

Joomratty Bibi Quraisha, 2019

Volume 4 Issue 3, pp.1101-1112

Date of Publication: 29th January 2019

DOI-<https://dx.doi.org/10.20319/pijss.2019.43.11011112>

This paper can be cited as: Joomratty, Q. B. (2019). "Stripped Wallets, Ripped Hearts" Victims of Financial Fraud: An Analysis beyond Financial Fraud. *PEOPLE: International Journal of Social Sciences*, 4(3), 1101-1112

This work is licensed under the Creative Commons Attribution-Non Commercial 4.0 International License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc/4.0/> or send a letter to Creative Commons, PO Box 1866, Mountain View, CA 94042, USA.

“STRIPPED WALLETS, RIPPED HEARTS” VICTIMS OF FINANCIAL FRAUD: AN ANALYSIS BEYOND FINANCIAL FRAUD

Joomratty Bibi Quraisha
University of Mauritius, Reduit, Moka, Mauritius
quraisha@joomratty.com

Abstract

There is a strong sense of negativity attached to victims of financial fraud. Despite the media are filled with their stories, the comprehension of the real victimisation experiences are not that evident. Victims of financial fraud are often viewed as individuals who lost only their money. Along with that they are considered as greedy and a sense of blame is thrown at them. Therefore a study beyond the financial loss was warranted. The aim of this paper is to examine the impacts of fraud victimisation other than financial impact. As the first objective, the theoretical background, including victim blaming theory, just world theory, were analysed. Secondly the emotional and psychological impacts, reporting experiences and seeking formal help were examined in relation with the responses of the victims. Based on interviews with 30 victims of fraud which consisted of victims of swindling, embezzlement, credit card fraud and Ponzi scheme, this paper establishes the profound emotional and psychological impact post victimisation. The paper also examined victim blaming, relationship breakdown, vulnerability of older people and in the worst case suicide.

Keywords

Financial Fraud, Victims, Psychological Impacts, Victim Support, Victimisation

1. Introduction

“It’s devastating. You really wish you would die!” ~ Penny Wasser, Victim of Financial Fraud (DeBlanc-Knowles, 2015)

During the past few years, the needs of victims of crimes have gained cognizance from different authorities and agencies. But only a few campaigns have focused on financial fraud. The latter is often described as ‘a silent crime’ whose victims receive little to no support at all (Button, Lewis & Tapley. 2009). Mr Herdan, the Chief Executive of the UK National Fraud Authority, pointed out that fraud cannot be classified as a victimless crime. It knows no religion, nationality nor other demographic aspects as it makes thousands of victims annually. It can, in no time, expunge the lifetime savings of an individual. Consequently the stress that stems out from such victimisation can be utterly devastating (Button et al., 2009). The Australian Bureau of Statistics (2016) defines fraud as *“invitation, request, notification or offer designed to obtain someone’s personal information or money or otherwise obtain a financial benefit by deceptive means.”*

Victims of fraud are often belittled as the impact of such crimes is often understated. Unfortunately such incidents are encysted in the psychological and physical state of the victims for a long period of time (Jagervi 2014). Some isolate themselves from the society and their families either because of the behaviour of their family members towards them or because it was the family income that was defrauded. As per the research of Kerr and his colleagues (2012), it was found that some victims experienced deep psychological issues post victimisation. Research has also shown that the families of victims of financial fraud are also affected (kerr, Owen, McNaughton, Nicholls & Button. 2012). Though some were not directly victimised, as there was no exchange of money, yet they experienced emotional turmoil because of the breakdown of trust in the financial institutions. The research revealed that financial loss causes fear, anxiety, stress and depression.

1.1 Literature Review

As per the United Nations Declaration of Basic Principles of Justice for Victims of crime and Abuse of Power, victims mean *“persons who, individually or collectively, have suffered harm, including physical or mental injury, emotional suffering, economic loss or substantial*

impairment of their fundamental rights, through acts or omissions that are in violation of criminal laws operative within Member States, including those laws proscribing criminal abuse of power.”

