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Fighting Economic Crime Together

Annual Fraud Indicator

2026



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Contents

Headline figures 4

Specialist views 6

Introduction 10

Overview and analysis 12

Public sector fraud 14

Private sector fraud 18

Charity sector fraud 20

General public 22

Methods 24

Overall impact 26

Limitations 27

Conclusion 28

References 29



Headline figures

The 2026 AFI highlights the colossal cost of fraud to the UK economy.

Fraud costs the UK economy

£220 billion

annually





Private sector fraud accounts for losses of:

£168 billion



Public sector fraud accounts for losses of:

£49 billion



Fraud committed against individuals estimated:

£1 billion

Specialist views

Understanding the true scale of fraud remains a significant challenge. Under-reporting, inconsistent measurement practices, sophisticated methods, and under-detection all contribute to an incomplete picture of fraud losses affecting individuals, organisations, and the wider UK economy. The growing use of artificial intelligence to generate fraudulent documents, synthetic identities, and deepfakes further exacerbates this challenge, making fraud harder to spot and lowering the barriers to entry for fraudsters.

This research by Crowe, Cifas, and the University of Portsmouth's Centre for Cybercrime and Economic Crime seeks to address this challenge and build a more complete picture of fraud losses. While the AFI does not claim to provide a definitive measure of all fraud losses, it aims to highlight hidden and undetected losses, enabling better-informed decisions on fraud risk management, resource allocation, prevention, and detection.

As the UK's most common crime, costing the economy an estimated £220 billion each year, fraud demands continued attention from both the public and private sectors. Organisations must ensure that appropriate resources are dedicated to fraud prevention and detection, and that staff develop awareness of common fraud risks and understand where they are most likely to arise across the organisation.

At Crowe, we work closely with organisations to ensure that their fraud controls not only align with best practice but are also proportionate to the fraud risks they face. We also help organisations investigate suspected fraud and equip staff with the knowledge and training needed to recognise common fraud risks and identify fraudulent documentation.



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The findings set out in this report are as sobering as they are striking. The estimated cost of fraud to the UK economy highlights the scale of the challenge facing every sector and organisation today. This is without considering the impact on the individuals affected by this crime.

It is important to remember that, when reading the AFI, these figures are not merely numbers on a set of financial statements. These losses represent resources diverted away from public services, investment, innovation, charitable causes and economic growth. They also reflect harm to individuals and organisations whose trust has been exploited for financial gain.

Working on fraud investigations for many years, I have seen up close the additional cost of fraud, which is outside the scope of this report. The immediate financial loss is often only the starting point. What follows can involve lengthy investigations and legal battles, regulatory scrutiny, huge amounts of effort expended on recovery attempts causing massive operational disruption, as well as reputational damage and increased insurance costs. The impact is likely to be felt by employees, shareholders and customers. Trust, once lost, can be difficult and expensive to rebuild.

This is why it is so key to ensure that we understand the true scale of fraud. Effective responses to fraud begin with a clear appreciation of its magnitude, nature and impact. Organisations routinely measure other forms of business risk and use that information to make informed decisions about investment and controls. Fraud should be no different. Without a realistic assessment of the threat, it becomes difficult to justify the resources, technology and expertise required to combat it effectively. Every organisation now discusses “return on investment”, so understanding the scale of fraud becomes important to ensure this can be measured more accurately. By shining a light on both the visible and hidden costs of fraud, this report provides an essential foundation for more informed decision-making and more effective prevention.

Fraud is not growing because we are getting worse at preventing it; it is growing because the tactics deployed by fraudsters are evolving so rapidly that it makes it increasingly challenging for organisations to keep pace. The colossal figures in this year's Annual Fraud Indicator report are an unfortunate reflection of this.

Reviewing the findings for this report was both fascinating and frustrating in equal measure. On the one hand, it is encouraging to see how the quality, scale and reliability of fraud data has improved. Better data means we're able to improve our understanding of the scale of fraud and the sectors that are the most susceptible, which will ultimately drive better counter-fraud strategies. On the other hand, the scale of losses identified in this report remains deeply concerning, particularly where money is diverted from sectors or services supporting vulnerable communities. Of course, understanding the scale of the problem is important, but recognising the societal impact behind the numbers is equally so.

