Consultation Response: Ofcom Fraudulent Advertising

DWF is a leading global provider of legal and business services employing over 4500 people in 30 global locations. In the UK, it has a significant presence in the Counter Fraud Defendant Insurance market dealing with claims ranging from low value causation disputes to organised fraud rings and everything in between. As such DWF Lawyers have significant experience of working in these spaces, often instructed by insurance companies to defend their policyholders in RTAs and workplace incidents. They also have significant knowledge of issues such as Ad Spoofing and Ghost Broking. This consultation response is compiled from the views of the experienced Counter Fraud Team and co-ordinated by Lauren France, Director and Kathryn Emmerson, Associate.

Having confirmed that there are no objections to us answering some of the questions and attaching additional evidence in the form of case studies, please see below responses to the most relevant questions to us as a business. DWF welcomes the opportunity to respond to the consultation. As a legal business acting for insurers and their policyholders, our response focuses on those questions where we are able to provide practical insight from the motor insurance and claims environment. We broadly support Ofcom's proposed approach, but consider that the Codes would be strengthened by greater emphasis on insurer impersonation, paid ad spoofing, advertiser authority checks, industry intelligence sharing and rapid action against repeat offenders.

Q2. Do you have any comments on Ofcom's assessment of the causes and impacts of fraudulent advertising? Do you think we have missed anything important in our analysis? Please provide evidence to support your answer.

DWF broadly agrees with Ofcom's assessment of the causes and impacts of fraudulent advertising. We consider that additional emphasis could be placed on the risks arising from the impersonation of legitimate businesses, particularly within regulated sectors such as insurance and financial services. Although paid ad spoofing is mentioned in the consultation, it does not appear to be an area of specific focus.

In our experience acting for insurers and their policyholders, harm is not limited to circumstances in which consumers are directly defrauded of money. A significant risk arises where consumers search for their insurer following a road traffic accident and are directed, through paid advertising or misleading online representations, to organisations that are not connected with that insurer. Consumers may genuinely believe they are communicating with their insurer or a business authorised by their insurer. Decisions made in reliance upon that belief can have significant practical and financial consequences. Examples encountered within the motor claims market include:

- consumers entering credit hire agreements;

- consumers placing vehicles into repair networks they did not intend to use;
- disclosure of personal information to third parties;
- loss of consumer choice;
- increased claims costs;
- delays in claim resolution.

The issue has also attracted regulatory attention. The Advertising Standards Authority has upheld complaints relating to claims management businesses whose advertising suggested links with insurers that did not in fact exist. While those rulings arose within the advertising regulatory framework, they nevertheless demonstrate the risk of consumer confusion where commercial entities imply relationships with established insurers.

Q9. Do you think there are other information sources providers should consider in order to understand how fraudulent advertising manifests on their service? If so, what information and why would they need to consider it?

Particularly valuable sources may include:

- Insurance Fraud Bureau;
- Insurance Fraud Enforcement Department;
- Action Fraud;
- Financial Conduct Authority;
- Advertising Standards Authority;
- Trading Standards;
- Insurers and insurance industry bodies;
- Claims handlers and fraud investigators.

The experience of these organisations may provide insight into emerging fraud types. From a motor insurance perspective, complaints concerning insurer impersonation, misleading claims advertising and customer diversion may offer an early indication of harmful advertising practices that warrant enhanced scrutiny. Reporting arrangements should therefore facilitate meaningful information sharing between providers and organisations that routinely encounter the consequences of fraudulent advertising.

Q12: Do you agree with our proposal? Please provide any arguments and supporting evidence. Where your feedback relates to a specific check we are proposing providers should carry out, please make this clear.

We strongly support the proposed verification measures. Care should be taken where advertisements purport to relate to regulated businesses, including insurers, brokers and other FCA-regulated entities.

In our experience, many forms of consumer detriment occur because consumers mistakenly believe that an advertiser is connected with a legitimate organisation. Verification should therefore extend beyond confirming the identity of the advertiser and should, where appropriate, include verification of their authority to represent the organisation referenced within the advertisement. Providers should be expected to take reasonable steps to verify that the advertiser is authorised to use those references and is not misleading consumers as to its relationship with the regulated business.

For example, where an advertisement uses:

- an insurer's trading name;
- insurer branding;
- references to insurance claims services; or
- references suggesting an agency relationship with a regulated business,

We also support repeat verification where material changes occur to an account or advertising activity.

Q13. Are you aware of any other account checks and actions providers could do to protect users from fraudulent advertising? Please provide any arguments and supporting evidence.

In addition to the measures proposed by Ofcom, providers should consider account checks directed specifically at impersonation risks.