Fraud can be defined as “dishonestly obtaining a benefit or financial advantage or causing loss or avoiding a liability by deception or other means” (Cross and Richard 2016). In such offence, dishonesty plays a major role. As per the 2017 Annual Fraud Indicator, around £6.8 Billion was measured as cost of fraud committed against individuals in the UK. As for Australia, the estimated cost of fraud to economy amounted to \$6.05 Billion in 2011 (Smith, Jorna, Sweeney and Fuller 2014). In America, more than \$800 million was estimated as cost of fraud by the internet crime and complaint centre (IC3 2015).

1.1.1 Emotional and Psychological Impacts

The most reported emotions post fraud victimization are sadness, distress, shame, embarrassment and anger. Stress, shock and loneliness were also mentioned by victims participants in the research of Cross and his colleagues (Cross, Richards & Smith, 2016). The study of Zunzunegui also found that financial fraud causes mental health problems and eventually affects the quality of life (Zunzunegui et al. 2017, p.313). Trauma is another emotional side effect suffered by victims of financial fraud post victimization. (Ross and Smith 2011, p.3).

1.1.2 Issue of Trust

Most research over the years have commented on the importance of the concept of trust in social life. As per the US Department of Justice (February 2015), many victims have reported the inability to maintain trust in Authorities, financial institutions and other people after their victimization.

1.1.3 Victim Blaming

Studies have shown that victim blaming may eventually discourage a victim from reporting the case, make him lose confidence in the criminal justice system and harm himself (Mancini and Pickett 2015). As per Cross (2015), victims of fraud are often viewed as ‘greedy and gullible’ and there is a prodigious sense of blame and responsibility thrown at them for their actions that steered to their losses. Moreover he found a strong victim blaming attached to victims because it is assumed that they have been greedy and this led to their losses (Cross 2015). The blame game does not only come from the society but from the victims themselves. In

the financial fraud cases self-blame arises when victims believe that they conspired in their own victimization (Harvey 2014).

1.1.4 Just World Theory

The latter was developed by Lerner (1980) which proposes that people have a tendency to throw the blame on victims because basically they surmise that this world is a just place where “*good things happen to good people and bad things happen to bad people*”. This thought immunises them from the idea that something bad may happen to them. In other words, people see the victims as a threat to their just world and they must have done something to deserve it (Loseman and Van de Boss 2012).

1.1.5 Suicide

It is reported that sometimes, the impact of fraud victimisation is so intense that the victims can see no other way but to take their own lives (Cross 2016a, p.28). Lack of reporting and disclosure, stigma and shame are associated with suicide. One of the victims attested in the research of Cross (2016a)

The research by Button and his colleagues (2009) with 750 fraud victims in UK revealed that a small proportion of participants actually thought of committing suicide. The research conducted by Cross and others (2016a) evinced that quite a number of the participants who were victims of online fraud reported to have thought of suicide to end their sufferings.

1.1.6 Impact on relationship

Victim: “Well you are mentally raped because they’ve totally picked your brains and everything else.” [Whitty and Buchman 2012]

Research by Cross and his colleagues (2016a) found that post financial fraud incidents, victims’ relationships with family, parents, friends, siblings and children deteriorate. Financial loss leads to stress and damage trust in those relationships as many victims usually hide the incident at first due to embarrassment and eventually reveal it. Dinisman and Moroz (2017) found that 40% of the victims’ relationships with their families and friends were negatively affected. The impact was hard on them mostly because at that time they were in need of support.

1.1.7 Support System 1; Reporting Cases of Financial Fraud

As per Cross (2018) fraud is a crime the least reported. In a research conducted by Walsh and Schram (1980) they concluded that victims of fraud have a tendency not to report the crime due to the attitude of the public and the criminal justice system because the victims are most of

the time blamed for their victimisation. Shame for having being duped is another reason for reporting the case.