The rapid advancement of artificial intelligence technology in recent years is undoubtedly influencing many of the trends highlighted within this report. Fraudsters are increasingly leveraging the technology to scale attacks, create convincing false identities and exploit trust in very effective ways. Identity fraud, impersonation and sophisticated social engineering attacks continue to evolve, and I expect these threats to remain a significant driver of fraud losses in the coming years. This means working with organisations to improve their resilience to emerging threats and regularly reviewing existing counter fraud controls has never been more important.

Understanding the scale of fraud is the first step towards reducing it, and the AFI remans one of the most important pieces of research to assist with this.



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Cifas is delighted to sponsor the Annual Fraud Indicator Report, published by the University of Portsmouth and Crowe. The figures it contains are shocking but, unfortunately, not surprising. Fraud is an endemic challenge, costing the UK economy billions each year and affecting individuals, businesses, and public services alike.

This year's AFI reveals the staggering scale of the problem, estimating that fraud losses in the UK now amount to £220 billion annually—a figure almost equivalent to the entire Health and Social Care budget. The report does more than quantify the financial impact; it exposes the hidden and undetected fraud that so often evades traditional measurement. By categorising estimates into Gold, Silver, and Bronze standards, the AFI provides a transparent and robust assessment of fraud across the public, private, and charity sectors, as well as its impact on individuals.

What makes this report so valuable is its ability to cut through the noise and present a clear, evidence-based picture of the fraud landscape. It highlights not only the direct financial losses but also the systemic vulnerabilities that allow fraud to thrive. From procurement and payroll fraud to the growing threat of scams supercharged by AI and digitalisation, the AFI makes plain the urgent need for continued vigilance, collaboration, and innovation.

At Cifas, we see firsthand the evolving sophistication of criminal gangs who seek to defraud us. They operate with the scale and structure of large corporations, while new technologies like generative AI and deepfakes lower the barriers to entry. Yet, through cross-sector collaboration and the power of shared intelligence, we are making progress and taking the fight to the fraudsters.

The AFI is a vital tool for the fraud prevention community, offering the insights we need to tackle this challenge head-on. This report is a call to action. The fight against fraud demands a collective effort, and Cifas is committed to empowering our members and partners in this critical mission.

Introduction

It is now ten years since the University of Portsmouth began producing the Annual Fraud Indicator (AFI), building on the earlier work of the now abolished National Fraud Authority (NFA).

The University of Portsmouth methodology builds on the NFA's original approach by retaining its categorisation of fraud losses across sectors of the UK economy, while also introducing additional categories to reflect emerging and previously under represented risks. Crucially, it also integrated data and estimates grounded in fraud loss measurement, one of the most reliable methods for estimating the full extent of fraud losses within organisations with similar transactions.

The first AFI, published in 2016, estimated that fraud cost the UK £193 billion per year in direct losses. The subsequent 2017 report indicated a modest reduction, with estimated losses of £190 billion. Several years later, the 2023 AFI was published following the disruptive effects of the COVID-19 pandemic, which estimated total losses at £219 billion. Over time, these reports have become widely recognised as authoritative assessments of the cost of fraud to the UK, particularly because they encompass not only known and detected fraud but also hidden and undetected fraud affecting organisations, as well as losses experienced by individuals.



It is important to emphasise that the AFI reports focus solely on fraud losses. They do not include the broader economic costs arising from fraud, such as criminal justice system expenditure, legal proceedings, regulatory activity, or the indirect harms experienced by victims (see Home Office, 2026). Nor do they include the substantial costs associated with preventing, detecting, and responding to fraud, including staffing, technology, data systems, compliance processes, and governance structures. If these additional elements were included, the overall economic burden of fraud would be significantly higher.

As with any large scale estimation exercise, the AFI figures have attracted criticism over the years. Some commentators have argued that the estimates are too high, while others suggest that they may still understate the true scale of the problem. In this context, it is notable that the UK Government, through the National Audit Office (NAO), estimated that fraud and error losses to the UK taxpayer were between £55 billion and £81 billion in the 2023-24 financial year alone (National Audit Office, 2024). Based solely on the Government's own reports, the central government's losses to fraud were £26.4 billion in 2024-25, 2.6% of its expenditure (excluding interest on debt and financing local government). Given that the private sector is about five times the size of the public sector, it would not be unreasonable – assuming comparable rates of fraud – for total UK fraud losses to far exceed £100 billion.

