

Debate Pack

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Tackling crash for cash insurance fraud

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1 Background

On Wednesday 22 May 2024 there will be a debate in Westminster Hall on tackling crash for cash insurance fraud. The debate will be led by Elliot Colburn MP.

You can watch the debate on [Parliamentlive.tv](https://www.parliamentlive.tv).

1.1 Crash for cash insurance fraud

‘Crash for cash’ is the term commonly given for incidents where people deliberately stage or cause a road traffic collision for the purpose of financial gain. Ask the Police, an official resource on policing questions, [describes three types of crash for cash fraud](#):

- staged accident – someone makes an insurance claim for an accident that they have deliberately staged with another person
- ghost accident – someone makes an insurance claim for an accident that never happened
- induced accident – someone makes an insurance claim after intentionally causing a collision with an innocent motorist¹

Crash for cash fraud usually centres around making insurance claims based on personal injuries and damages that did not occur. Pay-outs can be increased by making up or exaggerating injuries or lying about the number of people in the car at the time of the accident.

Perpetrators of crash for cash insurance fraud could be committing a variety of offences under the Fraud Act 2006 and Road Traffic Act 1988.

The Association of British Insurers (ABI), the membership body for UK insurance companies, states that crash for cash harms all motorists, not only through risks to safety, but also in terms of costs, as “innocent victims of induced accidents can lose their no-claims bonus and may see their premiums rise following an ‘accident’”.²

¹ Ask the Police, [Q957: What is ‘Cash for crash’?](#) [Accessed: 21 May 2024]

² ABI, [Crash for cash](#), accessed 20 May 2024

Case study: induced accident fraud

A driver was in heavy traffic in West London when he braked suddenly, causing the car behind him to crash into the back of his car.

He subsequently made an insurance claim for personal injury and financial loss. Three other men who claimed to be in the car at the time also made claims for injuries. Had the four men been successful in their claims, they could have inflicted a loss of £27,500 on the insurer.

Dashcam footage from the incident showed that only three people were present in the car at the time of the collision and the occupants of the car did not match the description of those that made the insurance claims. The claim was found to be fraudulent.

In 2021, all four men were convicted and sentenced for their role in the fraud. The driver of the car received a three-month custodial sentence. The three other men all received non-custodial sentences.³

1.2

Perpetrators of crash for cash

Some crash for cash fraud may be conducted by organised crime groups. Ask the Police suggests that organised groups will target victims that they think will be insured and easy to deal with, for example older drivers. It also states that crime groups may place ‘witnesses’ to incidents, to confirm the perpetrator’s version of events and to encourage the victim to admit fault.⁴

Mike Haley, Chief Executive of CIFAS, a fraud prevention service, told the Home Affairs Select Committee in January 2024 that crash for cash scams were a form of organised fraud and that some proceeds may be laundered overseas.⁵

There are also variations to the fraud. For example, [some people have reported being victims of ‘clip for cash’](#), where a person accuses an innocent

³ City of London Police, [Relatives sentenced for bogus insurance claims in ‘Crash for Cash’ plot](#), 22 June 2021

⁴ Ask the Police, [Q957: What is ‘Cash for crash’?](#) [Accessed: 21 May 2024]

⁵ Home Affairs Select Committee, [Oral evidence: Fraud \(PDF\)](#), 17 January 2024 p.6

motorist of having clipped their wing mirror and then uses threatening behaviour to demand cash up front to cover the cost of repair.⁶

Motorists were also warned last year of [an increase in crash for cash moped scams in London](#), a type of induced accident involving moped courier drivers.⁷ In 2023, it was reported that these type of crash for cash frauds were collectively valued at £27 million, “with more than 2,200 victims in London alone in the last two years”.⁸ Ursula Jallow, Director of the Insurance Fraud Bureau (IFB), a not-for-profit company that coordinates the industry response to insurance fraud, said that this type of crash for cash has become “epidemic” in London.⁹

The fraudulent use of technology may also be increasing the sophistication of claims for ghost accidents.¹⁰ Allianz, an insurance provider, has said cases where apps were used to distort real-life images, videos and documents increased by 300% from 2022 to 2023. It said it was employing new technologies such as voice recognition software to reduce fraudulent claims.¹¹

1.3

The scale of the problem

Action Fraud and the National Fraud Intelligence Bureau (NFIB) jointly receive and assess reports of fraud in the UK. Official data states that there were around 13,700 ‘insurance related fraud’ offences recorded by Action Fraud or referred to the NFIB in England and Wales during 2023.¹² However, official crime statistics are not published at a level of detail which allows us to identify the number of crash for cash offences within this figure.