As per Rossetti et al. (2017), victims hesitate to report the cases of fraud because of the approach of the police, their tone and victim blaming attitude. As reported by the participants in the research of Rossetti, either the police failed to believe them or refused to take the matter seriously.

1.1.8 Support System 2

The existing lack of support services present for fraud victims is challenging, both in terms of recovery and harm reduction from previous victimisation as well as the prevention of further victimisation (Cross 2016b). Formal support would be professional services provided by the Police, psychiatrist, psychologist and the judiciary. In the research of Cross, a few of their participants contended that they did not reveal the fraud to their families and friends including spouses. Many sought neither formal nor informal support. Some were unaware of any such services. Others believed that talking to a counsellor would be futile. However there were some victims who believed that fraud is too trivial to seek formal support while some held that their coping skills were sufficient to deal with the aftermath without any formal intervention (Cross 2016b).

2. Research Methodology

Qualitative method is much more flexible since it allows open ended questions and probing deep into the experiences, opinions, feelings and knowledge of participants (Rosenhalt 2016). The findings of Lau (2017) emphasized on the fact that findings from interviews should be succinctly in line with the theoretical standpoint underpinning the study. This paper seeks to investigate into the views, opinions and effects of fraud victimization. To achieve this aim, 30 victims of financial fraud will be interviewed along with police officers and enquiry officers at the police station since they encounter the victims at the very first instance. Moreover officers from Central Criminal Investigation Division and Financial Crime Unit will be interviewed. 10 psychologists and psychiatrist will be interviewed in an attempt to know the extent to which victims of fraud are open to seek psychological help. As for informal support, around 30 members of the public without any specific demographic details will be interviewed to validate their understanding on victim blaming and providing support. Such method shall allow the

moderator to grasp the contextual richness of what stakeholders have to say about victimization. The latter can vary from a simple attempt to defraud to suicide. At a more intimate extreme the moderator will be in a better position to understand and analyse the conversation of and interaction with participants. Additionally the latter gets a chance to “*speak in their own voice and express their own thoughts and feelings*” (Berg 2007).

3. Findings and Analysis

3.1 Emotional and Psychological Impact

The overwhelming majority of victims interviewed for the current study which included victims of swindling, embezzlement, Ponzi scheme and credit card fraud, elucidated to have suffered from minor to intense emotional and psychological impact. They explained their experience as “devastating”, “heart-breaking” and “nightmare”. Moreover they described a number of emotional responses and the most commonly mentioned were shame and embarrassment, distress, sadness and anger. However the emotional and psychological impacts vary according to the amount loss and the economic status of the victim. Nonetheless given the amount of victims interviewed and their quality response received, it can be concluded that fraud victimisation disrupts emotional and psychological wellbeing. The current findings match with the research of Ross and Smith (2011) who studied 202 victims of fraud and concluded that 43% suffered from emotional trauma. The research of Cross revealed that following victimisation victims experience a deep emotional and psychological impact (2016).

Losing confidence on other people is another side effect of fraud victimisation. A majority of victims reported that it would be very difficult for them to trust other people regarding finance. However on a positive note they have become more cautious. This finding corresponds with that of Button et al. (2009) and Cross et al. (2016a) who found changes in behaviours following victimisation by becoming more vigilant and less trusting towards people.

3.2 Victim Blaming

Since victim blaming comes from the society, members of the public were interviewed. The majority of the participants gave a sympathetic and a non-blaming response as they claimed that blaming the victims would further cause victimisation. Some of them chose to blame the authority instead for granting licence to such companies to operate while others made mention of illiteracy and ignorance. However when they were asked about rich people investing for more

revenues in Ponzi schemes, a few of them blamed them for being greedy. However a good majority chose not to blame them. This finding is not in line with what Cross and Richard found since their research revealed a strong victim blaming towards the victims of fraud (2016a).

3.3 Just World Theory

When this theory was put to the members of the public, all of them denied the reasoning behind such theory. This finding is not in line with that of Mancini and Pickett who found this theory reigns among the public (Mancini and Pickett 2015). Moreover the research of Loseman and Van de Bos (2012) found that people uses the just world belief and blame innocent victims as a coping and defensive mechanism.