That said, fraud costs cannot be reliably understood through such broad extrapolations alone. Detailed and sector specific analysis remains essential. For this reason, the latest AFI incorporates a number of methodological and calculative refinements designed to improve robustness, transparency, and evidential quality. These methodological changes are explained later in this report. As a consequence, caution should be exercised when directly comparing the figures in this edition of the AFI with those presented in previous years.

What is fraud?

The definition of fraud used in this report aligns with the definitions used in criminal law (Fraud Act 2006 s2) and civil justice (tort of deceit) in England and Wales: an intentional act of dishonest misrepresentation for gain or to cause loss to another. However, since very few cases enter the justice system, the scope of the report includes all such acts, both detected and undetected.

The report is, therefore, grounded in the Button et al. (2022) definition:

"Fraud is the intention to dishonestly deceive a person or legal entity in order to make a financial or economic gain for the offender or another, or to cause a financial or economic loss to the person or legal entity, such that there is a prima facie case for criminal, civil or regulatory justice."



Overview and analysis

The 2026 AFI estimates that fraud losses to the UK economy amounted to £220 billion in 2024-25.

This is almost the same as the £242 billion that the UK Government spent on Health and Social Care (HM Treasury, 2026). Central to this analysis is the classification into Gold (high confidence), Silver (moderate confidence) and Bronze (low confidence) estimates - see the methods section for a detailed explanation. Figure 1 illustrates the breakdown of Gold, Silver and Bronze estimates. The aggregate Gold estimate amounts to £29 billion, of which £26.6 billion is in the public sector; the Silver estimate is £180 billion, and the Bronze estimate is £11 billion. The aggregate Gold estimate alone exceeds the Home Office's total expenditure (£27.8 billion in 2024-25) and has increased by about 10% since the 2023 AFI report (National Audit Office, 2026).

The Gold category includes only estimates of known loss from published, robust fraud loss measurement or detection programmes, for example, welfare benefit fraud (DWP, 2025). The Silver and Bronze categories seek to expose the hidden levels of fraud. The Silver category analysis uses a proxy measure, the average percentage loss rate from published fraud loss measurement exercises of a specific expenditure type, and applies the proxy rate to all expenditures of that type, for example payroll (0.65%) and procurement (3.84%). It assumes that the loss rates for those expenditure types are the same in all organisations. The Bronze category estimates are inferred from the best available data.

Figure 2 breaks down the total losses by sector. Private-sector fraud accounts for the largest share of fraud, at £168 billion, or 76% of the total. Fraud against the public sector amounts to £49 billion, or 22% of the total. Charity sector fraud and fraud against individuals account for the smallest portions at £2 billion and £1 billion respectively.

Figure 1: Breakdown of total estimate of fraud losses by Gold, Silver and Bronze

£29 billion

Gold (high confidence): 13%

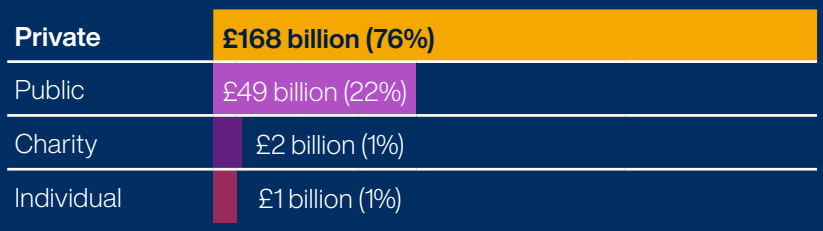
£180 billion

Silver (moderate confidence): 82%

£11 billion

Bronze (low confidence): 5%

Figure 2: Breakdown of total estimate of fraud by sector



Public sector fraud

The public sector fraud losses are split into four distinct parts, some of which have the highest level of confidence because of the methodologies used to estimate them.

We start with central government revenue, all of which is based on high-quality Gold estimates in general taxation, vehicle excise duty and the TV licence fee (Table 1). These together amount to nearly £19 billion, the bulk of which is tax fraud (Table 1). However, it is notable that TV licence fee evasion (£481 million, 12.5%) is a major contributor to the BBC's financial strain.

Table 1: Central government revenue fraud

Victim	Total fraud loss £ million	Fraud type	Confidence	Coverage	Year	Income £ million	Fraud £ million	Fraud %
Central government revenue	18,833	Tax	G	UK	2025	868,700	18,243	2.10
		Vehicle excise duty	G	UK	2025	8,362	109	1.30
		Television licence fee	G	UK	2025	3,843	481	12.52
					Total	**880,905**	**18,833**	**2.14**

Table 2 presents the analysis of the central government's expenditure on its own operations and services excluding welfare benefits.

