

National Fraud Initiative in Scotland 2026/27

Privacy notice



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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

National Fraud Initiative (NFI) – privacy notice

Introduction

1. Audit Scotland is committed to ensuring that public money is spent well to meet the needs of Scotland's people. The National Fraud Initiative (NFI) in Scotland is a key part of this work, helping to ensure that public bodies work better together to target resources and make financial management more effective.
2. The NFI is a UK wide counter-fraud exercise overseen by the Cabinet Office with Audit Scotland responsible for leading the exercise within Scotland. Audit Scotland acts as the data controller for the NFI in Scotland. The Cabinet Office acts as a data controller for the UK-wide exercise. Participating bodies act as independent data controllers for the data they submit and receive.
3. Article 14 of UK GDPR requires Audit Scotland to issue this privacy notice (also known as a fair processing notice or privacy statement) which sets out how we will process personal data as part of the NFI.

Data matching

4. Data matching involves comparing sets of data, such as an organisation's payroll or council tax discount records, with other records held by the same or another body to identify inconsistencies and potential fraud. This process is carried out using automated techniques; however, no decisions producing legal or similarly significant effects about individuals are made solely by automated means.
5. Where a match is identified, it indicates that there may be an inconsistency requiring further investigation. No assumption can be made that fraud, or error, has occurred until appropriate enquiries are undertaken. All decisions are subject to human review and intervention.
6. Details of the main match types and the organisations to which they apply can be found in the [Appendix](#).

Purpose of processing

7. The NFI is undertaken to assist in the prevention and detection of fraud and error to improve the effective use of public resources.

8. In addition to the national exercise, the NFI undertakes ongoing data sharing, analytics, and pilot exercises to improve data matching methods. This may include using previous NFI outcomes and other datasets to risk-score and prioritise matches for investigation.

9. Data is also processed to validate and improve data quality, supporting more accurate and effective matching.

Code of data matching practice

10. Scotland must prepare and publish a Code of Practice with respect to data matching exercises. The Code sets out the principles and practices that should be adopted by those taking part in the NFI and other data matching exercises undertaken by Audit Scotland. All bodies conducting or participating in its data matching exercises, including Audit Scotland itself, must have regard to this Code which can be found on the Audit Scotland [counter-fraud](#) web page.

NFI services

11. The NFI provides a number of services to participating bodies:

- National Exercise – a UK-wide data matching exercise carried out periodically
- ReCheck – enables organisations to re-run matches at a time that suits them
- AppCheck – a real-time checking service used at the point of application
- FraudHub – supports collaborative and ongoing data matching across organisations.

12. These services may be used by participating bodies in Scotland where appropriate.

Statutory basis for the NFI

13. In Scotland, the NFI is carried out under Part 2A of the Public Finance and Accountability (Scotland) Act 2000, which allows Audit Scotland to undertake data matching exercises for the purpose of assisting in the prevention and detection of fraud or other crime.

14. Bodies to which the Auditor General for Scotland (AGS) and the Accounts Commission appoint auditors can be mandated to provide data as part of the NFI, other bodies may be invited to participate on a voluntary basis. Audit Scotland will issue letters to mandated bodies at the start of each national exercise.

Legal basis for processing

15. The processing of personal information is carried out under Article 6(1) UK GDPR, public task. In limited cases legitimate interest principles may apply, including ‘recognised legitimate interests’ introduced by the Data (Use and Access) Act 2025. Processing is undertaken on a fair basis and does not require the consent of the individuals concerned under UK GDPR.

16. The NFI involves the processing of some special category data necessary for reasons of substantial public interest; for the exercise of a function of the Crown, a Minister of the Crown, or a government department; the exercise of a function conferred on a person by an enactment (paragraph 6, schedule 1, Data Protection Act 2018).

17. Criminal offence data is processed in accordance with Schedule 1 of the Data Protection Act 2018. If the investigation of a data match, produced by the NFI, results in a prosecution, then this may be recorded by participating organisations in the secure NFI web-based application. This information is for outcomes recording purposes only, and the data won't be shared further.

