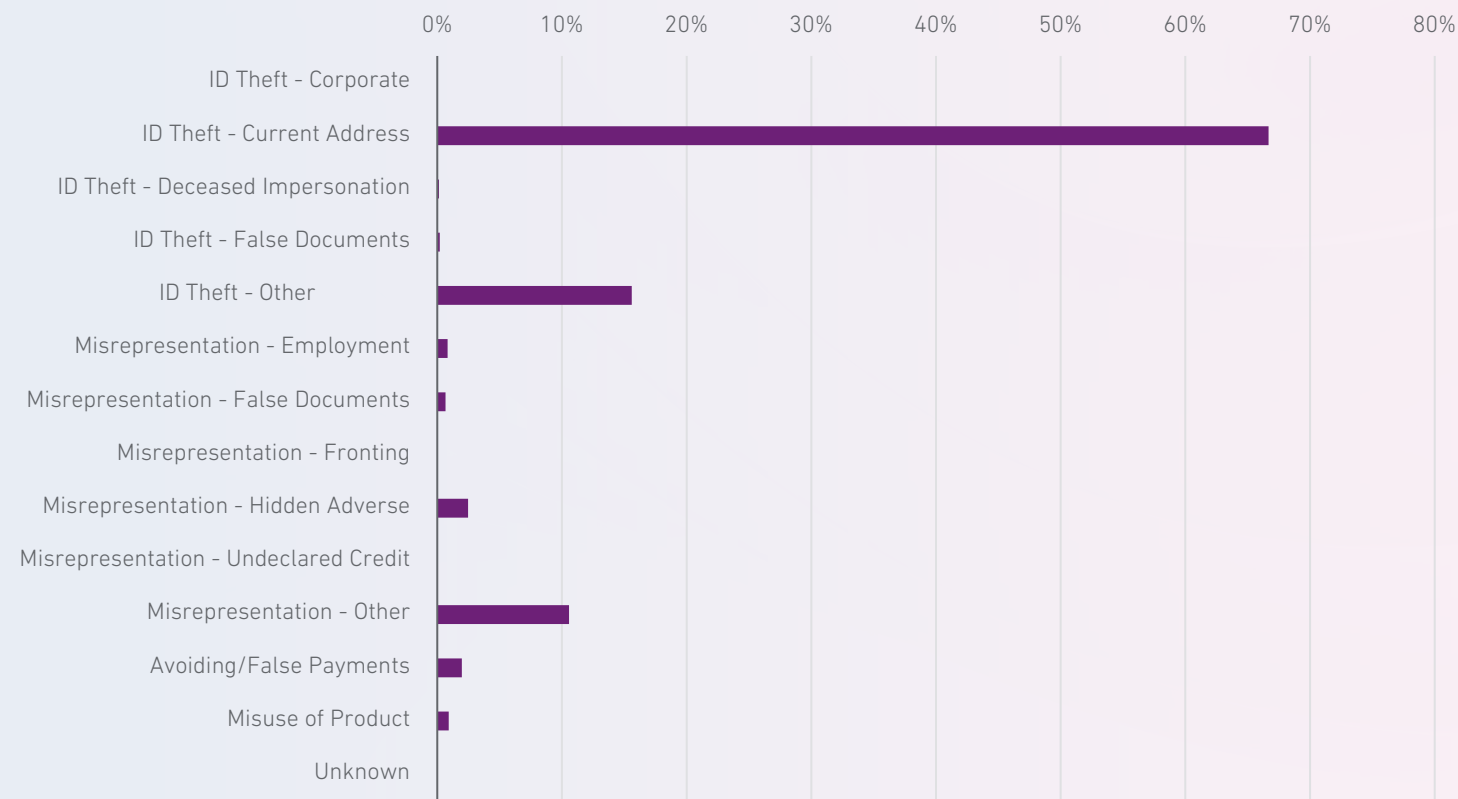


The increase in Cards fraud seen towards the end of the year, correlates with a jump in first-party cases. Although third-party fraud continues to be the most prevalent in Cards, the 16.8% first-party contribution from September to December is a noticeable increase from the 13.7% seen January to August.



# Fraud Categories

Q4 2023

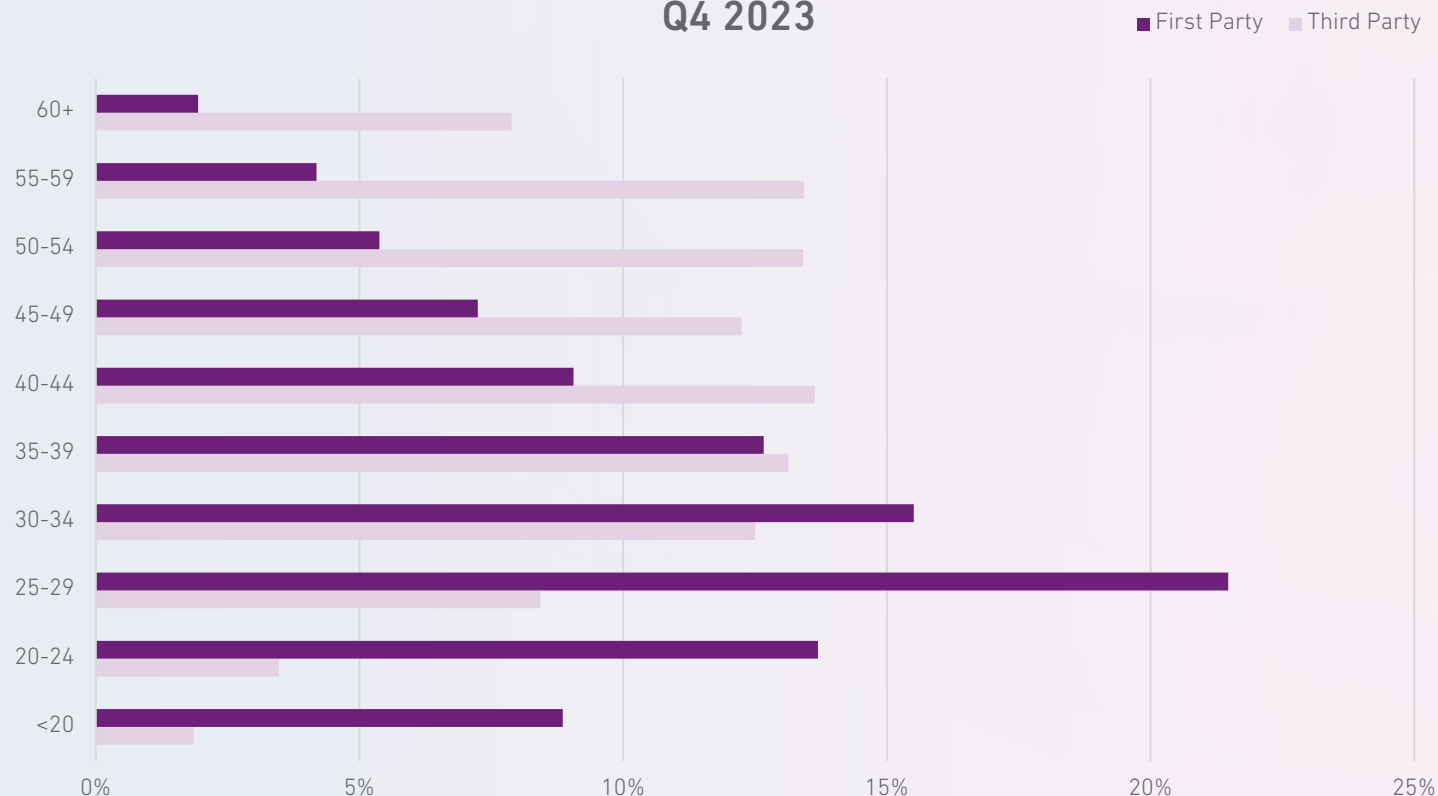


At 67%, Current Address ID Theft continues to be the most common fraud category.

Misrepresentation – Other, which covers types such as not disclosing number of dependents, is the most common first-party fraud category, continuing to increase throughout the year and reaching a peak of 11% in the final quarter.