Here, confidence in the data is more mixed, with four of the nine expenditure categories at Gold standard. Central government spends a significant amount of money, almost £672 billion, so even small percentage loss rates result in high fraud values, which we estimate at over £16 billion. In areas such as procurement, where fraud risks are high, this represents the biggest loss at £10 billion.

Table 2: Central government expenditure fraud

Victim	Total fraud loss £ million	Fraud type	Confidence	Coverage	Year	Income £ million	Fraud £ million	Fraud %
Central government expenditure	16,399	Procurement	S#	UK	2025	261,350	10,026	3.84
		Payroll	S#	UK	2025	214,903	1,390	0.65
		Grant	B	UK	2025	106,369	2,904	2.73
		Public service pension	B	UK	2025	39,040	1,066	2.73
		Student finance	G#	UK	2025	22,636	453	2.00
		Patient exemption	S	E	2025	13,955	329	2.36
		NS&I	G-d	UK	2025	9,316	0.2	0.00
		Dental contractor	G#	E	2025	3,719	126	3.39
		Optical contractor	G#	E	2025	655	105	16.07
					Total	**671,942**	**16,399**	**2.44**

The third portion of the public sector analysis details fraud against local government, much of which relies on lower-quality data (Table 3).

However, as the analysis focuses only on expenditure, it excludes all types of income fraud. We estimate the total fraud against local government is £6.7 billion, driven mainly by £5.4 billion of procurement fraud.

Table 3: Local government fraud

Victim	Total fraud loss £ million	Fraud type	Confidence	Coverage	Year	Income £ million	Fraud £ million	Fraud %
Local government expenditure	6,692	Procurement	S#	UK	2025	140,049	5,372	3.84
		Payroll	S#	UK	2025	78,880	510	0.65
		Housing tenancy	G	E	2025	2,290	173	7.57
		Public service pension	B	UK	2025	15,361	419	2.73
		Grant	B	UK	2025	6,180	169	2.73
		Blue Badge Scheme	B	E	2025	2,390	48	2.01
					Total	**245,150**	**6,692**	**2.73**



Procurement fraud

Procurement fraud amounts to a significant proportion of the costs of fraud in this report.

This type of fraud occurs through several vectors involving insiders, suppliers, and external criminals. Common methods include sending duplicate invoices, adding extra items to invoices, ordering extra goods and keeping them, changing bank accounts, and setting up fake suppliers. Corruption related to bribery is also often paid for by fraud and the addition of items to contracts.

A recent example illustrating this problem was a businessman who was convicted of £3.3 million in procurement fraud against the University of Edinburgh. This lasted 10 years, during which a corrupt insider ordered additional cleaning materials from a company as gifts, and the sales rep pocketed bonuses based on his additional revenue (Crown Office and Procurator Fiscal Service, 2024). This case also illustrates how procurement frauds can lie undetected for many years.

Some government departments such as the Ministry of Defence (MoD) have been singled out for high levels of fraud risk in procurement. The House of Commons Public Accounts Committee (2026) noted the MoD's own estimate of a £1.5 billion fraud risk as "not even a reliable estimate" and noted:

"Around £400 million of contract payments were stopped in 2024-25 by the MoD that it judged to be invalid. Suppliers had submitted these claims even though the MoD had open-book access to their financial data, suggesting that suppliers may regularly and repeatedly claim more than they are entitled to."

The final section of the public sector analysis addresses benefit fraud.

Most of the estimates are Gold standard, based on robust data from the reported results of the DWP's (2025) fraud loss measurement exercises. The Bronze standard estimates are also drawn from the DWP report or other official statistics, but they are less reliable. Total benefit fraud amounts to just over £7 billion. The biggest benefit fraud loss is, by far, Universal Credit at £5.2 billion, followed by Housing Benefit at £647 million[1].

