

PLEXUS

A Clearer Legal Perspective



Fraud



Overview: Counter Fraud Expertise

Plexus Law has a rich history of being at the forefront, and setting precedent, in the fight against fraud. Plexus was the first law firm to have a Claimant convicted for Contempt of Court in *Kirk v Walton*. More recently, we were the first firm to have a claim struck out for abuse of process for gross exaggeration in *Fari v Homes for Haringey* which was the start of a process which led to the legal doctrine of Fundamental Dishonesty and codification in statute in s57 Criminal Justice and Courts Act 2015.

We also assisted in the investigation led by the Government's Insurance Fraud Taskforce into tackling fraud and more recently, the General Insurance Fraud Council has invited Plexus Law to be part of the consultation process with the MOJ to consider the forthcoming whiplash reforms and where it is vulnerable to fraud.

The Plexus Counter Fraud Team comprises three specialist units:

- Claims Validation
- Intel
- Claims Handling

The team is led by experienced Partners and made up of Intel and fraud analysts, claims handlers and lawyers based across our Manchester, Liverpool, Halifax and Leeds offices which provides support to the firm nationally.

We have a proven track record of achieving results though effective handling with high repudiation rates and return on investment. The team has cross-class capability and undertakes fraud work which includes casualty, motor, property, travel, and disease.

We work with a number of the UK's leading insurers

and large self-insured's in creating bespoke fraud solutions to help capture and defeat fraudulent claims together with preventative measures to avoid fraud leakage.

Plexus Law are affiliate members of the Insurance Fraud Bureau (IFB), a member of the Insurance Fraud Investigators Group (IFIG) and have a representative on the Fraud Sector Focus Team which provides specialist advice to the Forum of Insurance Lawyers (FOIL) .

Fari v Homes for Haringey: Plexus law were the first law firm to obtain a strike out for abuse of process for gross exaggeration. The claimant was also sentenced to three months imprisonment for contempt of court. Ms Fari tripped over an uneven pavement which was under the control of Homes for Haringey and claimed that she was severely injured pleading losses of around £750,000. Breach of duty was admitted but the defendant believed that the claimant was grossly exaggerating her claim. Following intel investigations and obtaining surveillance footage the matter proceeded to trial where the court found that the claimant suffered losses in the sum of £1,500 (representing less than 0.5% of the claim). The court struck the claim out for abuse of process following the decision in *Summers v Fairclough*.

Kirk v Walton: Plexus Law was the first firm to obtain a contempt conviction in a case of gross exaggeration. Ms Kirk was involved in a road traffic accident in which she alleged caused fibromyalgia. Her pleaded case was £750,000. Liability was admitted but it was believed that the claimant had grossly exaggerated her claim. Following the disclosure of surveillance evidence the Claimant accepted £25,000. The Defendant applied for committal proceedings and the Claimant was subsequently convicted of contempt of court.



Claims Validation

The Plexus Claims Validation team consists of experienced fraud analysts that support the firm and its clients in the detection of fraud across all business lines.

Our case management system contains business line specific key fraud indicators which have to be completed at regular intervals starting on receipt of the file. The key fraud indicators are weighted according to risk. If certain triggers are met at the fraud screening phase then the matter is referred to the Claims Validation Team for triage. The matters is flagged with a red, amber or green rating and if necessary, Intel will also be run

The team provides regular training and updates to colleagues and clients regarding key fraud indicators, trends and new types of fraud.

Intel

The Plexus Intel team sits alongside the validation team. It consists of Intel and IT experts who have access to cutting edge technology including our internal IBM i2 database and our Business Intelligence tool. Our i2 database contains several hundred thousand historical claims which all future matters can be screened against. Circa 100,000 claims per year are added to this database together with all IFB data regarding market operations. These internal tools are complimented by a variety of external databases including Experian, Equifax, Tracesmart and CUE to assist in validating claims as well as to bolster evidence in cases for presentation at court.

The team produces Claimant Profile Reports together with i2 Charts mapping out the links in more complex, organised fraud. Our analysts are trained in writing statements and giving evidence in court regarding the intelligence documentation and information gathered.

Claims handling and Litigation

Plexus Law handles around 5,000 suspected fraudulent claims per year which are a combination of direct insurer instructions of mainly litigated cases and matters which are unearthed internally following our fraud screening and triage processes.

We employ strategies to deal with different types of risk, classes of fraud, professional enablers and opponents, organised operations and industry fraud rings. As well as defeating spurious civil claims, the team has vast experience in recovering insurer outlay in circumstances of fraudulent misrepresentation by both first and third parties. This includes actions under the tort of deceit and the tort of conspiracy including seeking exemplary (or punitive) damages where appropriate.



Qualified One-Way Costs Shifting (QOCS), where a losing Claimant will not have to bear the costs incurred by the Defendant, does not apply in cases of fraud and the team have been very successful in obtaining and enforcing costs orders for abuse of process and following findings of Fundamental Dishonesty. The team will bring private prosecutions and/or committal proceedings for contempt of court where further punitive measures are sought and where it is thought that the case has reached the criminal standard.

Large Loss/Catastrophic Injury

We work closely with the Large Loss and Catastrophic Loss team on strategy to defeat and drive down exaggerated claims. We have a cross-team working party on high value claims which are tainted by dishonesty which has been operational since the Criminal Justice and Court Act 2015 came into force, in which we share experiences, discuss cases and tactics and when appropriate, dual handle complex matters.

Our Intel and Claims Validation Team contains analysts with specific expertise in Large Loss exaggerated cases with experience of presenting their findings in court.

Advancing Fraud Detection Technology

Quicker. More accurate. Cost-effective. This is our vision for the future of fraud detection with the best way of achieving this through sophisticated advanced IT solutions. We have partnered with Microsoft and data scientists using a series of gradient boosting algorithms to build a proof of concept Machine Learning Predictive Analytics fraud detection model which:

- Predicts whether a claim is fraudulent
- Provides a percentage of how accurate the prediction is and the rationale
- Makes decisions/predictions quicker than human intervention
- Analyses far larger, more complex data sets to spot trends and patterns
- Reduces false positive

The more claims data and results that is fed into the model, the more it learns, evolves and improves. The model works with and feeds into our existing Intel products and external databases.

Fraud screening through the model can be done on a singular case basis or as a body of claims data. On completion of our extensive pilot with a leading UK insurer, this innovative, ground-breaking product will be available to all our clients late 2019.

Get in touch

If you would like to learn more about any of our Counter Fraud capabilities along with our added value services such as case clinics, Intel and trend updates, training and horizon scanning please speak to your contacts at Plexus:

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