# Age

## Q4 2023

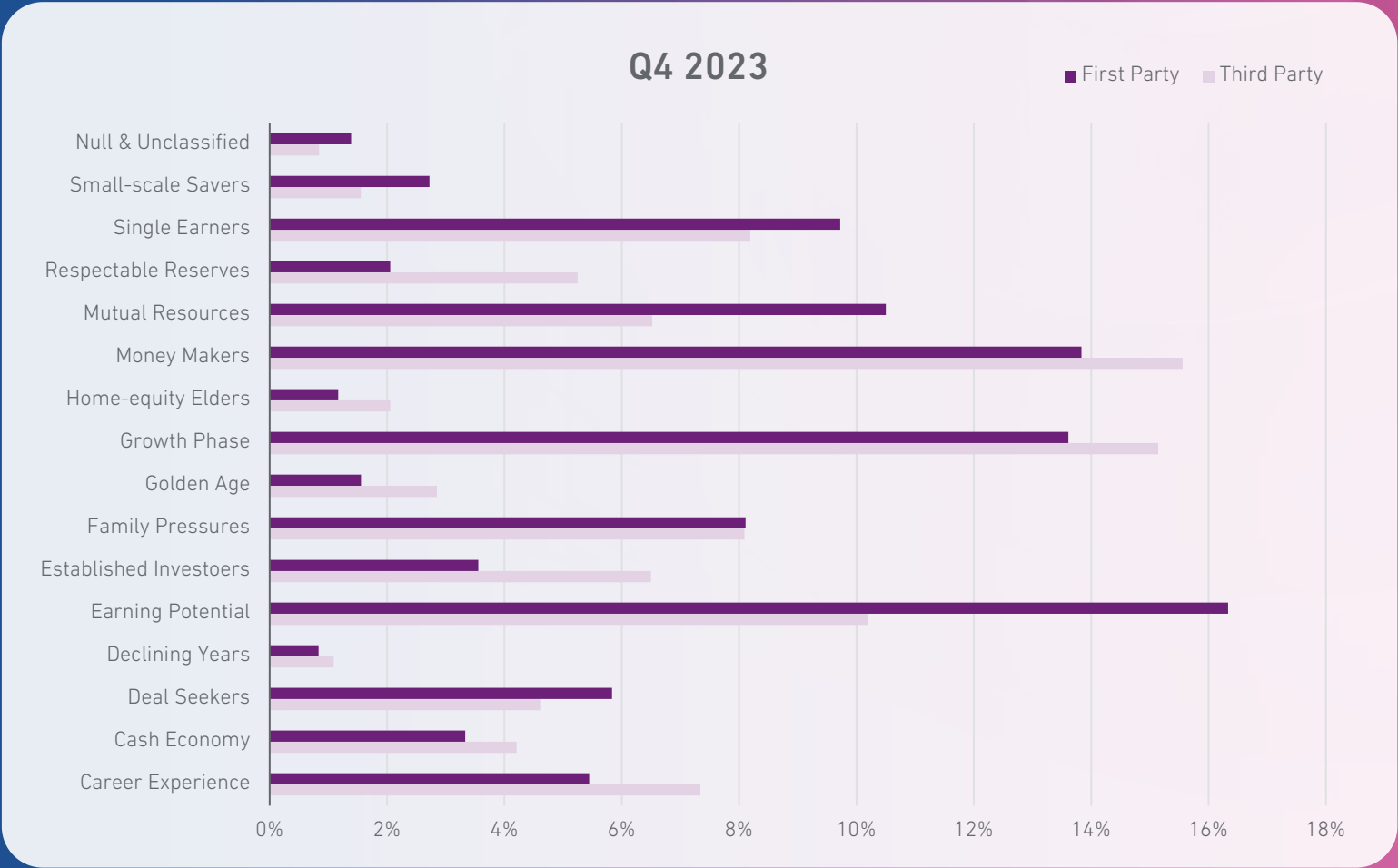


These figures are normalised based on relative population size in each age range and then indexed against the largest group.

First-party Cards fraud is at its highest within the 25-29 age group, with risk decreasing either side of this age band.

Third-party however continues to remain more evenly distributed, with similarly high rates across ages 30-59. Those of ages up to 24 remain at a significantly lower risk of becoming victims of Cards fraud.

# Demographics



“Earning Potential”, predominantly young adults at the start of their careers, are now the greatest risk for first-party Cards fraud at 16%.

Elsewhere, ‘Money Makers’ and ‘Growth Phase’ remain high risk for both first and third-party fraud.

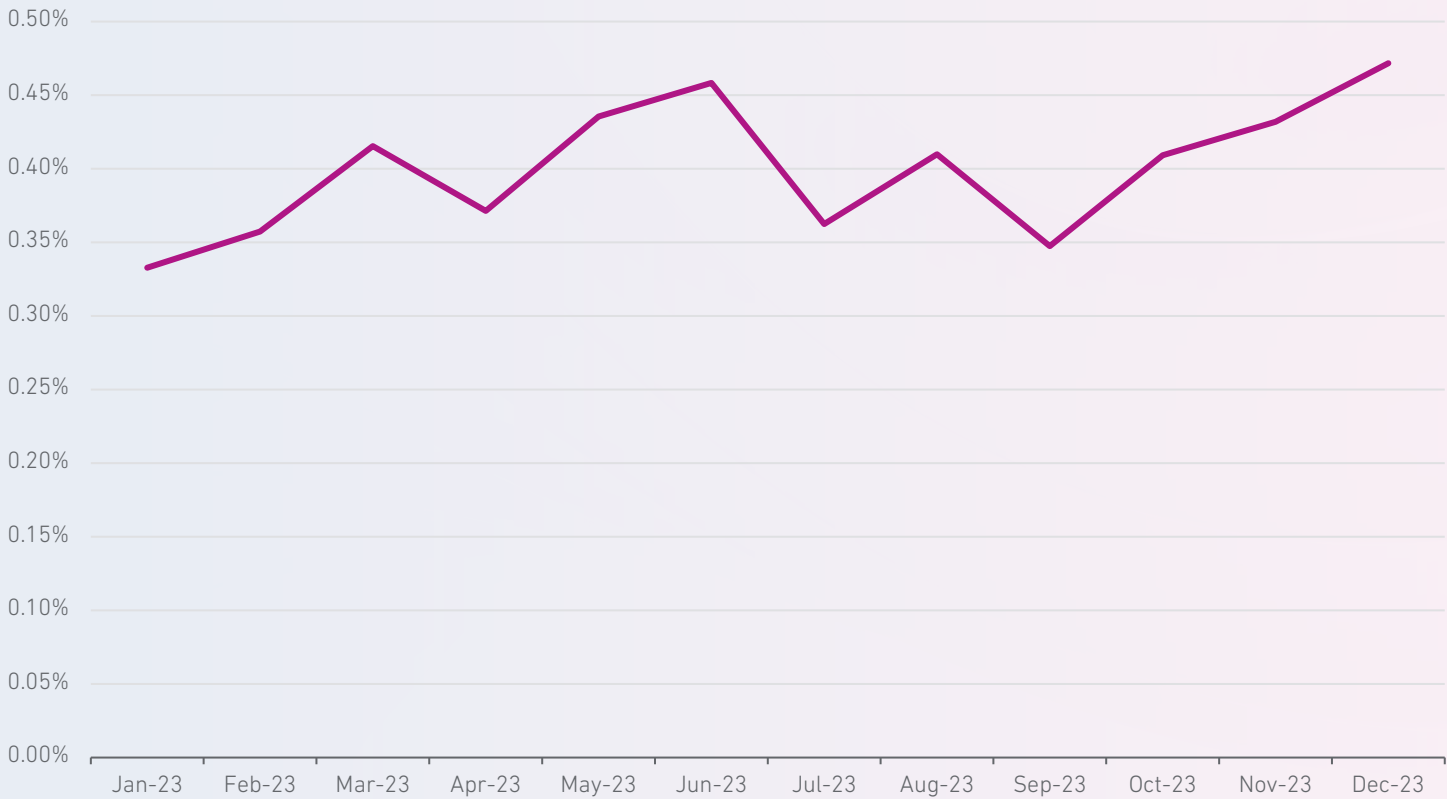
Like most other products, the older generations are the lowest risk for both fraud types.