3.4 Suicide

In this study none of the victims interviewed reported to have had suicidal tendencies or tried to commit suicide. However among the victims interviewed, 3 of them, aged above 60, died approximately 2 to 3 years after their victimisation. It was evident from the response and description received from the deceased families that the victims were indeed deeply affected and such trauma and shock contributed to their deaths. This finding was in line with the findings of Hall and his colleagues found that older victims of financial fraud are thrice at risk to die faster compared to those who were not abused (Hall, Karch & Crosby 2016).

3.5 Impact on Relationship

All of the victims, irrespective of embezzlement, swindling, Ponzi schemes or credit card fraud, contended their victimisation did not have any negative impact on their relationships either with their friends or relatives. Thus it can be presumed that victimisation do not often lead to relationship breakdown. This finding however does not tally with that of Cross and his colleagues. They found that victimisation caused conflicts in marriage, between parents and children and in families in general (Cross et al 2016). The research of Button and his colleagues (2010) came to the same conclusion as Cross. The public purported that victimisation of their friends or family members will never impact their relationship, for instance, breakdown of relationships.

3.6 Reporting

The majority of them described a positive reporting experience as they received a sympathetic and non-blaming treatment from the police and their complaint was genuinely listened and recorded. Victims averred that they have been conferred with realistic advice from

the police on how to better protect themselves from such crimes. A small proportion was unhappy because the police take too long to solve a case and they are unaware of the process and stage of the case. These constraints clearly show a lack of education and awareness on police procedure. This finding is reflected in that of Cross's whose latest research with 80 fraud victims found that there is a lack of knowledge anent the powers of agencies including the police to investigate on fraud. However from the vantage point of a victim, the inability to solve a fraud case contributes to additional frustration and anger (Cross 2018). Therefore this finding can safely conclude that despite the limitation and constraints and the fact that the police may lack resources, equipment or capacity to bring justice to victims of fraud, the victims got a realistic sense of what the police can do on their behalf and in a non-judgmental way. As for the police, no discrimination is made as to victims of violent crimes and victims of financial crimes unless there are physical injuries involved, then priority will be given to that particular victim. Therefore this finding along with the reporting experiences of victims can substantially presume that the police recognise victims of fraud as legitimate victims and they are eventually treated equally.

4. Limitations

Firstly, given the time and word limit, a small population sample of 30 was considered be it for victims or members of the public. This may not necessarily represent the majority. Therefore they represent only a minor proportion of the group's opinions. Hence the data should not be generalised.

Secondly, wealthy victims of financial fraud could not be traced out. Because of the embarrassment and shame, they prefer to be invisible to the media. Therefore the emotional and psychological impact of such victims could not be analysed and hence could not be compared firmly with victims from middle class and lower middle class.

Thirdly limitation is that only police officers from an A-class station were interviewed. Given the time and word limit, it was not possible for the moderator to conduct interviews in other police stations. Therefore this result could not be compared with other stations.

Lastly since the effect of victimisation is also determined by sentencing decision, that is, whether the culprit has been punished, or the case is dismissed without justice being rendered or the victims' money was returned. Regretfully this aspect could not be analysed given the word limit despite its utmost importance in post victimisation.

5. Recommendations

The below recommendations are inspired from the UK's Office of Victims of Crimes, National Trading Standards Scams Team, and Scam Watch UK.

