

# Banks biased against black fraud victims

**Andrew Ellson**  
Consumer Affairs Correspondent

Black victims of fraud are more than twice as likely to be denied a refund by their bank than white customers, according to figures seen by *The Times*.

More than a fifth of people who complained about not getting their money back were from ethnic minorities, even though they make up only about 10 per cent of the population.

Ethnic minorities also appear less likely to be reimbursed at some banks than others, according to a survey of complaints to the ombudsman.

The figures suggest that banks are “institutionally racist”, according to an eminent fraud expert.

Ross Anderson, professor of security engineering at the University of Cambridge, said: “Bank staff have the same prejudices as the general population. If you think ethnic minorities are a bunch of thieves, even if it’s a suppressed subconscious view, it will colour the decisions you make. Even over the phone bank staff can make judgments based on a customer’s name and accent.”

James Daley, of Fairer Finance, added: “I doubt prejudice is directed from the board but it’s quite possible that frontline staff are aware of what they are doing. The banks must carry out a thorough investigation.”

Over the past two years more than 10,000 customers have complained to the ombudsman about not getting their money back. The rules are clear. Victims should be reimbursed unless banks can prove the claim is fraudulent or the customer was grossly negligent,

## Minorities are victims of ignorance

### Analysis

**T**he statistics from the ombudsman clearly suggest that ethnic minorities are being discriminated against by their banks but we don’t know how or why (Andrew Ellson writes).

Most fraud claims are reported by telephone, making it harder for bank staff to identify a caller’s race. However,

such as writing their PIN on their card. Yet the figures suggest that banks are routinely failing to reimburse customers, particularly ethnic minorities.

The survey of 1,300 complainants revealed that black customers are most likely not to get their money back. Only 3 per cent of the population are black but more than 6 per cent of complainants were from this group.

Asian customers are the next most likely not to be reimbursed, followed by “other ethnic groups”, then mixed-race customers. White customers are most

determined racists could still take against a customer on the basis of their name or their accent.

While explicit racism might explain part of the problem, a more likely explanation is the unconscious bias of bank staff. Academic research and “blind testing” has already proven that recruiters are more likely to select candidates from their own race even if they would never consciously do or say anything racist. The best practice among top employers is to train staff on how to avoid this.

Even HSBC, which denies that its fraud handlers might suffer such bias,

offers this training to recruiters.

Implicit bias suggests that fraud handlers’ lack of familiarity with ethnic minorities makes them intrinsically more suspicious and therefore more likely to turn down a refund claim.

English is also the second language of many ethnic minorities so they may be less able to articulate their case, making fraud handlers less likely to believe their story.

Another theory is that ethnic minorities might just be victims of banks’ greed.

There is no evidence that ethnic minorities are more often victims of

fraud but there is evidence that they have lower incomes.

Experts say that wealthier customers are more profitable for the banks, so staff are less likely to want to upset them by refusing a refund. If a bank makes £600 a year from an account holder it might be more inclined to refund a £300 fraud than if it were the other way round.

All of the above might have been contributing factors. They are all avoidable, if only banks would acknowledge the possibility of a problem and put some effort into solving it.

sent her credit card to the wrong address. After a 15-month wrangle, Ms Russell eventually won her case through the ombudsman.

The survey suggests that ethnic minorities are less likely to be re-

**Eve Russell lost £16,000**



imbursed at some banks than others. Non-white customers made up a third of complainants from HSBC but 19 per cent from Nationwide. Mr Daley called on banks to improve their systems. “Banks must have checks and balances to make sure all customers are treated fairly and they should offer staff training on handling complaints equally.”

However, the banks deny there is any issue and refuse even to countenance that their staff might be showing implicit bias, a problem so well documented in recruitment that many employers, including HSBC, train staff on how to avoid it.

The British Bankers’ Association said: “This data is not a representative or credible sample of complaints upheld by ethnicity. It is therefore inaccurate to draw wider conclusions from it. Banks don’t base their decisions on the ethnic origin of their customers and the industry is always seeking to improve how it prevents fraud and supports the victims of fraud.”

HSBC said: “All cases of fraud are assessed purely on the facts of each individual case and ethnicity is never a factor.” Nationwide added: “We place a strong emphasis on treating all of our members equally and our employees are given robust training around our refund policy.”

Barclays said: “We unreservedly deny any allegations of racism because they are entirely untrue.”

Thunderer, page 24