# ASSET FINANCE



# Fraud Rate

Q4 2023

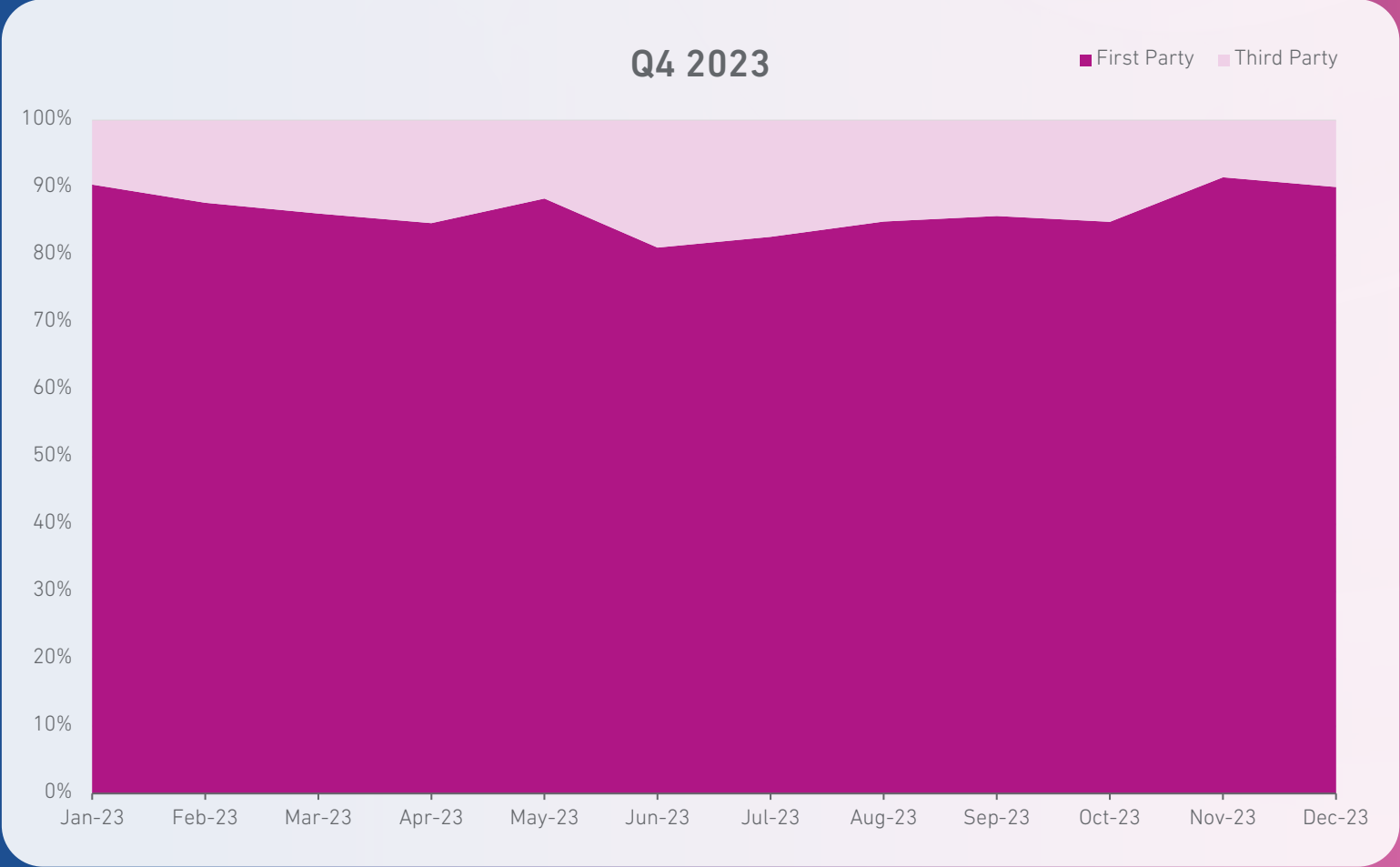


The Asset Finance fraud rate has been increasing throughout the quarter, reaching a peak of 0.47% in December.

With an overall quarterly fraud rate of 0.43%, this is the highest rate recorded within the Asset Finance product set.



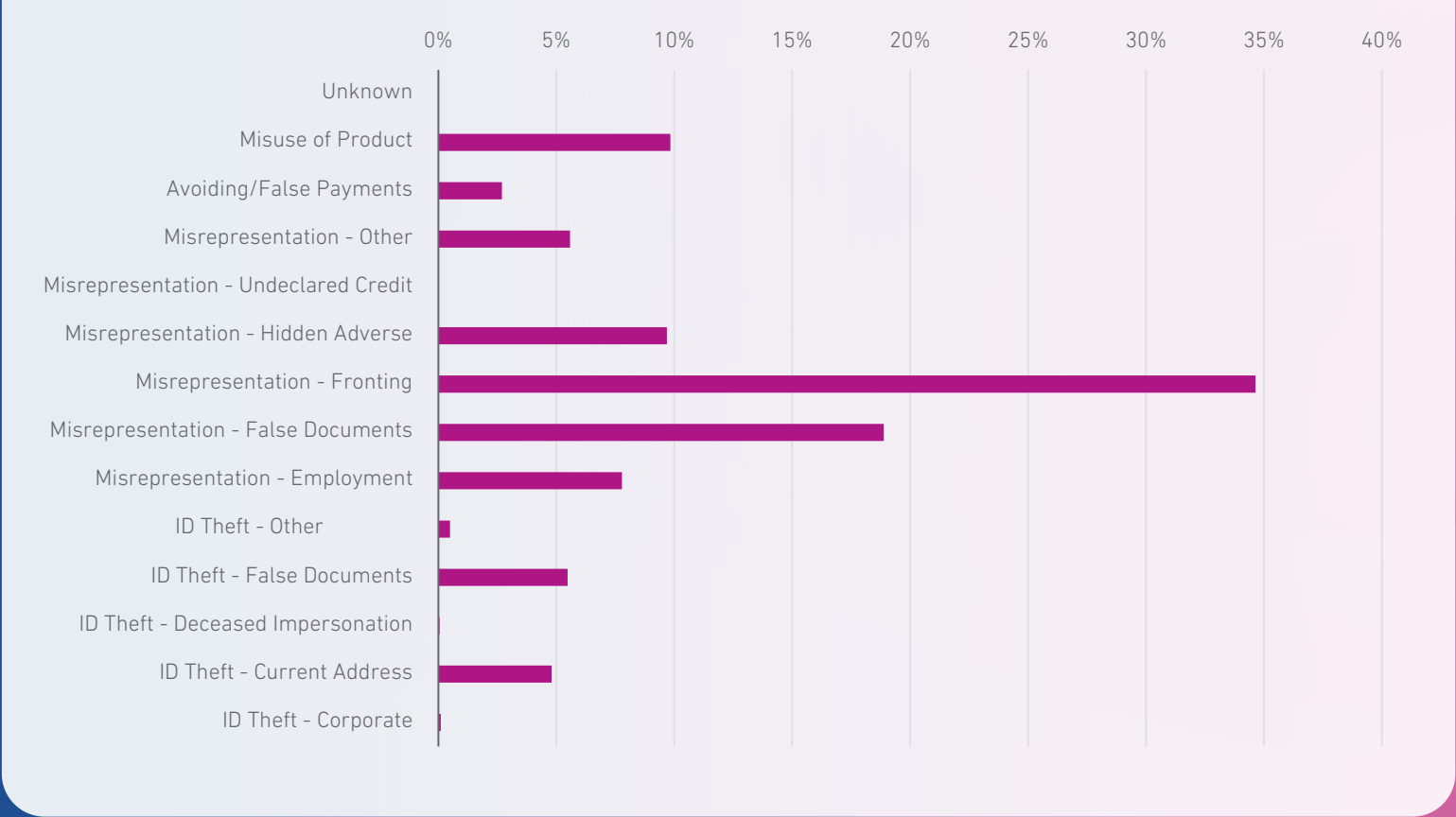
# Fraud Type



Although there has been a slight increase in third-party cases throughout the middle of 2023, Asset Finance fraud remains predominantly first-party and continues to demonstrate a 90:10 split in favour of first-party.

# Fraud Categories

Q4 2023

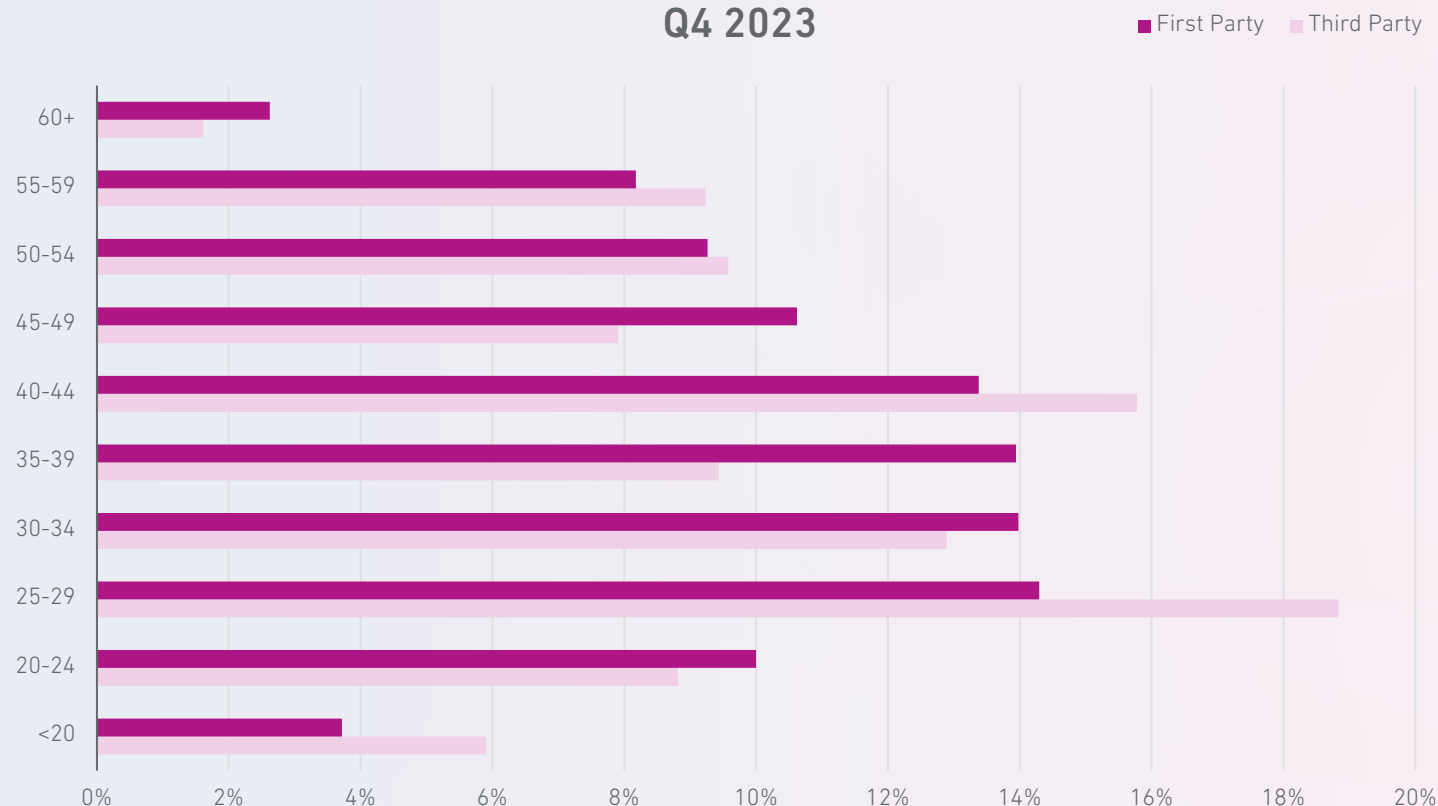


First-party cases in which false documents are used have increased from 8% in the third quarter of 2023 up to 19% at the end of the year.