1. Campaigns should be organized to tackle the lack of fraud awareness by educating communities, institutions and organisations to recognise fraud, talk about it and convey messages about prevention and protection. In England campaigns like Scan Watch and Friends Against Scam have already started to tackle the issue.
2. It is important for a victim that the first contact with the front desk officer is positive since it may have a definite effect on their subsequent experience¹. Therefore it is recommended that police officers who are in contact with victims should be properly trained on victim needs. This may help to reduce re-victimisation by the police. Such training was effectively organized by the International Association of Chief of Police in USA whereby police officers received an intense training on victim assistance.
3. To further create awareness and provide victims of financial fraud with better services in the justice system, programme or training sessions on fraud victimization should be organized for the professionals in the criminal justice system. This may help to reduce discrimination in the treatment of victims of financial fraud and victims of violent crimes.
4. Concerning victim support, it is recommended that Authorities create victim support services which would be specialized in providing leadership influence, support and resources to help combat financial fraud and support victims especially older people. Thus given their accessibility, older people may approach them to seek guidance and other information.

6. Conclusion

It can be concluded that victims of financial fraud have suffered from certain level financial impact. For some it was only giving up on minor projects while for others, their basic needs were threatened. This study further established that financial impact is not the only effect experienced by victims. The resulting emotional and psychological effects are as devastating as

for a victim of violent crime. All of the victims experienced anger, sadness, distress and embarrassment. However such impact depends on the amount lost and the economic status of the victim. For this research such victims could not be traced out since they prefer to be kept out. Trust issue is another side effect of fraud victimization. This study found that fraud victimization certainly decreases the level of trust of victims towards others. However the positive note is that such incident made them more vigilant and cautious when their money is concerned. The psychologists and psychiatrists confirmed such impact.

Despite the myth that victims of fraud suffer only from financial loss, this study provided an overwhelmed insight on the experiences and the emotional and psychological impacts incurred by fraud along with their journey to report the case and seek support. It is of note that there are arrays of avenues which can be adopted to improve the experience of victims. Although this research has satisfied the hypothesis initially asked, it has brought up additional issues for future investigation.

References

- Australian Bureau Statistics, (2016). *Personal Fraud*. Retrieved on 13 July 2018 from: <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/4528.0Main%20Features122014-15?opendocument&tabname=Summary&prodno=4528.0&issue=2014-15&num=&view=>
- Button M., Lewis C., & Tapley J., (2009). *A Better Deal for Fraud Victims*. London: Centre for Counter Fraud Studies, 1-97. Retrieved from: https://www.researchgate.net/publication/277237545_A_better_deal_for_fraud_victims_research_into_victims_needs_and_experiences
- Button M, Gee J., Lewis C., Tapley J., (2010). The human cost of fraud: A vox populi. London: Centre for Counter Fraud Studies & MacIntyre Hudson. 1-20. Retrieved from: <http://www2.port.ac.uk/media/contacts-and-departments/icjs/ccfs/cost-of-fraud.pdf>
- Cross, C., Richards, K., Smith, R. G. (2016a). Improving the response to online fraud victims: An examination of reporting and support. *Criminology Research Grants*. 1-90. Retrieved from: <http://www.crg.aic.gov.au/reports/1617/29-1314-FinalReport.pdf>

