

Fraud

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Fraud is both a legally defined criminal act and a term used to describe legal, but deceitful, behaviours which are usually employed in order to gain advantage over another. The act of deception which lies at the heart of fraudulent behaviours involves the imposition of loss on another party, and by extension, results in the infliction of harm. It can, therefore, involve both the violation of normative and legal codes. The spectrum of fraud encompasses myriad behaviours ranging from the actions of relatively powerless individuals who may make false insurance or benefit claims, through the predatory behaviours of criminals involved in the perpetration of boiler room scams or identity theft, to the involvement of mainstream economic institutions in behaviours such as accounting or tax fraud. Most commonly, the advantage gained by fraud is material or financial in nature and can result from the misrepresentation of truth, the failure to disclose information, or from an abuse of position (Fraud Act, 2006). However, given that fraud involves the abuse of trust, victimisation can also have profound psychological impacts in addition to financial losses.

As with any human behaviour, the amount of fraud taking place and the types of fraud being committed, often change over time. In recent years, we have seen a significant increase in the amount of fraud taking place globally and criminologists have begun to sketch out links between increasing rates of fraud and recent political, cultural, social and economic changes taking place across capitalist economies (Whyte & Wiegratz, 2017; Tudor, 2018). New economic cultures which emphasise the individualised pursuit of financial gain and which endorse, and perhaps even encourage, extremely brutal forms of economic competition, make the proliferation of fraud much more likely. Moreover, as new forms of economic liberation have been embraced in the mainstream economy, everyday financial practices have come to mirror fraudulent practice much more closely. Consequently, within this context we have witnessed a significant blurring of the boundaries between licit and illicit behaviours as mainstream economic practices have become increasingly analogous to fraudulent conduct and routinely have harmful outcomes. Not only have changes to regulatory and legislative environments facilitated the increase in fraudulent conduct, but so too have cultural changes associated with recent economic development. Consequently, the cultural boundaries of acceptability around economic conduct have also shifted, meaning that a significant number of behaviours previously considered deviant have come to fall within the range of widely accepted practice. As a result, within recent years we have witnessed a significant greying of not only what constitutes legal practice, but also what might be deemed deviant within the economic sphere.

The emphasis placed on the profit motive in contemporary capitalism has played a significant role in shifting these boundaries, primarily because of its deregulatory effect on behaviour. Consequently, economic actors throughout the economy have become increasingly willing to take shortcuts, or to step outside the boundaries of legality in the course of their activities. Crucially, however, fraud is not just the preserve of criminals or those working on the fringes of legitimate economic institutions. Rather, fraud has increasingly come to be tolerated as part of doing business, with an enormous range of mainstream economic actors and institutions becoming involved in the perpetration and facilitation of fraud. Whilst these behaviours often have profound consequences for those directly involved in the distorted transactional relationship, at other times, the implications of fraud can be both extreme and incredibly widespread. For example, the fraudulent, criminal and harmful conduct of those working in the financial sector which led to the financial crash of 2008, had considerable financial consequences for populations globally (Ferguson, 2010). Beyond the boundaries of the financial sector, fraud has also been found to exist as everyday business practice across the productive economy including that of the food sector (Lord, Elizondo & Spencer, 2017), leading to exposure of entire populations to unknown forms of risk.

Significantly, it is not just the amount of fraud taking place that has changed in recent years, we have also witnessed alterations in the types of fraud taking place. These changes, which relate to wider shifting landscapes of technological advancement, mutating consumer markets and human behaviours, have meant that the nature of fraud and the methods used in its perpetration have altered significantly. The reality of fraud, therefore, is heavily determined by the context in which it occurs, and we can observe the way in which it constantly mutates in order to take advantage of newly emerging opportunities and technologies. Thus, alongside the development and democratisation of the internet, we have also seen the simultaneous expansion of online and digital forms of fraud which capitalise on new vulnerabilities created by the increasing engagement with online spaces for everyday activities such as shopping and banking. Similarly, as the world of dating has increasingly moved online, an entire criminal industry based around the financial exploitation of those looking for love has emerged. Critically, it is not just engagement with new forms of technology that has created new vulnerabilities to victimisation. Rather, the same cultural shifts which are understood to underpin the motivation for the perpetration of fraud, might also be understood to create new forms of susceptibility to victimisation. The desire for personal enrichment, for a bargain, or for access to particular consumer markets may also in turn encourage people to suspend disbelief when engaging with potential fraudsters.

The enterprise of fraud, therefore, is incredibly flexible and adaptable and constantly responds to the changing realities of the social world. Any analysis of crime, harm, victimisation and deviance must take account of the wider context in which these human behaviours occur, and for this reason, we cannot understand current manifestations of fraud without looking to the wider social, economic, cultural and political landscape of contemporary capitalism. The changes taking place during this period have provided fertile conditions for fraudulent conduct not only by intensifying financial motivations and increasing tolerance to harm, but also by altering the nature and distribution of opportunities for fraud available to people.

References

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