The insurance industry provides some estimates on the number of claims that are related to crash for cash fraud. For example, the IFB estimated that around 170,000 car insurance claims between October 2019 and the end of 2020 were linked to crash for cash fraud schemes.¹³ It has also estimated that annually there are 69,500 personal injury claims linked to suspected crash for cash scams (costing the insurance industry £392 million a year), though no

⁶ Sky News, [Drivers warned about new 'clip for cash' crash scam](#), 5 April 2023

⁷ IFB, [Crash for cash moped scams: what you need to know about the reckless two-wheel con that's on-the-rise!](#), 2 June 2023

⁸ Sky News, [Warning over 'crash for cash' scammers on mopeds driving head-first into motorists](#), 20 June 2023

⁹ As above

¹⁰ Evening Standard, [Insurers warn about fake and manipulated images being used in claims](#), 3 May 2024

¹¹ Allianz, [Allianz prevents 29% more fraud and announces partnership with Clearspeed](#), 23 April 2024

¹² ONS, [Crime in England and Wales year to December 2023. Appendix table A5](#), 25 April 2024

¹³ BBC, [Car insurance: 170,000 claims linked to 'crash for cash' gangs](#), 11 May 2021

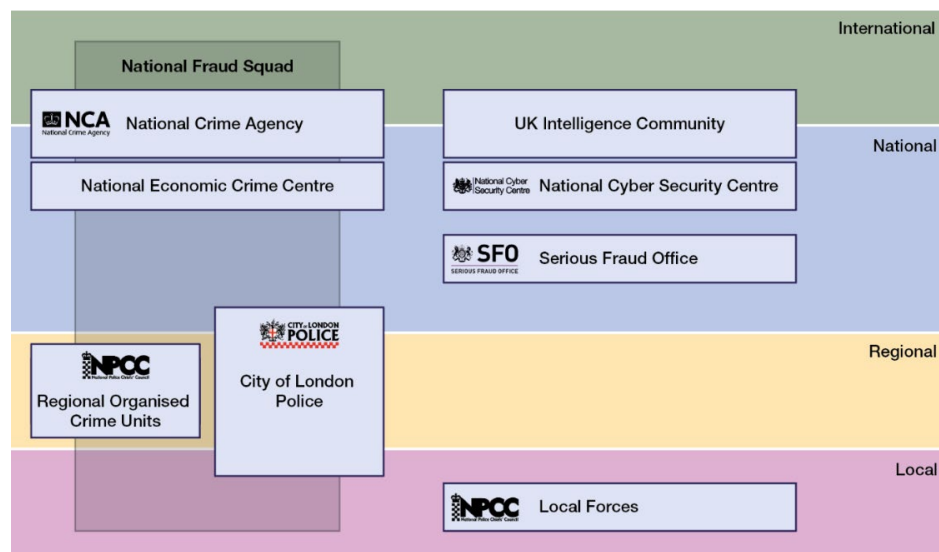
particular year is given for this information.¹⁴ The IFB also provides information on the [top thirty postcodes for crash for cash scams](#).¹⁵

There is also concern that the increase in the cost of living has increased the threat of insurance fraud.¹⁶ The head of counter fraud at Allianz, James Burge, commented that there was an increase in all types of insurance fraud in 2023.¹⁷ Allianz reported that the number of crash for cash accidents reduced in 2022, but increased by 25% in 2023.