- Cross, C., Richards K., Smith G.R., (2016b). The reporting experiences and support needs of victims of online fraud. *Trends and Issues in crime and criminal justice*. 518, 1-14. Retrieved from: <https://aic.gov.au/publications/tandi/tandi518>
- Cross, C., (2018). (Mis)Understanding the Impact of Online Fraud: Implications for Victim Assistance Schemes. *Victims & Offenders; An International Journal of Evidence-based Research, Policy, and Practice*. 13(6), 757-776. Retrieved from: <https://doi.org/10.1080/15564886.2018.1474154>
- Deblanc-Knowles, J. (2015). *The Fraud Examiner: All is not lost: fraud victims, emotional stress and the CFE*. Retrieved 17 July 2018 from: <http://www.acfe.com/fraud-examiner.aspx?id=4294989200>
- Dinisman, T., Moroz, A., (2017). *Understanding victims of crime. The impact of the crime and support needs*. UK: Victim Support. 1-40. Retrieved from: https://www.victimsupport.org.uk/sites/default/files/VS_Understanding%20victims%20of%20crime_web.pdf
- Hall, J.E., Karch, D.L., Crosby, A., (2016). *Elder Abuse Surveillance: Uniform Definitions and Recommended Core Data Elements For Use In Elder Abuse Surveillance, Version 1.0*. Atlanta (GA): National Center for Injury Prevention and Control, Centers for Disease Control and Prevention. 1-124. Retrieved from: https://www.cdc.gov/violenceprevention/pdf/EA_Book_Revised_2016.pdf
- Harvey, S., Kerr, J., Keeble, J., Nicholls, C., (2014). *Understanding victims of financial crime. A qualitative study with people affected by investment fraud*. UK: NatCen Social Research. 1-66. Retrieved from: <https://www.fca.org.uk/publication/research/qual-study-understanding-victims-investment-fraud.pdf>
- Internet Crime Complaint Centre, (2014). *Internet Crime Report*. USA: IC3. Retrieved from: https://pdf.ic3.gov/2014_IC3Report.pdf
- Jagervi, L., (2014). Who wants to be an ideal victim? A narrative analysis of crime victims' self presentation. *Journal of Scandinavian studies in criminology and crime prevention*. 15[1], 73-88. Retrieved from: <https://doi.org/10.1080/14043858.2014.893479>
- Kerr, J., Owen, R., Mcnaughton, M.N., Nicholls, C., Button, M., (2013). *Research on sentencing online fraud offences*. UK: Sentencing Council. Retrieved from:

https://www.sentencingcouncil.org.uk/wpcontent/uploads/Research_on_sentencing_online_fraud_offences.pdf

- Lau, S.R., Traulsen, J.M., (2017). Are we ready to accept the challenge? Addressing the shortcomings of contemporary qualitative health research. *Research in social and administrative pharmacy*. 13, 332-338. Retrieved from: <https://doi.org/10.1016/j.sapharm.2016.02.014>
- Loseman, A., Van Den Bos, K., (2012). A self-regulatory hypothesis of coping with an unjust world: ego depletion and self-affirmation as underlying aspects of blaming of innocent victims. *Social Justice Research*. 25(1), 1-13. Retrieved from: <https://doi.org/10.1007/s11211-012-0152-0>
- Mancini, C., Pickett, J.T., (2015). Reaping what they sow? Victim-offender overlap perceptions and victim blaming attitudes. *Victims & Offenders*. 12. 434-466. Retrieved from: <https://doi.org/10.1080/15564886.2015.1093051>
- Rosenthal, M., (2016). Qualitative research methods: Why, when, and how to conduct interviews and focus groups in pharmacy research. *Currents in Pharmacy Teaching and Learning*. 8, 509-516. Retrieved from: <http://dx.doi.org/10.1016/j.cptl.2016.03.021>
- Ross, S., Smith R.G., (2011). Risk factors for advance fee fraud victimisation. *Trends & Issues in Crime and Criminal Justice*. 420, 1-6. Retrieved from: <http://www.aic.gov.au/publications/current%20series/tandi/401-420/tandi420.html>
- Smith, R.,G., Jorna, P., Sweeney, J., Fuller, G. (2014). Counting the costs of crime in Australia- A 2011 estimate. *Research and Public Policy*. 129, 1-103. Retrieved from: <https://aic.gov.au/publications/rpp/rpp129>
- Walsh, Schram, (1980). Victims of white collar crime- accuser or accused? In: Geis,G. Stotland,E., Eds. *White Collar Crimes- Theory and Research*. Newbury Park: Sage
- Whitty M., Buchanan T., (2015). The online dating romance scam: They psychological impact on victims—both financial and non-financial. *Criminology and Criminal Justice*. 16(2), 176–194. Retrieved from: <https://doi.org/10.1177/1748895815603773>
- Zunzunegui, M.,V., Belanger, E., Benmartinia, T., Gubbom, Otero, A., Beland, F., Zunzunegui, F., Ribera-Casado, J.M. (2017). Financial Fraud and health; the case of Spain. *Gaceta sanitaria*. 31(4), 313-319. Retrieved from: <https://doi.org/10.1016/j.gaceta.2016.12.012>