Examples might include:

- verification of authority to use a business name or trading style;
- verification of authority to use registered trade marks;
- enhanced scrutiny where adverts reference regulated financial services;
- checks against publicly available FCA registers;
- closer review of advertising which refers to third-party insurers or insurance products.

Q14: Do you agree with our proposal in relation to preventing fraudulent financial services advertising? Please provide any arguments and supporting evidence.

The financial services sector depends heavily upon consumer trust and confidence. Advertising that falsely suggests a connection with an insurer, broker or other regulated entity has the potential to cause significant consumer detriment even where money is not immediately stolen.

Consumers may:

- disclose sensitive personal information;

- enter commercial arrangements they do not fully understand;
- incur unnecessary liabilities;
- lose access to services they intended to use; or
- experience delays in resolving claims-related issues.

From an insurance perspective, insurer impersonation is likely to represent a greater practical risk than many traditional forms of advertising fraud encountered within the motor claims environment. We therefore support robust advertiser verification requirements, enhanced protection for regulated entities, and rapid reporting and takedown mechanisms.

Q17: Do you agree with our proposal regarding Advertising Bans? Please provide any arguments and supporting evidence.

DWF supports the proposal.

Where an advertiser has deliberately engaged in impersonation, deception or fraudulent conduct, permanent or long-term exclusion may be necessary to protect consumers. Simply removing individual advertisements is unlikely to be sufficient where an advertiser has demonstrated a willingness to circumvent platform rules. Providers should also be encouraged to take reasonable steps to prevent banned advertisers from reappearing through replacement accounts, associated entities or recycled business identities.

Final Thoughts

DWF considers that the effectiveness of the Codes will ultimately depend not only on the existence of reporting and takedown mechanisms, but on platforms being required to take meaningful, proactive and accountable steps to prevent fraudulent advertising from reaching consumers in the first place.

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Case Examples

Insurer A examples

Example 1

In February this year, my partner was involved in a non-fault road traffic accident. Seeking to notify our insurer, he searched online for their contact details and clicked the first result, which appeared to be a legitimate ****** website but was in fact a sponsored advertisement. Believing he was speaking to his insurer, he provided details of the accident and was referred to a third-party company, which recovered our vehicle.

It was only two weeks later, after receiving no update on the claim or repairs, that we contacted the genuine insurer and discovered we had been the victims of advertising spoofing. We were informed that our vehicle had been taken by an independent claims company with whom we had never intended to engage.

When we attempted to terminate the arrangement, the accident management company demanded over £2,000 in recovery and storage charges, which eventually increased to £3,800 due to ongoing daily storage fees. Despite contacting the police and the Financial Ombudsman, we were advised that, because contracts had been signed, the matter was civil in nature and little could be done.

The incident caused significant financial and emotional harm. We were forced to borrow money from savings and family members to recover the vehicle and avoid

further escalating charges. The stress of the situation had a serious impact on our wellbeing, including requiring therapy. Most concerning is that similar complaints appear to have been made by other consumers, suggesting this is not an isolated incident.

Example 2

We successfully protected the rights of a customer who was not at fault in a road traffic accident. After searching online for their insurer's contact details, the customer was misdirected by an advert from an accident helpline who they thought was their insurance company. This company arranged for collection and repair of the vehicle and also provided a replacement vehicle on a credit hire basis, with costs to be recovered from the at-fault party's insurer. The deception was only uncovered when the customer contacted their insurer directly for documentation he was told he needed for the claim.

Despite promptly withdrawing instructions from the solicitors involved and cancelling the agreement the customer was unable to secure the return of their vehicle.

DWF immediately contacted the claims management company, and following a lack of response, threatened legal action, if the vehicle was not released to the customer. This intervention resulted in the swift response from the garage who confirmed they had instructions from their principals to release the vehicle.

Example 3

The customer clicked on a link when googling her insurance company which was targeted at customers insured with them. The advert further states that consumers can "speak to a claims handler". The individuals answering these calls are not claims handlers employed by the insurer. Language of this nature is, in our view, likely to mislead consumers and reinforce the impression that they are contacting their insurer rather than a third-party claims management operation.