Table 4: Benefits system fraud

Victim	Total fraud loss £ million	Fraud type	Confidence	Coverage	Year	Income £ million	Fraud £ million	Fraud %
Benefit and tax credits	7,173	State pension	B#	UK	2025	145,738	94	0.06
		Universal credit	G	UK	2025	65,488	5,215	7.96
		Personal independence payment	G	UK	2025	25,800	100	0.39
		Housing benefit	G	UK	2025	15,806	647	4.09
		Child benefits	G	UK	2025	13,307	164	1.23
		Employment and support allowance	G#	UK	2025	13,032	191	1.46
		Disability living allowance	B#	UK	2025	10,278	51	0.50
		Other benefit	B	UK	2025	8,243	119	1.44
		Attendance allowance	B#	UK	2025	7,700	30	0.39
		Pension credit	G	UK	2025	5,900	270	4.58
		Council tax reduction	G-d	UK	2025	5,120	30	0.59
		Carer's allowance	G	UK	2025	4,200	100	2.38
		Jobseekers allowance	G#	UK	2025	3,010	100	3.33
		Tax credits	G	UK	2025	1,820	47	2.59
		Childcare	G	UK	2025	618	5	0.86
		Income support	G#	UK	2025	300	10	3.33
					Total	**326,360**	**7,173**	**2.20**

1. It is worth noting that Personal Independence Payment (PIP) fraud using the robust DWP methodologies only amounts to £100 million with a 0.39% fraud rate. This benefit has grown substantially and there is growing evidence of widespread abuse of this benefit with the use of AI and social media influencers guiding applicants to ensure they receive this benefit (Lyon and Alencar, 2026). The lack of face-to-face checks means claims are often hard to dispute and are accepted without sufficient scrutiny. Consequently, the levels of fraud in this category could be substantially higher. We have, however, remained conservative in using the DWP figures.

Private sector fraud

The private sector is by far the largest component of the UK economy, with total sales revenue of £5.5 trillion, excluding the financial sector (BEIS, 2025).



Despite the financial sector contributing about 10% to the UK economy, official economic statistics covering revenue, purchasing, and profit deliberately exclude it. There is, therefore, a significant gap in the AFI analysis, particularly regarding purchasing fraud. Nevertheless, considering the size of the private sector, it is unsurprising that it accounts for the bulk of fraud losses in the UK at £168 billion, 76% of all fraud (Figure 2).

The financial sector's losses include mortgage, pension, and insurance fraud, as well as a portion of Advanced Push Payment (APP) fraud, for which banks have reimbursed victims (Table 6). In contrast to previous reports, other fraud losses facilitated by the financial sector have been placed under the general public category. Insurance and APP frauds are based on Gold-quality detected data, so they are very likely to be underestimates.

This Indicator also includes counterfeit goods for the first time. These illicit products cost companies significant sums in lost revenues and, based on the methods developed by the OECD (OECD & IPO, 2019), we estimate losses for UK firms at £9.8 billion. We have also introduced fraudulent food and drink, as reported by the Food Standards Agency, which adds another £1.1 billion (Cox et al., 2023). Online sales refund fraud (£2.5 billion) is also a new introduction based on research by Button et al. (2026) and Appriss Retail and Deloitte (2024).

The loss rates for procurement (3.84%) and payroll (0.65%) are lower than in previous iterations of the AFI report due to a change in methodology. Nevertheless, driven by the highest levels of purchasing expenditure (£3.6 trillion) across small, medium and large enterprises, the largest loss in the private sector is procurement fraud at just under £138 billion. Note that this estimate excludes the entire financial sector. Payroll also involves large amounts of expenditure (£1.1 trillion) across the private sector, with a total fraud loss of £7.3 billion.

Table 6: Private sector fraud

Victim	Total fraud loss £ million	Fraud type	Confidence	Coverage	Year	Income/ Expenditure £ million	Fraud £ million	Fraud %
Financial sector	6,648	Mortgage	S	UK	2025	272,100	2,340	0.86
		Pension payment	B	UK	2025	105,518	2,881	2.73
		General insurance claims	G-d	UK	2025	63,376	1,160	1.83
		APP reimbursement	G-d	UK	2025	-	267	-
Non-financial sector	16,256	Counterfeit goods	S#	UK	2025	650,367	9,837	1.51
		Fraudulent food and drink	S#	UK	2025	481,321	1,185	0.25
		Sales refund	S	UK	2025	127,323	2,546	2.00
		Telecoms	B#	UK	2024	29,800	745	2.50
		Energy (gas and electricity)	B	UK	2025	45,034	609	1.35
		Other public transport	S	UK	2025	26,223	892	3.40
		Passenger rail transport	S	UK	2025	13,015	443	3.40
Expenditure small enterprises	40,746	Procurement	S#	UK	2025	973,683	37,352	3.84
		Payroll	S#	UK	2025	524,849	3,394	0.65
Expenditure medium enterprises	26,982	Procurement	S#	UK	2025	678,196	26,017	3.84
		Payroll	S#	UK	2025	149,261	965	0.65
Expenditure large enterprises	77,278	Procurement	S#	UK	2025	1,938,755	74,374	3.84
		Payroll	S#	UK	2025	449,061	2,904	0.65
					Total	**6,527,882**	**167,910**	**2.57**