Fronting, where an individual takes credit out on behalf of someone else, remains the most common category at 35%.

# Age

## Q4 2023



These figures are normalised based on relative population size in each age range and then indexed against the largest group.

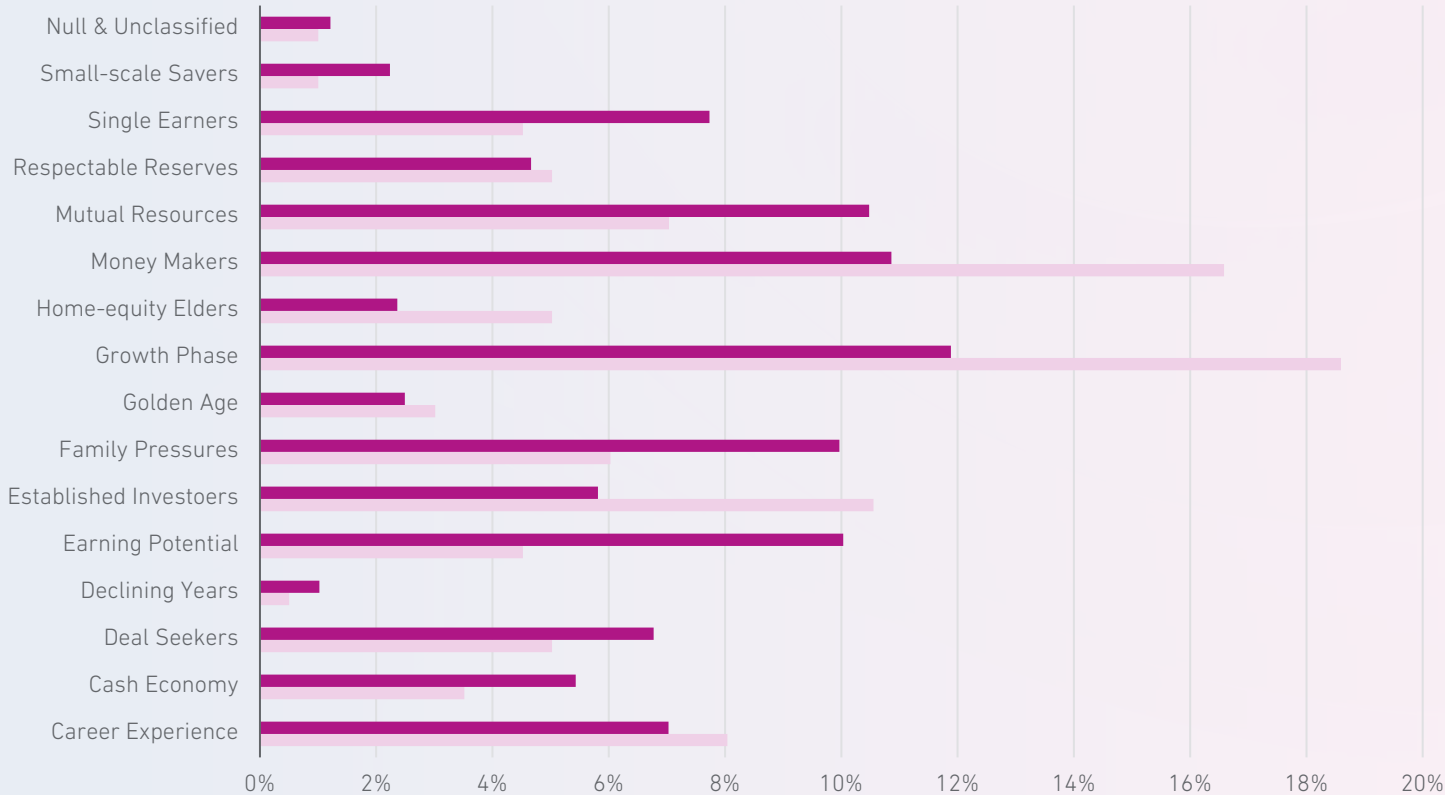
First-party Asset Finance fraud is most prevalent in the 25-44 age band, with risk gradually reducing either side of this before dropping off sharply for the youngest and oldest age groups.

Third-party fraud is mainly evenly spread across ages 20-59, however there are notable spikes at both 25-29 and 40-44.

# Demographics

Q4 2023

■ First Party ■ Third Party



First-party fraud is split relatively evenly among several groups across the income range. 'Money Makers'; higher earners that utilise credit regularly, and 'Mutual Resources'; people that require either family or community support to help cover their costs, are of equally high risk for committing Asset Finance fraud.

Third-party fraud is at its highest within both 'Money Makers' and 'Growth Phase', which includes young and growing families that are progressing through their careers.