1.4 What are the police doing?

The City of London Police acts as the lead force for fraud across England and Wales. It hosts Action Fraud and NFIB, as well as [the Insurance Fraud Enforcement Department \(IFED\)](#), a specialist policing unit that leads investigations of insurance fraud. The IFED was first established in 2012 and is funded by the ABI. It receives referrals through Action Fraud, NFIB and directly from insurers. It works with police forces and Regional Organised Crime Units through the UK. The Home Office has stated that the IFED “works tirelessly to bring ‘Crash for Cash’ criminals to justice”.¹⁸

Image 1: Agencies involved in investigating fraud



Source: Home Office, [Fraud strategy](#), 3 May 2023

There are several agencies that work alongside local police forces to tackle the wider issue of fraud (see image 1). The investigation of crash for cash

¹⁴ IFB, [‘Crash for Cash’ in numbers \(PDF\)](#) [Accessed: 21 May 2024]

¹⁵ IFB, [The UK’s top 30 ‘Crash for Cash’ scam hotspots revealed](#), May 2021

¹⁶ Allianz, [Allianz 2023 claims fraud savings hit £77.4m](#), 13 February 2024

¹⁷ Allianz, [Allianz 2023 claims fraud savings hit £77.4m](#), 13 February 2024

¹⁸ [PQ 7728 \[Motor Vehicles: Insurance\]](#), 9 June 2021

fraud may involve these agencies, depending on the scale of the offence and any links to organised crime. The respective roles and responsibilities of these agencies in tackling fraud are outlined in the Government's fraud strategy.¹⁹

The Police Service of Northern Ireland and Police Scotland lead on fraud in Northern Ireland and Scotland respectively. People can make reports of suspected fraud to Action Fraud in Northern Ireland, but in Scotland such reports must be made to Police Scotland directly.

1.5 What is the Government doing?

The Government has conducted recent work on addressing fraud generally. For example, [as committed in its fraud strategy](#), the Government has now appointed 400 specialist investigators across the National Crime Agency, City of London Police and Regional Organised Crime Units as part of a "national fraud squad".²⁰ It has also created a new voluntary post of Anti-Fraud Champion (currently held by Simon Fell MP).

The strategy also committed to invest £100 million in fraud enforcement efforts before 2024/25 and committed to replace Action Fraud to make it easier for people to report suspected fraud.

The Government's fraud strategy does not specifically mention crash for cash insurance fraud. However, it may argue that its wider investment in enforcement of fraud may improve capability to investigate crash for cash scams.

[The Government established an insurance fraud taskforce in January 2015](#), with membership from the insurance industry, Financial Ombudsman Service, Citizens Advice, as well as HM Treasury and the Ministry of Justice. It recommended for the insurance industry "to support the development work needed to evolve the IFB into a holistic intelligence hub". Its [update report published in 2017](#) listed a continued focus on 'crash for cash' by the IFB as a key deliverable.²¹

1.6 What is the insurance industry doing?

The ABI has said that tackling insurance fraud is a strategic priority for the industry. It said that in 2022, 72,600 fraudulent claims (not just related to crash for cash) were detected and valued at £1.1 billion, with a similar amount estimated as going undetected. It added that "insurers invest at least £200

¹⁹ Home Office, [Fraud strategy](#), 3 May 2023

²⁰ [PQ14613 \[Fraud: Wales\]](#), 19 February 2024

²¹ HM Treasury, [Insurance Fraud Taskforce Report 2017](#), 20 December 2018

million each year to identify fraud.”²² As stated above, the ABI funds the IFED, a specialist policing unit that leads investigations of insurance fraud. Insurance firms also fund the Insurance Fraud Register, a database populated with details of insurance fraudsters.²³

The Insurance Fraud Bureau (IFB) is a not-for-profit company that coordinates the industry response to insurance fraud. The IFB operates a phonenumber for people to report suspected insurance fraud and works with the IFED to bring prosecutions for insurance fraud. It was established in 2006, specifically in response to an increase in crash for cash fraud. The ABI has said that the IFB has around 6,000 active suspected crash for cash claims it is investigating, with a value of over £70 million. Approximately 30% of all IFB’s live operations relate to crash for cash.²⁴