Payroll fraud

Another type of fraud which is common in this report is payroll fraud.

In this type of fraud, there are several variations. Adding ghost employees to payrolls, with payments made to accounts controlled by the fraudster, is one means; another is adding salary increments or overtime to a person's pay, to name a few.

In one recent example, a payroll manager was found guilty of £550,000 in fraud over three years, in which she added family members to the payroll and forged timesheets, pocketing the money for herself (Cave, 2026). In another example, a businessman was convicted of defrauding Innovate UK of £243,000, which included invoicing for ghost employees on the payroll (St Pauls Chambers, 2026)[2]. In another variation on payroll fraud, a manager was convicted of a £170,000 fraud after submitting false overtime claims for payment to accounts he controlled (City of London Police, 2023).

2. In some developing countries, this can be a very significant problem which many in the UK might find hard to comprehend. For example, in Mozambique, an audit of the civil service payroll found 30,000 ghost workers, costing the government £250 million a year (BBC News, 2018).

Charity sector fraud

There is limited high-quality data on fraud in the charity sector, with only Bronze and Silver-quality data (Table 7). Using a similar approach to that used in the private sector, we estimate a loss of around £2 billion, mainly driven by procurement and payroll fraud.

Table 7: Charity sector fraud

Victim	Total fraud loss £ million	Fraud type	Confidence	Coverage	Year	Expenditure £ million	Fraud £ million	Fraud %
Registered charities	2,064	Payroll	S#	UK	2025	82,657	535	0.65
		Procurement	B#	UK	2025	35,163	1,349	3.84
		Grant	B#	UK	2025	6,600	180	2.73
					Total	**124,420**	**2,064**	**1.66**



Charity sector insider fraud

A Treasurer of a charity based in Belfast defrauded the charity he worked for of over £200,000 from 2009 to 2022 by making payments directly to himself, highlighting both the procurement-related risk of fraud and how it can remain hidden over a long period of time (Police Service Northern Ireland, 2026).

In another similar case, a Devon-based charity was defrauded of £200,000 by its Treasurer through fake invoices and various other means over a period from 2009 to 2018 (Devonlive, 2026). In one of the most significant frauds against a charity in recent years, an employee embezzled £285,000 from a youth charity, leading to the organisation's collapse (Third Sector, 2026).



General public

In a change from previous reports, the estimates of fraud against individuals (Table 8) are based solely on detected fraud data from UK Finance (2025) and the Land Registry (2025). This means the actual levels of fraud are likely to be significantly higher. In addition, £267 million of the Authorised Push Payment fraud loss has been allocated to the financial sector analysis to account for the reimbursements paid by banks to victims. The consequence of these changes is that the total loss to the general public is much lower than the £964 million reported in previous reports.

Table 8: Fraud against the general public

Victim	Total fraud loss £ million	Fraud type	Confidence	Coverage	Year	Expenditure £ million	Fraud £ million	Fraud %
General public	964	Plastic card	G-d	UK	2025	954,333	573	0.06
		Property takeover	G-d	UK	2025	254,904	59	0.02
		Cheque	G-d	UK	2025	125,420	8	0.01
		Remote banking	G-d	UK	2025	-	141	-
		Authorised push payment (APP)	G-d	UK	2025	-	184	-
					Total	**1,334,657**	**964**	**0.07**

The Global Fraud Industry

Recent enforcement actions against Southeast Asian Scam compounds have illustrated the size of the scamming industry.

These groups, which are characterised by using forced labour, target many other countries beyond the UK. However, the amount they have been found to have secured through scamming illustrates not just the scale of the industry but also the harm inflicted on individuals. One group, known as the Prince Group, has had around $14 billion in crypto assets frozen (BBC News, 2025).



Methods

The methodology is based on the framework originally developed by the National Fraud Authority.