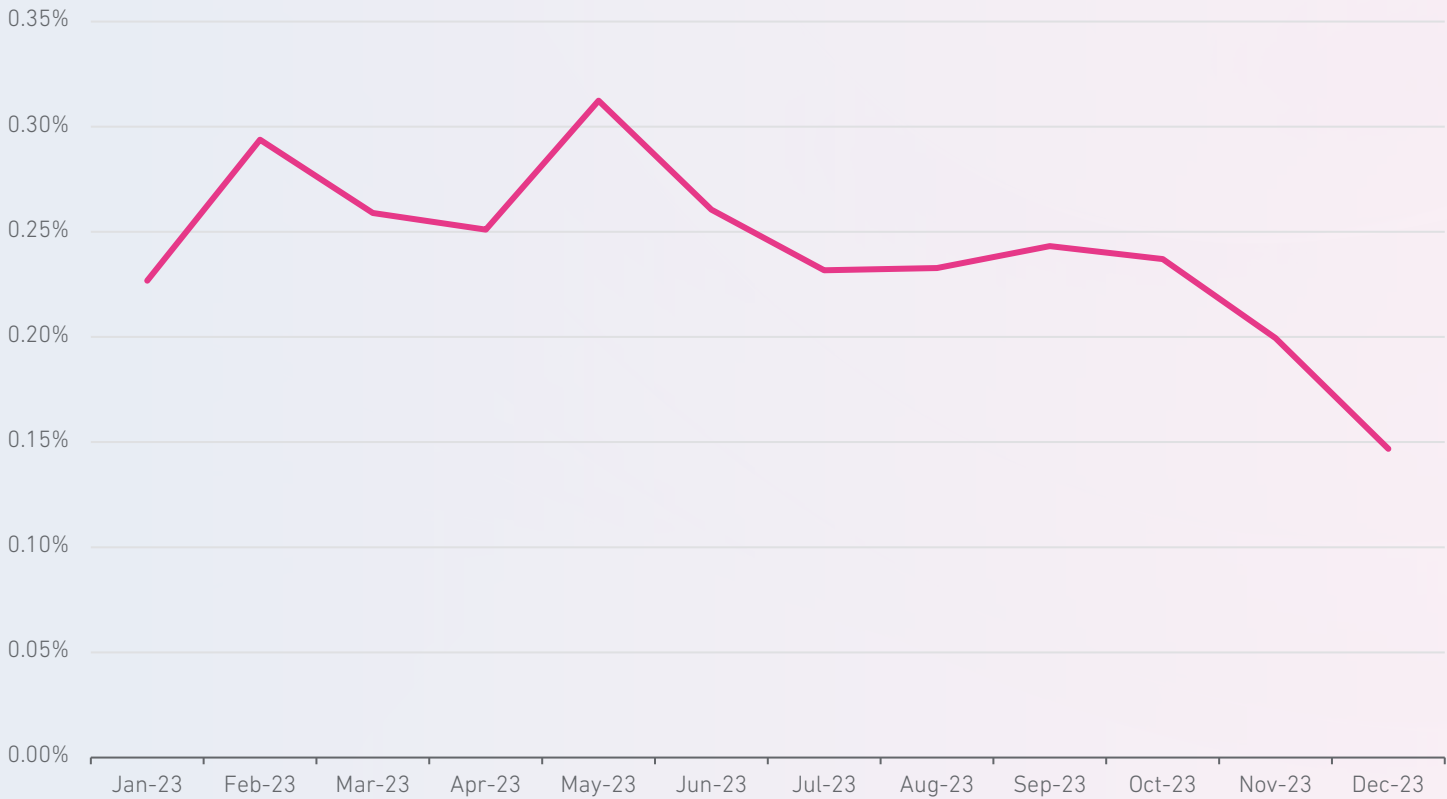
# LOANS





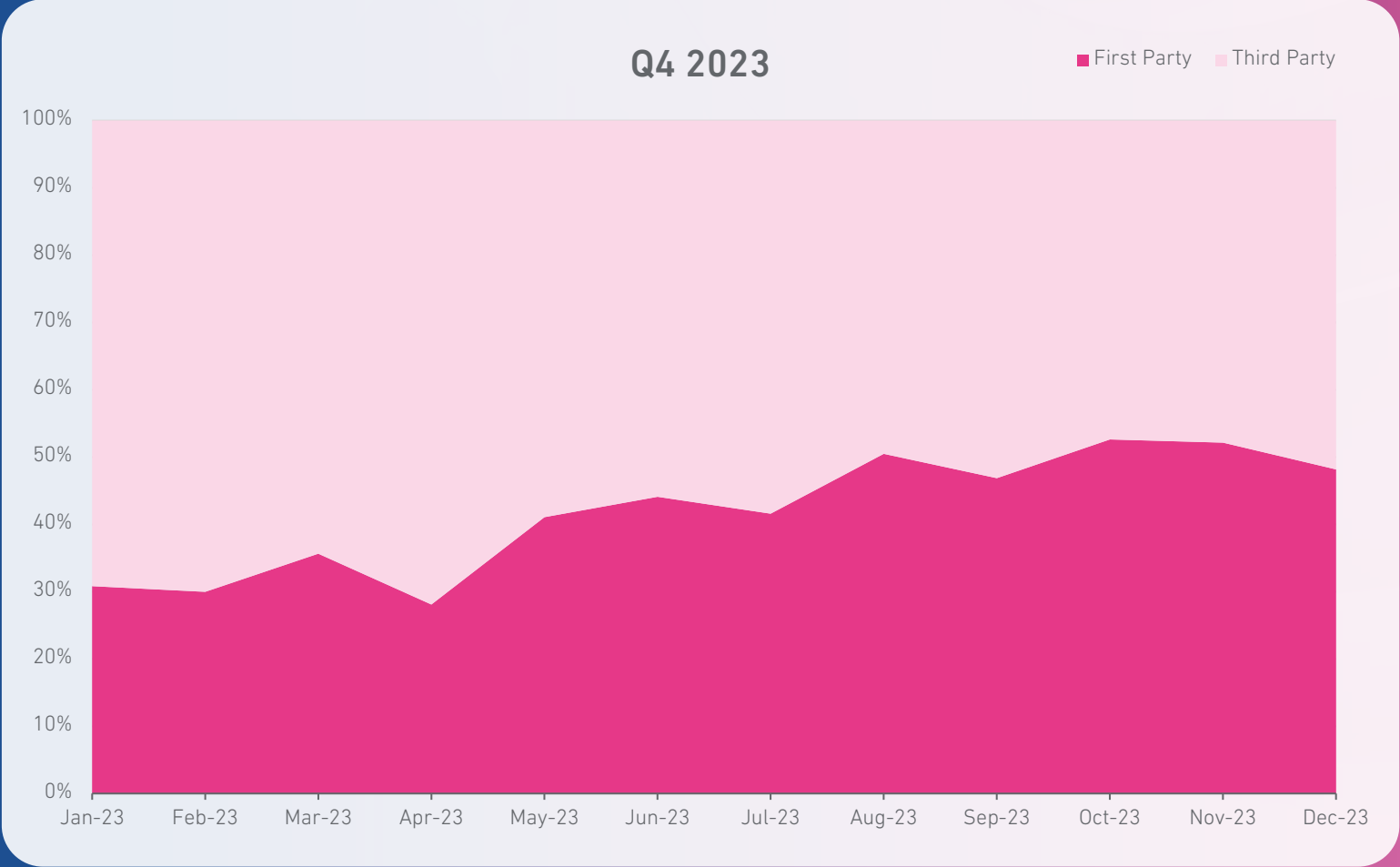
# Fraud Rate

Q4 2023



The Loans fraud rate has been decreasing throughout the final quarter, reaching 0.15% in December.

# Fraud Type

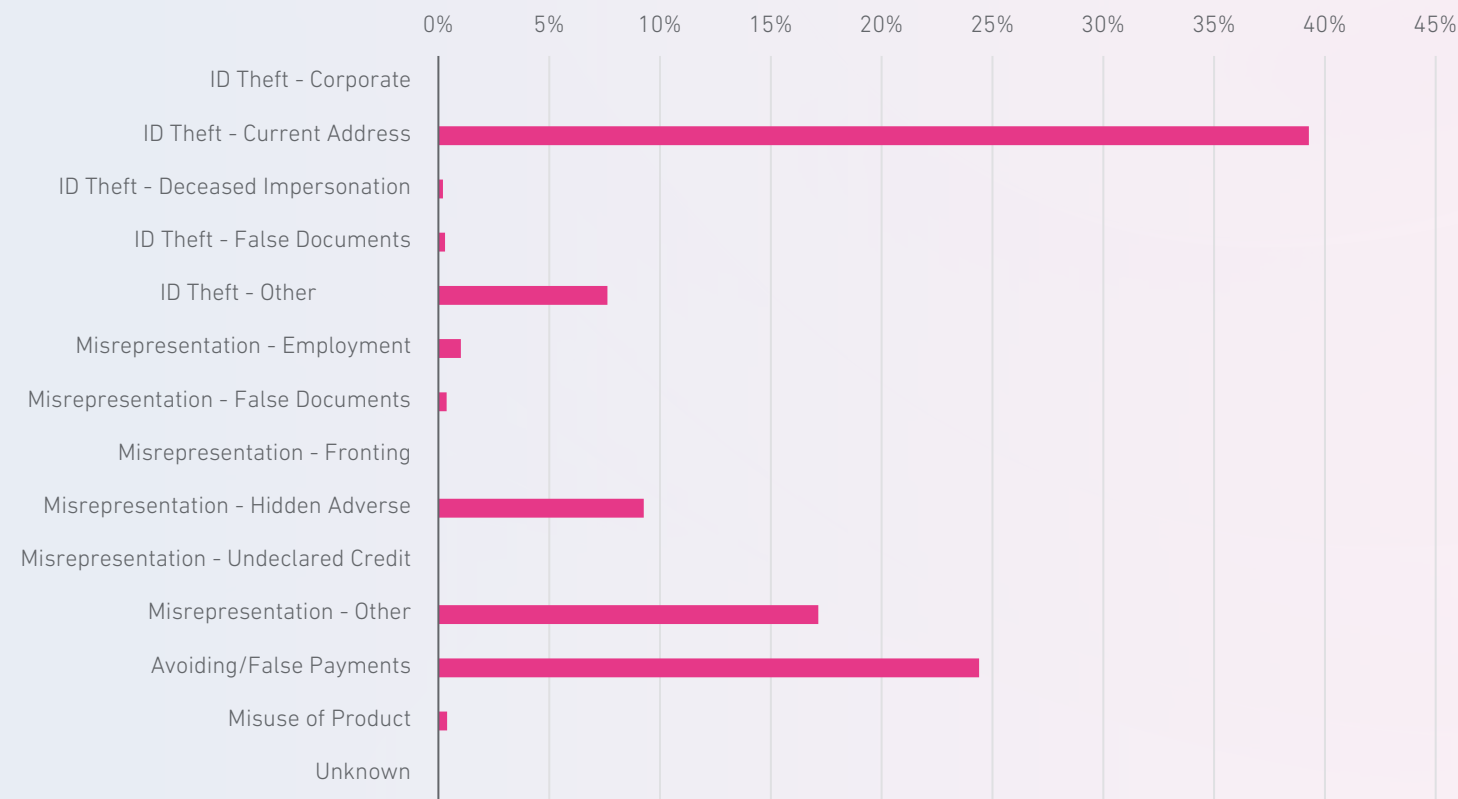


First-party fraud has increased from a starting point of 30% in January, up to a peak of 52% in October and November.

This is the first time that first-party cases have outnumbered third-party, likely due to cost of living challenges and people misrepresenting themselves on loan applications, or applying with no intention to repay.

