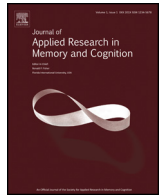


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## Triage Decision-Making by Welfare Fraud Investigators

David Walsh<sup>a</sup>, Coral J. Dando<sup>b</sup>, Thomas C. Ormerod<sup>c,\*</sup><sup>a</sup> de Monfort University, UK<sup>b</sup> Westminster University, UK<sup>c</sup> University of Sussex, UK

Two studies explored triage decision-making in a welfare fraud investigation, specifically decisions concerning what evidence to collect when deciding whether to pursue a case to prosecution or to issue a warning only. An observational study revealed that triage decisions appear to be determined by subjective estimates of the ease of evidence collection and that these estimates are influenced by complexity of mapping evidence onto fraud types. This hypothesis was explored in an experimental study of investigators, managers, and students choosing evidence to inform triage decisions for cases that varied according to relevance and complexity. Student selections were unaffected by the nature of the case. In contrast, with a simple fraud case, investigators and managers tended to select evidence to support a prosecution decision, but with complex fraud they selected evidence that supported comparative evaluation of prosecution and warning decisions. The results demonstrate flexible expertise in choosing what evidence to sample.

**General Audience Summary**

Fraud is common in welfare claims and costs taxpayers billions of dollars, but little is known about decision-making strategies used in welfare fraud investigation. Investigations begin with a triage decision: whether to seek evidence that might lead to prosecution or to terminate an investigation and issue a warning designed to discourage further claims. The first study explored the fraud investigation process through field notes and analysis of investigator interviews with clients. The study showed that investigators tend to make triage decisions based on the perceived ease with which evidence can be collected. A second experimental study compared choices made by investigators, investigation managers, and students as to what evidence they would seek to make a triage decision. Participants were shown case scenarios based on a tip-off that suggested fraud. Their task was to choose further evidence in order to decide whether to prosecute or issue a warning. Cases differed in how easy it was to map evidence onto the underlying fraud activity. Students' selections were unaffected by the nature of the case. In contrast, with a simple fraud case, investigators selected evidence to support prosecution, but with a complex fraud case they selected evidence that could equally support prosecution and warning decisions. The results suggest that investigators are flexible in the strategies they use in triage decision-making: they will seek evidence to discriminate between alternative outcomes but only when the case is complex, otherwise they tend to seek evidence to confirm initial suspicions.

**Keywords:** Fraud investigation, Decision-making, Subjective triage judgments, Expertise

**Author Note**

David Walsh, School of Law, de Monfort University, UK; Coral J. Dando, School of Psychology, Westminster University, UK; Thomas C. Ormerod, School of Psychology, University of Sussex, UK.

\* Correspondence concerning this article should be addressed to Thomas C. Ormerod, School of Psychology, University of Sussex, BN1 3PN, UK. Contact: [t.ormerod@sussex.ac.uk](mailto:t.ormerod@sussex.ac.uk)

US Department of Labor statistics indicate fraud is found in 2.67% of welfare claims (Department of Labor, 2014). Welfare fraud costs the UK £1.2 billion per annum (Department for Work and Pensions, 2013), resulting in at least 350,000 investigations each year (Button, Shepherd, & Blackburn, 2016; Hansard, 2012; Walsh & Bull, 2013). Most fraud cases concern incorrect disclosure of personal circumstances (Walsh & Bull, 2013). For example, an unemployed individual might not disclose paid labor to avoid a reduction in benefit. Information that prompts the investigation of welfare fraud comes largely from anonymous tip-offs. The quality of information in tip-offs ranges from highly detailed and substantively accurate to vague, inaccurate, and sometimes malicious.