Industry professionals have also been encouraging drivers to obtain dashboard cameras (‘dashcams’), devices that record videos of the outside of the vehicle while driving, to further protect honest motorists from car insurance fraud.²⁵ Motoring magazine CAR has reported that some insurers reduce monthly premiums for motorists equipping their vehicle with a dashcam.²⁶

The ABI has published a factsheet on crash for cash frauds.²⁷ It outlines steps to take if people think they have been victims of a crash for cash fraud, including paying attention to warning signs (such as whether the vehicle in front is changing speed quickly for no reason), to maintain safe distances and alertness, and to report suspicions to the police and to the IFB. Additionally, the IFB has run campaigns (such as the ‘fraud cons’ campaign) to raise awareness of crash for cash, to increase knowledge about what steps to take if someone believes they have been a victim of this type of fraud.²⁸

There has been some criticism of certain activities by insurance companies when dealing with potential crash for cash fraud. Consumer website Which? reported in August 2023 cases of members who believed they were victims of the fraud, saying “insurers need to do a much more thorough job of investigating claims with dubious evidence”.²⁹

²² ABI, [Fraud](#) [Accessed: 16 May 2024]

²³ ABI, [Fraud](#) [Accessed: 16 May 2024]

²⁴ Information obtained via correspondence between the ABI and the House of Commons Library

²⁵ See, for instance, Mustard, [Crash for cash scams](#), 5 March 2024; Birmingham Mail, [Drivers warned to watch out for this vehicle on the roads as ‘cash-for-crash’ scams rocket](#), 12 July 2023

²⁶ CAR, [The best budget dash cams](#), 26 March 2024

²⁷ ABI, [Crash for cash](#) [Accessed: 21 May 2024]

²⁸ IFB, [Insurance fraud: it could really cost you](#) [Accessed: 21 May 2024]

²⁹ Which? press release, “[Dubious car insurance claim payouts contributing to higher premiums for some honest motorists. Which? warns](#)”, 23 August 2023

2 Parliamentary material

2.1 Parliamentary Questions

[Topical Questions](#)

Asked by: Elliot Colburn (Carshalton and Wallington) (Con) | **Party:** Conservative

People in Carshalton and Wallington, particularly women, are being targeted in so-called “crash for cash” insurance scams. Could my right hon. and learned Friend outline what support is available to victims of this sort of crime?

Answered by: Alex Chalk | **Party:** Conservative | **Department:** Justice

If someone is the victim of a “crash for cash” scam, they are likely to be the victim of an offence under the Fraud Act 2006 or, potentially, under the Road Traffic Act 1988. We have quadrupled the funding for victims of crime, who are entitled under the victims code to be kept updated about the crime, to be notified about compensation and to be offered special measures

if the case gets to court. Regardless of whether someone is the victim of “crash for cash”, theft or any other crime, the state should be there to provide the support they need.

14 May 2024 | Topical questions - 1st Supplementary | Answered | House of Commons | House of Commons chamber | 750 cc131-2

Date answered: 14 May 2024

[Fraud: Personal Injury](#)

Asked by: Wakeford, Christian | **Party:** Conservative

What steps his Department is taking to reduce the number of fraudulent whiplash claims.

Answering member: Alex Chalk | **Party:** Conservative | **Department:** Ministry of Justice

We implemented several important reforms on 31 May to tackle the problems associated with whiplash which will cut costs, reduce fraud and lower motor insurance premiums.

We have introduced a tariff of damages for whiplash injuries, banned pre-medical offers to settle such claims and increased the small claims track limit to £5,000 for road accident related personal injury claims.

Genuinely injured claimants will be supported through a new digital Portal enabling them to settle claims without legal advice.

29 Jun 2021 | Written questions | Answered | House of Commons | 901947

Date tabled: 29 Jun 2021 | Date for answer: 29 Jun 2021 | Date answered: 29 Jun 2021

[Motor Vehicles: Insurance](#)

Asked by: Spellar, John | **Party:** Labour

To ask the Secretary of State for the Home Department, what steps she is taking to tackle crash-for-cash car insurance fraud.