# Fraud Categories

Q4 2023

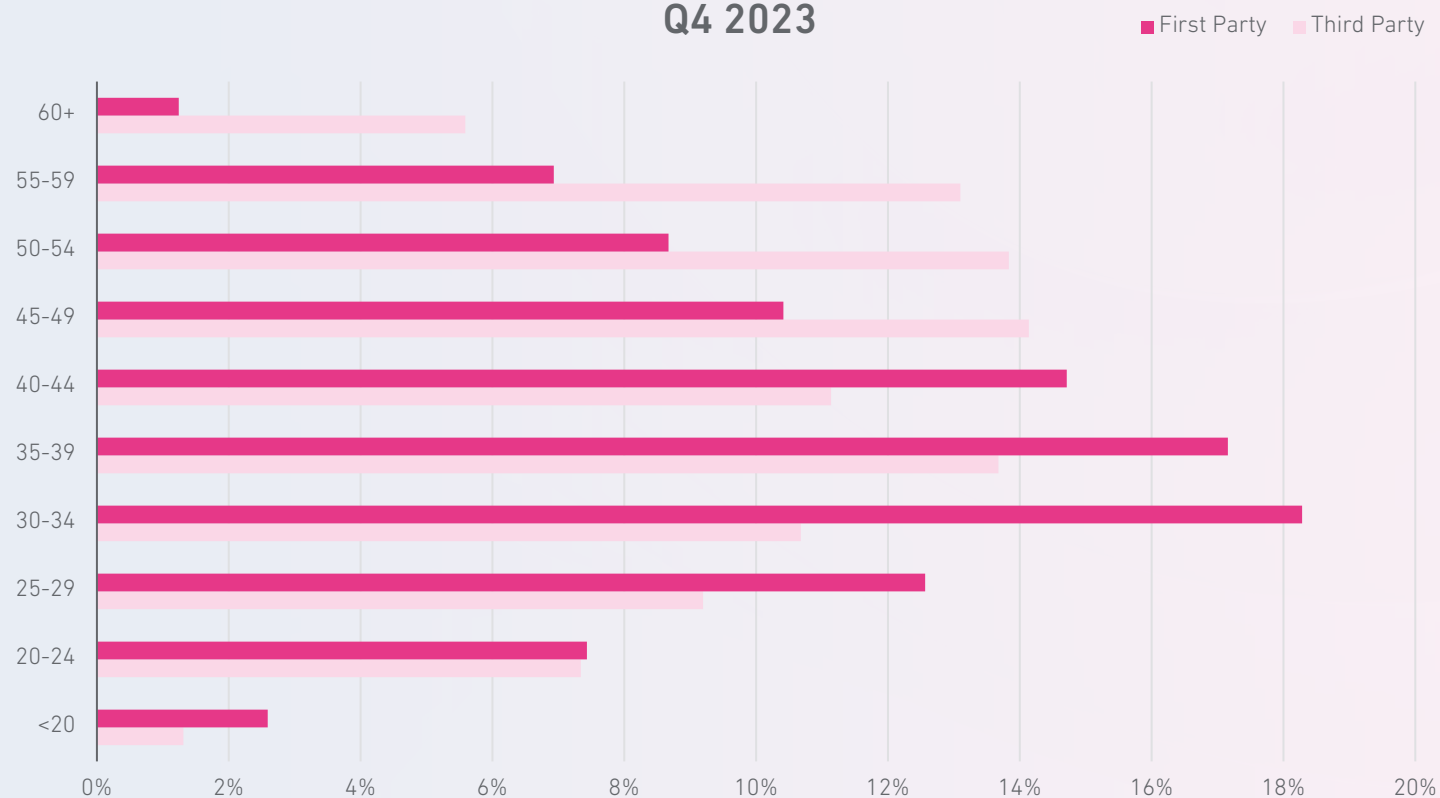


At 39%, Current Address ID Theft remains the most recorded fraud type for Loans.

The increase in first-party fraud is due to an increase in Misrepresentation – Other and continued high numbers across Avoiding/False Payments and Misrepresentation – Hidden Adverse.

# Age

## Q4 2023



These figures are normalised based on relative population size in each age range and then indexed against the largest group.

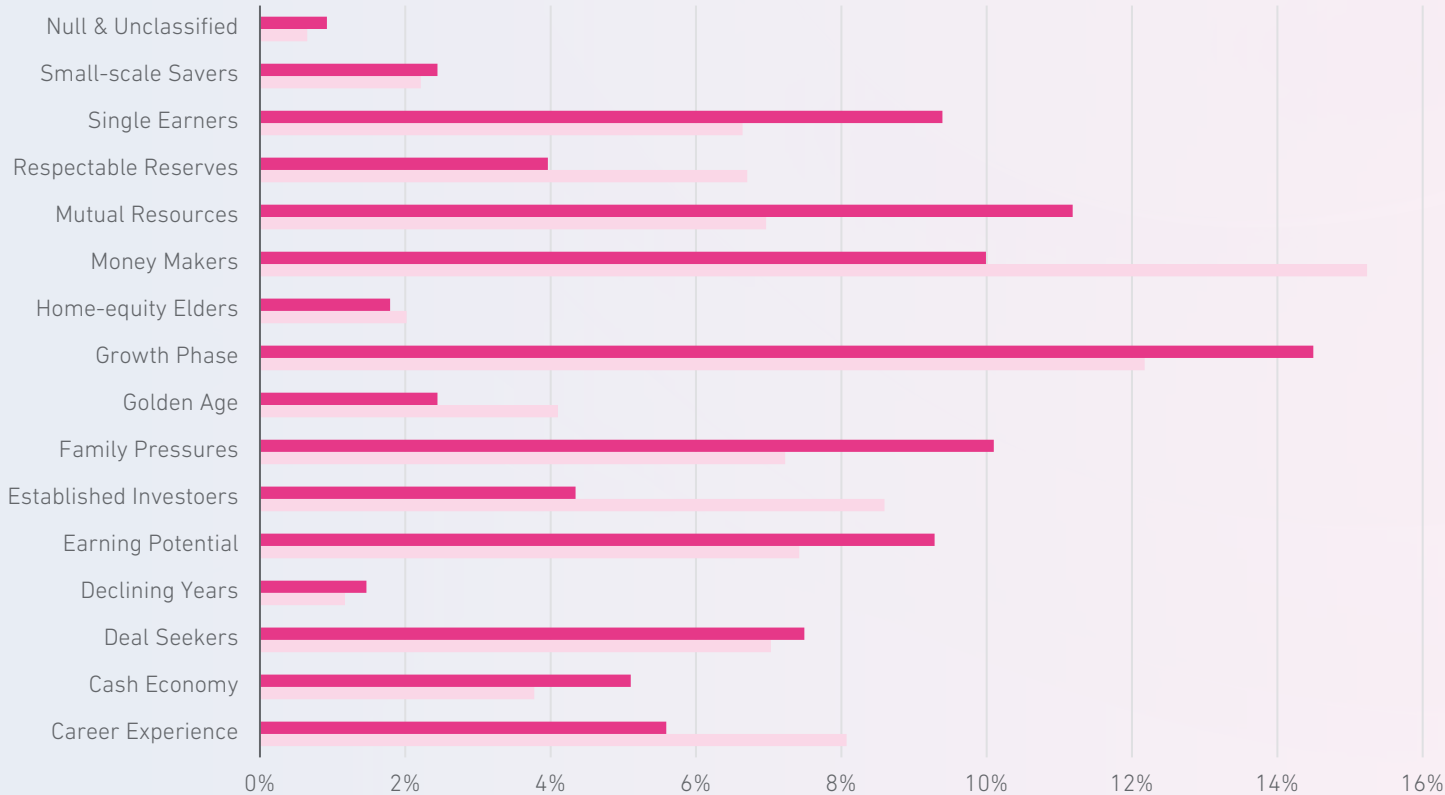
First-party Loans fraud peaks within the 30-39 age range, with risk reducing significantly among the older and younger age groups.

In contrast, third-party Loans fraud is more evenly distributed from ages 35-59, with a small dip at 40-44.

# Demographics

Q4 2023

■ First Party ■ Third Party



'Growth Phase' and 'Money Makers' continue to be at the highest risk of being targeted for third-party fraud.

First-party fraud is somewhat more evenly distributed across several groups, however there is a notable spike of 14% within 'Growth Phase'.



