

Early chances to identify terrorists are missed due to inadequacies in UK data sharing laws, says study

April 23 2024



Credit: Pixabay/CC0 Public Domain

There are inherent flaws in the U.K.'s ability to obtain and exchange information to detect fraud and terrorism financing, according to

research from Cardiff University.

Published in the *Journal of Business Law*, [academics](#) examined the circumstances leading up to three [terror attacks](#) in the U.K., analyzing publicly available documents to demonstrate weaknesses in how suspected [fraud](#) and terrorism funding is followed up.

Academics say the research challenges the conclusions and findings of the Financial Action Task Force review of the U.K.'s level of compliance with its data sharing recommendations.

Lead author Professor Nicholas Ryder, based at Cardiff University's School of Law and Politics, said, "Fraud is the funding mechanism of choice for terrorism financiers; it is convenient, low key and frequently avoids detection. Our findings show that the U.K. is not compliant with international standards relating to the reporting and sharing of vital information.

"Fraud strategy and counter-terrorism laws currently work in isolation, with each not referencing the other. U.K. fraud strategy and counter-terrorism laws must therefore be more closely aligned as a matter of urgency."

Key findings from the paper show:

- In 1995, HMRC connected several suspected frauds with Shahzad Tanweer, one of the July 2005 terrorists, but this information was not disclosed to the Financial Intelligence Unit or the UK Security and Intelligence Service. The group linked to Tanweer gained approximately £8bn from VAT and benefit frauds, of which it sent "1% of its gains, or £80m to al-Qaeda."
- In order to commit the terrorist attack in the Manchester Arena in 2017, Salman Abedi used student loans and his maintenance

grant. Researchers note that the Money Laundering Regulations do not apply to higher education institutions (HEIs), only the regulated sector, and HEIs have a limited legal obligation to report any suspicions of fraud or terrorism financing to the National Crime Agency.

- One of the terrorists involved in the attacks on London Bridge in June, 2017, Khuram Butt, was investigated and arrested on suspicion of falsely reporting fraudulent activity (£3,300) on three bank accounts in October 2016. But a decision was made not to prosecute him for these initial offenses.

Researchers have made a number of recommendations for reform, which include amending the Fraud Act 2006 to introduce an obligation to report fraud for the regulated sector, adopting the same model as [money laundering](#) and terrorism financing.

They say HEIs should also become part of the regulated sector for the purposes of anti-money laundering and counter terrorism fraud legislation. This, they say, would explicitly task HEIs with an obligation to submit SARS, providing valuable financial intelligence to initiate or support terrorism financing investigations.

The paper also makes a series of recommendations to reform the Commissioners for Revenue and Customs Act 2005, which includes "requiring" HMRC to disclose rather than "permit" disclosure where HMRC employees suspect they are in possession of information that reveals money laundering or terrorism.

Professor Ryder added, "There are a number of weaknesses within the U.K.'s counter fraud strategy that need to be addressed.

"The law around fraud must be brought in line with other more serious offenses, so that criminal investigators are given the whole picture and

can act on that information at the earliest opportunity. We hope U.K. Government will act upon our recommendations."

More information: To exchange or not to exchange—that is the question. A critical analysis of the use of financial intelligence and the exchange of information in the United Kingdom. uwe-repository.worktribe.com/output/10838862

Provided by Cardiff University

Citation: Early chances to identify terrorists are missed due to inadequacies in UK data sharing laws, says study (2024, April 23) retrieved 23 June 2024 from <https://phys.org/news/2024-04-early-chances-terrorists-due-inadequacies.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.