Insurer B Examples

Example 1

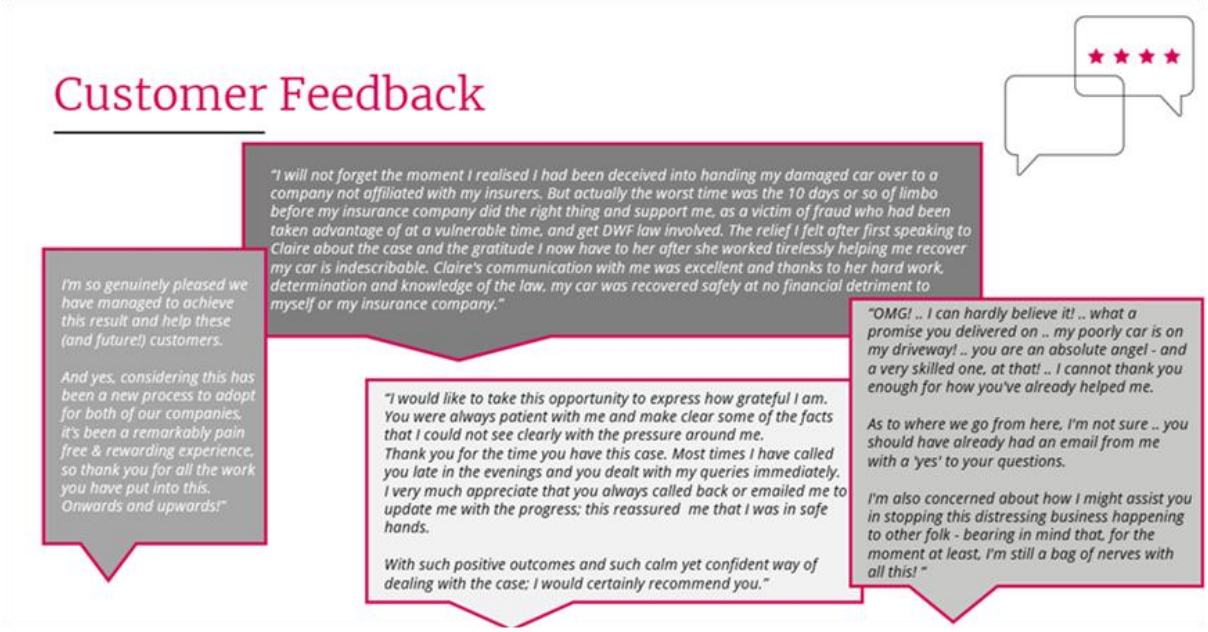
Initial focus was on three customers who, after first engaging with an intermediary behind a spoofed online advert, accepted recovery and storage offered by the AMC. Within a couple of days, the fees charged for those services ranged between £2,000 and £3,300. Furthermore, the AMC refused to release the vehicles under their control until all fees were paid in full.

Example 2

Following a non-fault accident, the Insured searched online for their insurer's claims contact details and contacted a number which appeared to be associated with their insurer. The Insured believed throughout that he was reporting the claim directly to his insurer and was never expressly informed that he was dealing with an accident management company. He was not corrected when he explained that he was insured with the insurer and wished to report an accident.

The Insured's vehicle was recovered before any agreement had been signed, despite remaining roadworthy. He was not advised of any recovery or storage charges, where the vehicle would be taken, or the potential financial consequences of the arrangement. The Insured was also encouraged to accept a replacement vehicle despite initially indicating that he could use public transport.

Evidence provided by the Insured shows that he specifically searched for his insurer online before being directed to the accident management company's website. We consider the website and associated advertising likely to mislead consumers into believing they are engaging directly with their insurer. The Insured only became aware that he had been dealing with an accident management company after conducting his own enquiries and reviewing online information.



In reality, motorists are unaware they are contacting an accident management company (AMC) or a claims management company (CMC) who go to great lengths to hide their true identity. The ensuing contractual relationship exposes the motorist to the risk of serious financial harm, all so the AMC or CMC can manage – and profit – from their claim.

Multiple customers reported being misled into dealing with organisations that falsely appeared to be connected with, or endorsed by, their insurer following a road traffic accident. Customers described being deceived into transferring their vehicles to unauthorised third parties and experiencing significant distress, uncertainty and inconvenience before the fraud was identified. The feedback consistently highlights that consumers were particularly vulnerable in the immediate aftermath of an accident and were persuaded to act under the mistaken belief that they were dealing with their insurer or an insurer-approved representative.

The testimonials demonstrate the tangible consumer harm caused by spoofed advertisements and impersonation tactics. Customers reported periods of confusion and anxiety, loss of control over their vehicles, concerns regarding potential financial consequences, and the need for legal intervention to recover their property. Several customers expressly stated that they wished to help prevent other motorists from experiencing similar situations, reflecting the wider public interest in stronger protections against paid ad spoofing and impersonation scams.

These cases illustrate that paid ad spoofing can have serious real-world consequences beyond mere consumer inconvenience. It can result in vulnerable consumers making decisions based on false representations, creating significant stress, disruption to legitimate insurance claims processes, and additional costs and resource expenditure for insurers, legal representatives and consumers in rectifying the effects of the deception.