Firstly, established categories of income and expenditure across the public, private, charity and the general public sectors are used as the foundation for estimating fraud losses within each segment of the UK economy. The income and expenditure data that represent the finances at risk in each segment are sourced from official reports.

Researchers at the University of Portsmouth identify the highest quality fraud loss data available for each segment of the economy. All estimates are classified according to a four tier quality hierarchy: **Gold, Silver, Bronze, or White**. The definitions are summarised in Table 9. Where data is more than one year old, the confidence category is flagged as dated using the # sign, for example, 'Gold#', 'Silver#', or 'Bronze#'.

Fraud loss measurement exercises are generally regarded as the most accurate method for estimating fraud losses. They involve sampling large volumes of comparable transactions within a specific income or expenditure type, such as social security payments, payroll, and procurement expenditure, testing them for fraud, error and correctness, and then applying the percentage loss rate to the population of transactions. These provide the Gold standard estimates. Some of this data is publicly available, notably the DWP fraud loss measurement data for benefit fraud in the UK (2025), while other estimates remain confidential.

The Silver standard estimates are of lower quality because they rely on proxy measures from data analytics or fraud-loss measurement exercises. In these cases, the fraud loss rate from the analysis of a specific income or expenditure is applied to all such income or expenditure.

The lowest-quality Bronze estimates are either based on unreliable published analyses or on proxy fraud loss rates. These proxy measures are derived from fraud loss measurement of similar transaction types. For example, the government grant fraud loss rate (2.7%) is based on the average of the highest-quality estimates of benefit fraud.

Methodological improvements in the current AFI

Recent enforcement actions against Southeast Asian Scam compounds have illustrated the size of the scamming industry.

These groups, which are characterised by using forced labour, target many other countries beyond the UK. However, the amount they have been found to have secured through scamming illustrates not just the scale of the industry but also the harm inflicted on individuals. One group, known as the Prince Group, has had around $14 billion in crypto assets frozen (BBC News, 2025).

First, rather than using confidential Gee and Button data for payroll fraud and procurement fraud, this AFI draws only on openly available fraud loss measurement data from publicly accessible UK and US sources. This improves both transparency and reliability. In some instances, the published results disclose the aggregate fraud and error loss, but do not differentiate between fraud and error. To distinguish the fraud loss in these cases, a fraud-loss ratio adjusts the combined estimates to reflect the fraction of the combined loss attributable to fraud. This report uses a calculated average ratio of 0.63 derived from 26 DWP fraud loss measurement reports that disclose both the fraud and error estimates. Once adjusted, the average fraud loss rate is calculated for payroll (0.65%) and procurement (3.84%). In previous AFI reports, the payroll and procurement loss rates were 1.7% and 4.57%, respectively.

Second, the current report does not use a 'default' fraud loss rate and has introduced a new confidence category, Gold-detected. Previous iterations used a default fraud rate based on the historical average across all fraud loss measurement exercises when direct data or proxy rates were unavailable. The Gold-detected estimates use the loss rates detected through organisations' routine control activities; they are deemed accurate estimates of detected loss. As these rates are likely to be under-estimates, they are more cautious than the previous default rate.

Third, the UK Fraud Costs Measurement Committee (UKFCMC) has been abolished. In previous iterations, the UKFCMC evaluated alternative estimates where the available data did not meet the highest standard (Gold) and selected the most appropriate figures. For the current report, researchers have directly applied what they judge to be the most appropriate and highest quality evidence to each fraud cost category, with full documentation of decisions.

Fourth, several additional areas of fraud loss not previously covered have been incorporated, including online retail return/ refund fraud, food and drink fraud, and losses from counterfeit goods.

Overall impact

As a result of these methodological reforms, we believe this AFI represents the most robust estimate to date of the costs of fraud to the UK economy. Nearly half of all fraud categories, 26 out of 59, are now rated Gold, compared with only 14 out of 47 in the previous AFI. This marks a significant improvement in both evidential quality and transparency.

Table 9: New classification of data

Classification	Definition
Gold	**High confidence** - statistically robust method, e.g. data analytics, Fraud Loss Measurement > 90% confidence.
Gold Detected	Accurate because it is based on detected loss, though highly likely to be an underestimate.
Silver	**Moderate confidence** - statistically credible estimate, e.g. data analytics, or use a proxy estimate derived from the average of robust estimates of the same fraud type.
Bronze	**Low confidence** - unreliable estimate, e.g. poor or undisclosed methodology, or use a proxy estimate derived from the average of robust estimates of a similar fraud type, or the average default fraud rate.
White	No data available for area of activity.
#	Estimate based on dated data.