There are approximately 5000 fraud investigators in the UK, working in teams of 25–30 in major cities (Smith, Button, Johnston, & Frimpong, 2011). An investigator is allocated each tip-off to investigate. Although procedural guidance exists, there is considerable discretion as to how the investigation should be managed, such as what information to gather, and when and how to close the investigation. Cases assessed as yielding robust evidence are selected for in-depth enquiries to attempt to gain enough evidence for prosecution. Cases where it is deemed that evidence is unlikely to be gained are the subject of civil rather than criminal investigations. Here, an investigator interviews the claimant to gain either an admission or denial. Admissions lead to a civil warning, with a termination of the benefit claim and repayment. Regardless of whether an admission or denial is obtained, this interview signals the end of a civil investigation. Investigators make their decisions based solely on details contained in the allegation and their own estimation of the likely success of a prosecution. Choosing between criminal or civil investigations is a key decision point because, once an investigator decides to resolve the case with a civil warning, switching to a criminal investigation is impossible because prosecution outcomes require that all evidence is collected with regard to relevant criminal legislation from the outset.

The number of fraud cases is large, and so a key task is triage—investigators must decide whether claimants should be prosecuted (a criminal investigation) or simply discouraged from making with a warning (a civil investigation). Triage involves decision-making under uncertainty, and is central to other domains such as medical diagnosis and criminal investigation. Little is known about the nature and flexibility of strategies used to make diagnostic decisions. Studies of expertise, ranging from chess (Simon & Gilmarin, 1973) to firefighting (Klein, 2004), have revealed experts often make rapid decisions based on recognition and retrieval of an action sequence. Novices, lacking relevant experience, rely instead upon general-purpose heuristics (Anderson, 2014), although experts may resort to general-purpose heuristics when a scenario is unfamiliar (e.g., Destefano, Lindstedt, & Gray, 2011).

Here, we examine the strategies used by welfare fraud investigators to triage and whether there are consistent biases in evidence selection. We report two empirical studies of welfare fraud investigation expertise: an observational study using interviews and work placement observations, and an experiment to test a hypothesis generated from the observational study

concerning the relationship between experience and evidence prioritization.

### Investigative Decision-Making

When individuals seek evidence to test a hypothesis, they should in principle gather diagnostic evidence that discriminates between competing hypotheses. However, it is widely recognized that evidence selection shows confirmation bias, a tendency to bolster the current hypothesis by seeking evidence that is consistent with it while disregarding inconsistent evidence (Nickerson, 1998). For example, Doherty, Mynatt, Tweney, and Schiavo (1979) found that, given one piece of evidence pertaining to a hypothesis, participants were more likely to seek new evidence about that hypothesis than to seek the same evidence for an alternative hypothesis.

If investigators favor an initial hypothesis to the exclusion of alternatives, this calls into question their ability to test hypotheses effectively. Even experienced investigators can make suboptimal evidence selections. For example, criminal investigators (Meissner & Kassin, 2002) often assume guilt from the outset, referred to as a guilt bias (Kassin, Goldstein, & Savitsky, 2003). Even after extensive training designed to counter guilt bias, experienced investigators often still exhibit this behavior (Fahsing & Ask, 2016, 2013). In insurance fraud investigation, the premature adoption of a hypothesis of guilt is a cause of investigative failure (Morley, Ball, & Ormerod, 2006). Similarly, welfare fraud investigators admitted to believing that clients with anomalous claims were guilty before interview, in contradiction of their training (Walsh & Bull, 2011). Where evidence is gathered that disconfirms guilt, it is judged to be of lesser value and may be overlooked (Hasel, 2012).

Although evidence selection may be subject to bias, experienced investigators appear to develop expertise in hypothesis generation and testing. This has been demonstrated in police phone-call triage, scene-of-crime analysis, and hostage negotiation, where investigators adopt a range of strategies for generating and testing hypotheses depending on factors such as risk, criticality, and frequency of the crime incident under investigation (Dando & Ormerod, 2017; Fahsing & Ask, 2016; Ormerod, Barrett, & Taylor, 2008). Welfare fraud teams have a number of different roles. Case investigators follow leads, collect evidence, and interview the claimants. Their managers make resource decisions (e.g., deciding what types of cases to focus on). As well as having more experience, all managers are promoted from an investigator role.

### Study 1: Observational Study

A mixed-methods approach was undertaken involving an ethnographic of benefits-fraud investigation practices and analyses of interviews between investigators and claimants suspected of fraud (a detailed description of these interviews is given by Walsh & Bull, 2010; Walsh & Milne, 2008). The aim of the study was to synthesize factors that investigators identify as key determinants of decision-making practice.

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