

**HELPING THE
UTILITIES SECTOR
SAVE OVER
£3 MILLION IN
JUST 3 MONTHS
BY CUTTING FRAUD**

The UK boasts a highly efficient and successful water industry, one that leads the way in research, training and accessing new water sources. Providing essential energy, water, sanitation and drainage to all households, businesses and organisations up and down the UK, the social responsibilities of utility providers are paramount.

As part of their social obligations, all providers offer social tariffs to ensure domestic customers have access to a discounted service should they be struggling financially.

This significant payment reduction is a lifeline for those who genuinely need it, protecting them from entering debt and ensuring continued provision of such essential services.

However, these social tariffs can be abused and many customers are mistakenly or fraudulently receiving reduced charges when they are not entitled to them.

A PROBLEM FOR PUBLIC SERVICE PROVIDERS

To identify the scale of this problem Synectics Solutions worked with Sagacity and a number of the UK's water companies in 2019 over a period of three months. The water utility providers it worked with covered rural and inner-city areas of the UK.

Each of the companies in the pilot were experiencing problems such as:

- Customers dishonestly obtaining discounted services
- Failing to declare residency to avoid paying for their service entirely
- Declining to update their provider when their circumstances changed

Without the intelligence in place to flag these potentially fraudulent claims or errors, these companies were exposed to considerable fraud and error and millions in lost revenue.

The method that these organisations were deploying previously to address this problem involved using credit reference agency (CRA) data. The annual cost of these procedures for each company was several million pounds annually, and yet the problem continued to be an issue.

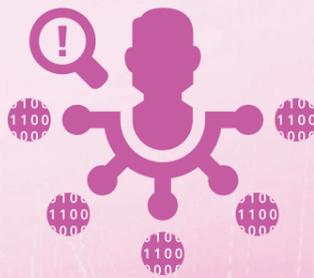
A POWERFUL PARTNERSHIP IN FRAUD PREVENTION

To address the problem, Synectics and Sagacity worked with the UK Government's Cabinet Office and took the opportunity to use the National Fraud Initiative (NFI) intelligence database to help these companies understand and identify the scope of fraud or error that they were suffering.

The NFI provides an invaluable database of up-to-date insights and offers 19 different data sets against which to match. This vast solution has already helped over 1200 public sector organisations to identify over £1.7 billion in savings from fraud and error.

“One of the reasons this fraud was not being identified through these measures was because a customer's claim for a discounted service, or a zero-rated account, cannot be accurately verified through credit reference agency matching alone.”

“This process in isolation doesn't provide the data landscape needed to find the explicit qualifying criteria to confirm a genuine claim.”



HOW THE NFI, SYNECTICS SOLUTIONS AND SAGACITY HELPED DELIVER A TRANSFORMATIVE APPROACH TO FRAUD DETECTION

Over three months, Synectics and Sagacity used the NFI data to help analyse those customers who were in receipt of the following tariffs:



Back on Track Tariff

This scheme offers six discounted bands and is for customers who are experiencing financial difficulties



Pension Discount

Customers over the age of 65 may be eligible to financial support from their service provider



Single Person Discount

Customers who live alone and are entitled to a reduced charge



Unoccupied Property

Properties declared as vacant can carry no usage charge

The pilot showed that 45% of the discounted and void customer accounts that were flagged for investigation by using the NFI intelligence were fraudulent. For those companies in the pilot this represented £3 million worth of fraudulent or incorrectly awarded discount claims. Along with customers unlawfully obtaining discounted tariffs, undisclosed residency also posed a significant problem for the water companies. In fact the pilot discovered that over 74% of the void accounts referred for investigation from just one company were fraudulent.

The NFI intelligence, and expert data analysis provided by Synectics and Sagacity, highlighted that significant numbers of customers had failed to notify their water provider of a change in circumstances or provided them with false information to retain or gain their discounted service. The significant amount of fraud found confirmed that standard CRA checks, without the added layer of intelligence offered by the NFI data, could not sufficiently detect this fraudulent activity - exposing providers to potentially millions in lost revenue.

ADDITIONAL BENEFITS OF THE PILOT

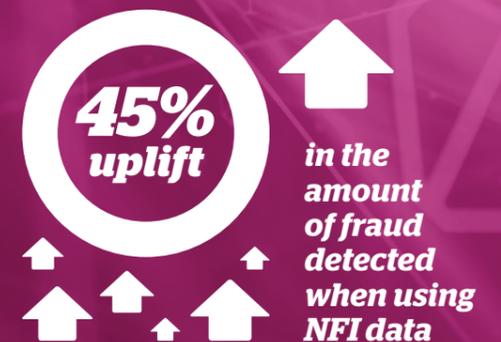
In addition to the enormous opportunity to reduce fraud and error other opportunities also became available as part of the pilot for those companies to:

- Improve their customer onboarding processes
- Greater staff efficiency
- Better customer satisfaction levels

This pilot was firm evidence that utility companies need to transform their ability to address these issues by harnessing better intelligence sources to compile a much more accurate data footprint of their customers' household composition and circumstances.

The ability to take advantage of the wide variety of intelligence provided by the NFI data could help all utility companies to implement a much more sophisticated and cost effective method to reduce their fraud and error cases.

Synectics' and Sagacity's ability to build analysis and investigation software, its trusted infrastructure and the strategic relationships built with multiple intelligence providers, such as the NFI, can help the utilities sector to reduce its exposure to fraudulent activity - and also help support their social responsibilities by clearly identifying customers who are genuinely entitled to a discounted tariff.



£3 million saved
in fraudulent claims for discount tariffs



Get in touch with Synectics Solutions and Sagacity to find out how we can help your company to reduce its exposure to fraudulent or mistaken claims for discount tariffs.

Synectics Solutions 

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Sagacity 

As the UK's leading data collaboration and fraud detection software provider, Synectics Solutions support a range of industries across the UK and internationally. For over 28 years, we've been successfully delivering some of the most effective fraud prevention solutions throughout the world, helping organisations of all sizes to harness the power of data.

The systems we build and host create more profitable customer relationships, reduce risk, combat financial crime and enable our clients to meet their compliance and regulatory commitments.



Cabinet Office

Sagacity

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