Limitations

As it is impossible to conduct robust fraud loss measurement exercises across all income and expenditure types and contexts, synthesis analysis inevitably relies on proxy loss rates that may underestimate or overestimate financial loss in any given context.

However, in the absence of evidence to the contrary, it is reasonable to assume that dishonest behaviour is the same in similar contexts. It is also important to note where the analysis underestimates fraud. Some of the estimates are based on accurately detected fraud (Gold-detected), which excludes hidden fraud. Further, the scope of the report does not cover the whole economy. The private sector estimates of losses from procurement fraud exclude the financial sector because purchasing statistics are unavailable for this sector.

The analysis does not cover all types of fraud, for example, fraud within the unregulated cryptocurrency market. It also excludes fraud perpetrated by businesses against the public; for instance, doorstep rogue traders, fraudulent advertising, fraudulent drip pricing, and fraudulent conspiracies by price-fixing cartels. The damage caused by the most serious cases of corporate deception runs into billions of pounds: the Payment Protection Insurance (PPI) and motor finance scandals, and the Volkswagen emissions scandal.



Conclusion

This fourth iteration of the AFI produced by the University of Portsmouth estimates that fraud across the UK economy in 2024-25 was £220 billion.

The AFI is unique in seeking not only to estimate the detected and reported level of fraud, but also the levels that remain undetected and unreported, with the findings of this report serving as both a warning and a call to action.

Leaders across the public, private and charity sectors must recognise that fraud prevention requires investment in people, technology, data, governance and culture. Organisations must continually assess their vulnerabilities, strengthen their controls, challenge assumptions and adapt to emerging threats as quickly as those seeking to exploit them.

While the changes in methodology and fraud categories warrant caution when comparing this AFI with previous reports, the overall estimate is staggering and nearly equal to what the UK spends on healthcare. Fraud is not a minor problem, and decision-makers need to recognise that much more needs to be done to tackle it across the entire economy.

The question is no longer whether organisations can afford to invest in counter-fraud measures. The scale of losses identified in this report demonstrates that the greater risk is not investing at all.

The AFI provides a crucial benchmark from which to understand the true scale of the problem. The challenge now is to turn that understanding into action.

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Introduction to:
University of Portsmouth's Centre for Cybercrime and Economic Crime

The Centre for Cybercrime and Economic Crime (CCEC) was founded in 2023 by the University of Portsmouth encompassing over 40 academics with expertise in cybercrime, cyber security and economic crime. The Centre was built upon the Cybercrime Awareness Clinic and Centre for Counter Fraud Studies (CCFS). CCFS was founded in 2010 and has attracted over £1.25 million in funding conducting research and consultancy projects for a wide range of public and private sector clients. Some of the most significant public sector commissions have included projects into fraud and cybercrime victims for the UK Government Home Office, Association of Chief Police Officers and Sentencing Council; research on what works in fraud prevention for the Home Office; research on fraud measurement for the Foreign, Commonwealth and Development Office; working on the UK Government's annual Cyber Security Breaches Survey with IPSOS/Mori; and several projects on social media and economic crime for the UK Security Services and Intellectual Property Office. CCFS also worked with private companies too on a variety of projects related to fraud cost measurement (Cifas, Synectics Solutions, Crowe, PKF) and sanctions against fraudsters (Midlands Fraud Forum and Nuffield Trust). The CCFS also received funding from Government research councils such as the EPSRC and ESRC for projects related to open government and the risk of fraud, cybercrime and ageing, fraud, cybercrime in the UK and South Korea.



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Introduction to:
Cifas

Cifas is the UK's fraud prevention service. A not-for-profit membership organisation, Cifas brings together 800 public and private sector organisations from across eighteen sectors, including financial services and retail to telecoms, government, and beyond—in a shared mission to detect, deter, and prevent fraud. At our core is the National Fraud Database, the UK's largest holding of cross sectoral fraud risk data, which enables the sharing of critical data and intelligence to enable organisations to act swiftly against emerging threats. Through collaboration, innovation, and intelligence, Cifas helps protect businesses, individuals, and the public purse from the harm and loss caused by fraud.



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