# SAVINGS ACCOUNTS



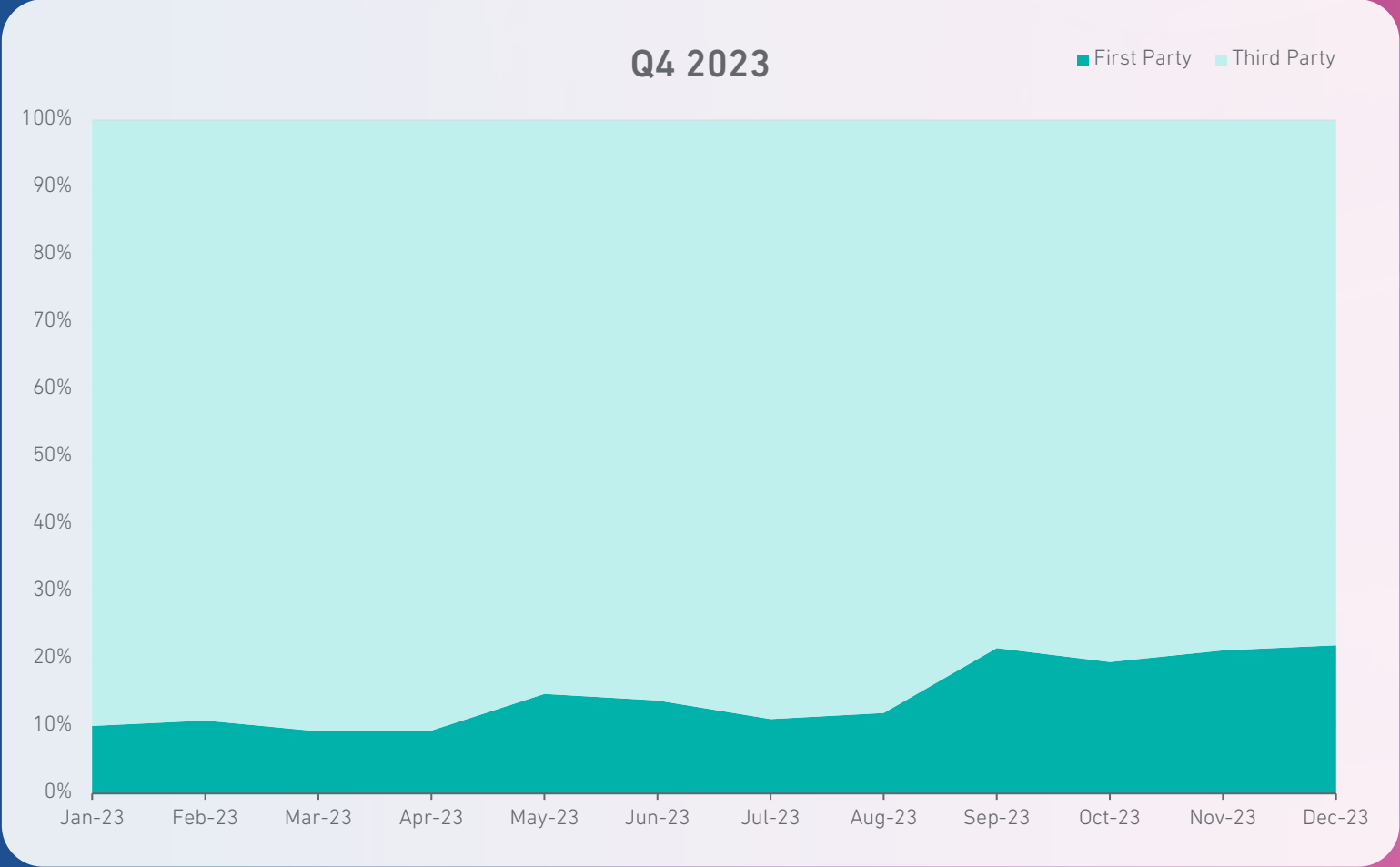
# Fraud Rate

Q4 2023



Following the outlying dip of 0.07% in September, the Savings Account fraud rate has returned to the preceding rates of 0.2-0.25%.

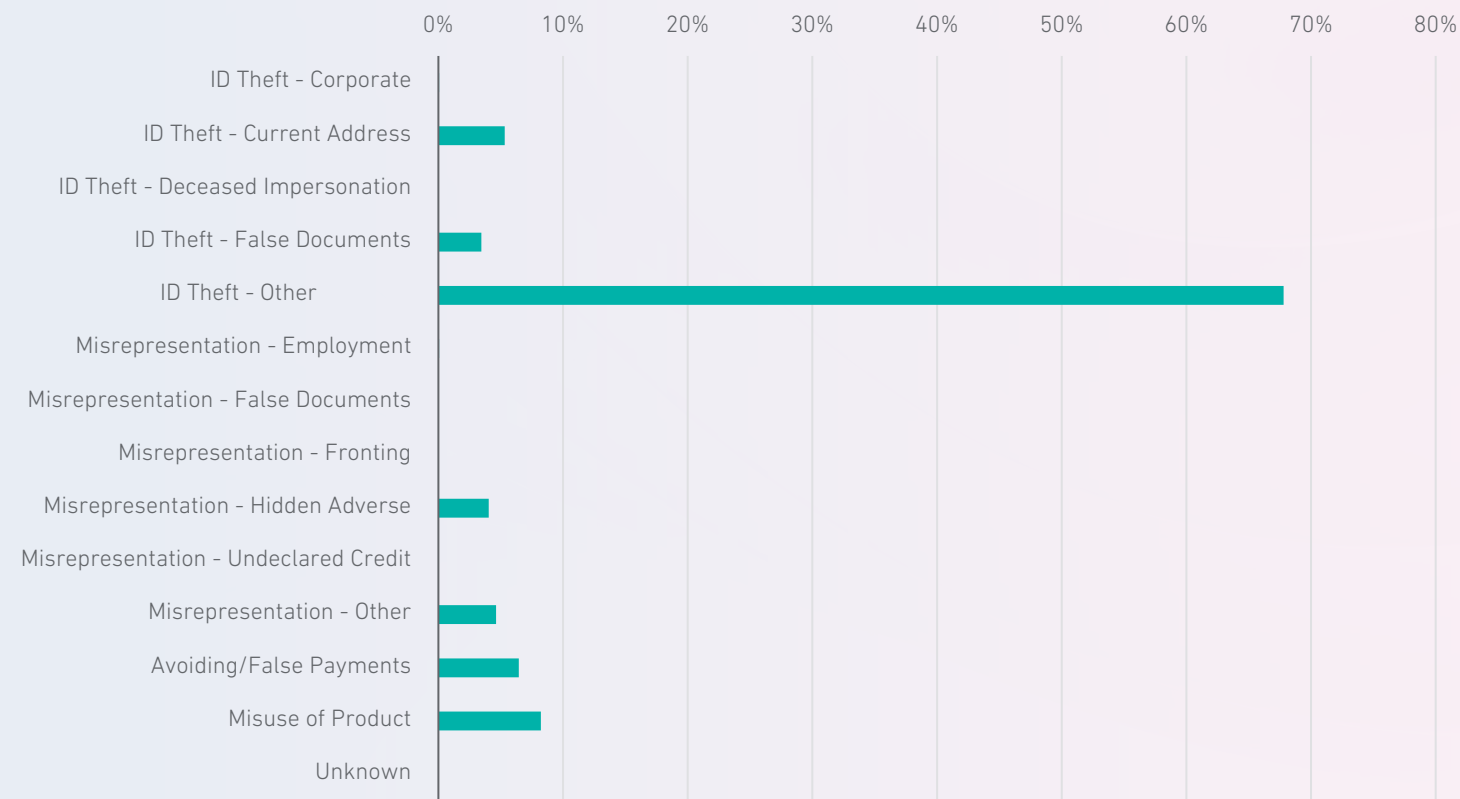
# Fraud Type



Similarly to Cards, September saw an increase in first-party Savings Account cases that has continued through to the end of the year; accounting for 22% of cases in December.

# Fraud Categories

Q4 2023

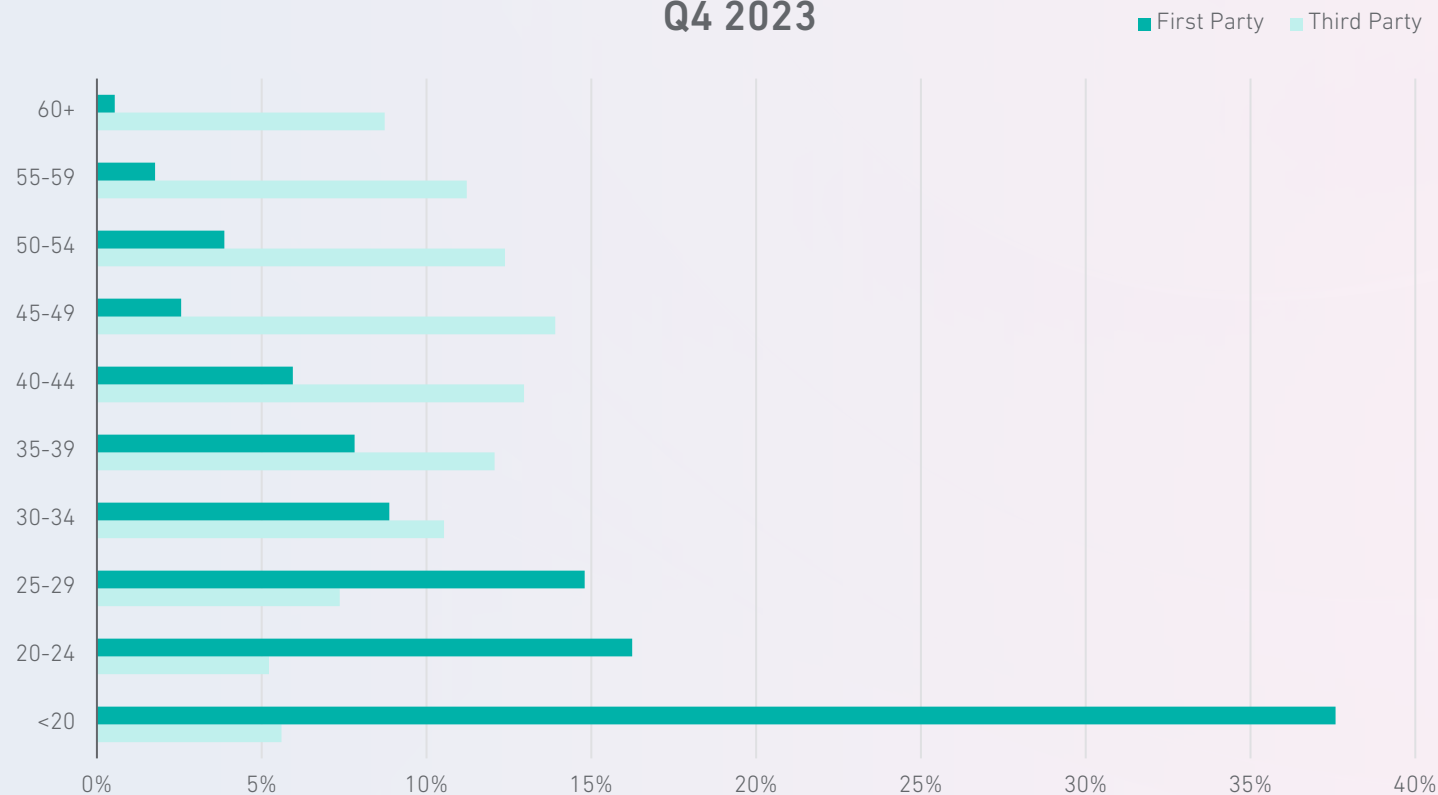


Although reducing by 2% from last quarter, the ID Theft - Other category remains the most common at 68%.