Answering member: Kevin Foster | **Party:** Conservative | **Department:** Home Office

The Government is aware criminals are committing these crimes, without any regard to the safety of fellow road users. We are clear this is unacceptable, and it is a priority to ensure these fraudsters have no space to operate.

The City of London Police's Insurance Fraud Enforcement Department (IFED) works tirelessly to bring 'Crash for Cash' criminals to justice. Since the unit was established, investigations conducted by IFED have led to the convictions of hundreds of insurance fraudsters.

We, law enforcement and private sector partners continue to provide advice to the public on how to avoid these crimes and what to do they have fallen victim.

The Government has agreed to work with the private sector to develop a new action plan to tackle fraud, including insurance fraud, to close vulnerabilities in the system and to strengthen the law enforcement response.

09 Jun 2021 | Written questions | Answered | House of Commons | 7728

Date tabled: 26 May 2021 | Date for answer: 07 Jun 2021 | Date answered: 09 Jun 2021

[Personal Injury: Compensation](#)

Asked by: De Piero, Gloria | **Party:** Labour

To ask the Secretary of State for Justice, how the Government measures the number of motor insurance claims that are fraudulent.

Answering member: Rory Stewart | **Party:** Conservative | **Department:** Ministry of Justice

Whether to settle or contest a claim is a decision for individual insurers and other compensators to make based on the merits of each case.

The Government does not collate information in relation to fraudulent personal injury claims, as the nature of fraud makes it difficult to accurately identify the number of unmeritorious claims, meaning that not all fraud is detected. There are, however, alternative sources of such data available, including data published by the Association of British Insurers which can be found at <https://www.abi.org.uk/products-and-issues/topics-and-issues/fraud/>.

The Government is introducing measures to deter fraud in claims and counter the wider compensation culture. The Civil Liability Bill, currently before Parliament, will introduce a ban on making offers to settle whiplash claims without medical evidence, which will ensure that unmeritorious claims cannot be settled without verification that they are genuine. In addition, supplementary measures to be introduced in secondary legislation to increase the small claims limit for personal injury claims will reduce the costs of civil litigation, encouraging greater challenge to potentially fraudulent claims.

07 Jun 2018 | Written questions | Answered | House of Commons | 147869

Date tabled: 24 May 2018 | Date for answer: 04 Jun 2018 | Date answered: 07 Jun 2018

3 Media

3.1 Press releases

[IFED shows that opportunistic insurance fraud does not pay as cost of living pressures drive surge in cases](#)

City of London Police

05 April 2023

3.2 Articles and blogs

[Fraudsters editing vehicle photos to add fake damage in UK insurance scam](#)

Guardian

02 May 2024

[Government rejects multiple calls to reform whiplash claims process](#)

Legal Futures

19 March 2024

[Insurers lobby for extension of whiplash reforms](#)

Law Society Gazette

27 February 2024

[Tesco delivery drivers took part in 'cash for crash' fraud](#)

Times

Tackling crash for cash insurance fraud

11 February 2024

[Protect yourself from crash for cash scams](#)

Alan Boswell Group

20 July 2023

[Cost Of Living Crisis Creates 'Crash for Cash' Epidemic](#)

The Sunday Times Driving

21 June 2023

[Warning over 'crash for cash' scammers on mopeds driving head-first into motorists.](#)

Sky News

20 June 2023

[Drivers warned about new 'clip for cash' crash scam](#)

Sky News

05 April 2023

[Drivers conned into handing over hundreds of pounds in 'crash for cash scam' in Gloucestershire](#)

ITVX

19 September 2022

[Car insurance: 170,000 claims linked to 'crash for cash' gangs](#)

BBC

11 May 2021

Tackling crash for cash insurance fraud

[The UK's top 30 'Crash for Cash' scam hotspots revealed](#)

Insurance Fraud Bureau

May 2021

4

Further reading

[Crash for cash](#), Association of British Insurers

[What to do if you have a car accident, Which?](#), 09 May 2024

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