Elsewhere, Misuse of Product, 8%, and Avoiding/False Payments, 6%, are the next most prevalent categories.

# Age

## Q4 2023



These figures are normalised based on relative population size in each age range and then indexed against the largest group.

As with current accounts first-party fraud is predominantly focused among the younger age groups. However, among the under twenties, there has been a substantial increase in rate from 21.9% in the third quarter of the year to 37.5%.

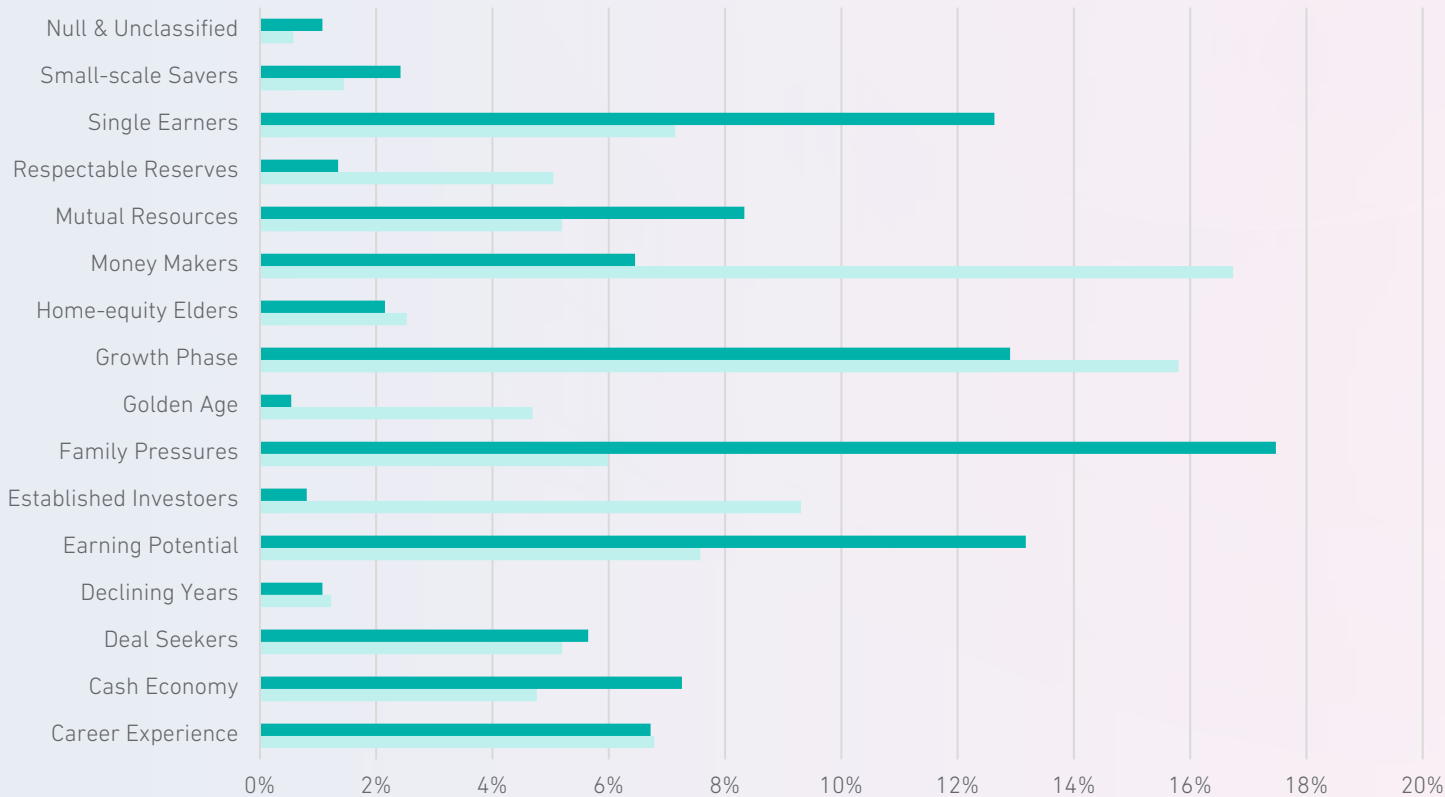
Third-party fraud is far more evenly distributed however and is focused in the 30-59 age bracket.



# Demographics

Q4 2023

First Party Third Party



'Family Pressures' remains as the most common demographic for first-party fraud, followed by 'Earning Potential', 'Growth Phase' and 'Single Earners'.

Third-party fraud targets are most commonly within the 'Money Makers' and 'Growth Phase' groups, which combined account for 33% of all third-party instances.

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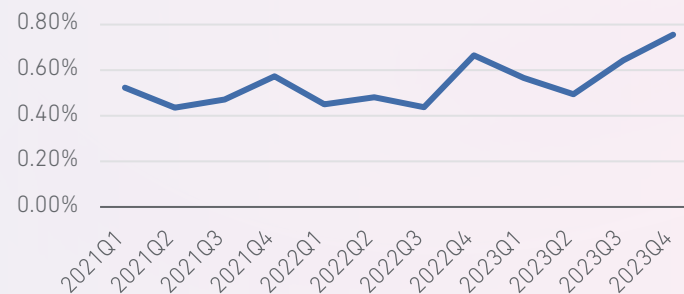
# QUARTERLY TRENDS



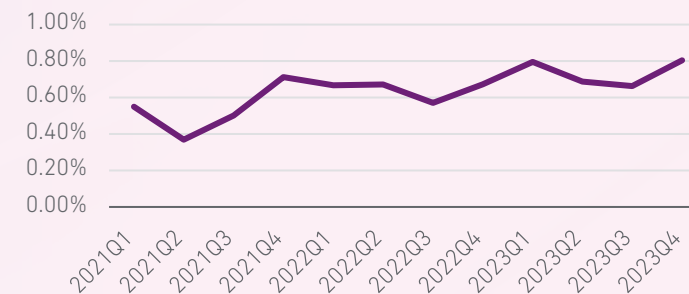
## Current Accounts Q4 2023



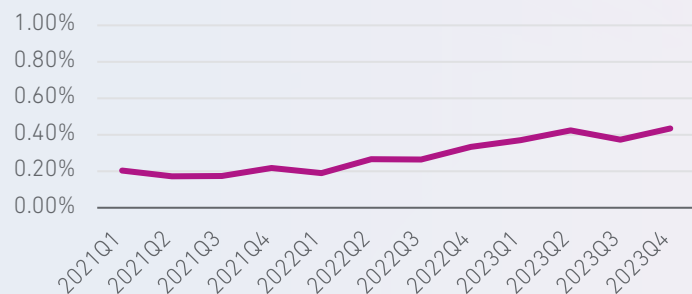
## Mortgages Q4 2023



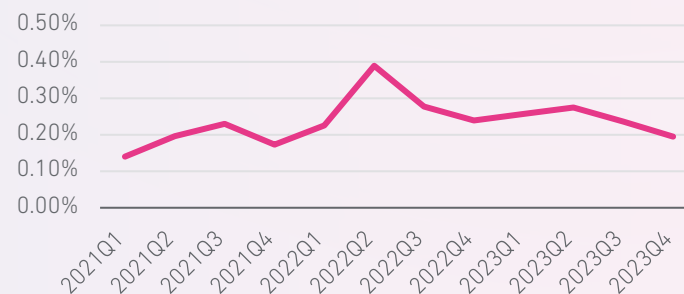
## Cards Q4 2023



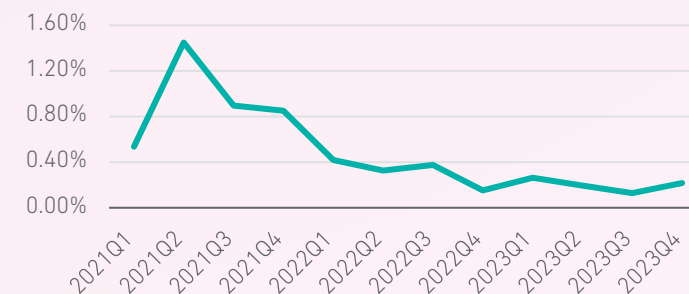
## Asset Finance Q4 2023



## Loans Q4 2023



## Savings Accounts Q4 2023



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