18. The NFI also makes use of data sharing provisions under the Digital Economy Act 2017, which allows specified public authorities to share information for the purposes of preventing and detecting fraud and error in public services. All such sharing is carried out in accordance with the relevant legal framework and applicable safeguards.

Personal data that is processed

19. The NFI processes information that you may provide when making a claim or applying for:

- Pension
- Taxi Driver Licence
- Social Housing (current tenants and individuals on a housing waiting list and temporary accommodation)
- Blue Badge (disabled parking)
- Adult Concessionary Bus Travel
- Council Tax Single Person Discount
- Council Tax Reduction Scheme
- Universal Credit
- Housing Benefit

- Other State Benefits
- Personal budget / direct payments for adult social care
- Student finance
- Non-domestic rates relief.

20. The NFI also processes information that you may provide:

- when seeking payment of an invoice from an organisation that takes part in the NFI. This is referred to as trade creditor standing and payment history data
- when seeking payment for employment from an organisation that takes part in the NFI. This is referred to as payroll data
- when registering to vote. This is referred to as Electoral Register data
- in relation to residents in a private care home supported by an organisation that takes part in the NFI
- in relation to properties advertised and let for short periods. This is referred to as short-term rental of housing data (pilot exercise affecting The City of Edinburgh Council only).

21. Data specifications setting out exactly what data we process in the above areas can be accessed from the Audit Scotland [counter-fraud](#) web page.

Transfer of data outside the UK

22. The only data transferred outside the UK relates to the short-term fraudulent sub-letting pilot, which is limited in Scotland to the planned involvement of The City of Edinburgh Council. The Cabinet Office has a separate [privacy notice](#) for this exercise, which explains the transfer and associated safeguards.

23. No other data associated with the NFI exercise in Scotland is transferred out of the UK for processing.

Special categories of personal information

24. Included in the above are certain special categories of personal information (Article 9 of UK GDPR & Chapter 2 Section 10 of the DPA 2018):

- Housing, other benefits, and student loan data include an indicator of physical or mental health or condition. This disability flag, which does not identify the specific condition, is required as disability has an impact upon a student's entitlement to claim housing benefit.

- We collect information on blue badge holders (and applicants) and individuals in receipt of or applying for a personal budget. While we do not hold information on the medical condition that entitles the individual to a badge or personal budget, we do know who has a badge.
- We collect information on individuals in private residential care homes. While we do not hold information on the health status of individuals in residential care, we do know who resides in a care home.

Where personal data has not been obtained from you

25. Where your personal data has not been collected directly from you, it will have been provided by organisations participating in the NFI, including:

- the Scottish Government and other central government bodies in Scotland
- UK central government departments
- local authorities and public bodies
- NHS organisations
- colleges
- housing associations
- pension schemes
- law enforcement bodies
- credit reference agencies and private sector organisations.

Data matching on behalf of Audit Scotland and the Cabinet Office

26. We will share records containing personal data with a number of third parties for them to undertake matching on behalf of Audit Scotland and the Cabinet Office. Specifically, these are:

- **HMRC:** These will be matched against HMRC records and additional HMRC information, appended and fed back to the NFI securely. The HMRC matching will seek to identify persons at the address provided and relevant income-related information.
- **DWP:** These will be matched against DWP records, additional DWP information appended, and fed back to the NFI securely. The DWP matching will seek to identify deceased persons.

- **Synectics Solutions Limited (SIRA):** These will be matched against the SIRA adverse fraud databases and additional information fed back to the NFI.
- **Credit Reference Agencies (CRA):** These will be matched against credit reference agency data and additional information appended and fed back to the NFI.

Recipients of data matches

27. The results of data matching are shared with participating bodies and their auditors where they are appointed by the Auditor General and the Accounts Commission.

28. Audit Scotland may also disclose both data provided for data matching and the results of data matching with the AGS, the Accounts Commission, the Cabinet Office, or any of the other UK audit agencies specified in Section 26D of the Public Finance and Accountability (Scotland) Act 2000.

Use of NFI data in fraud prevention services

29. In some circumstances, data relating to NFI matches may be shared with fraud prevention organisations (such as SIRA and LexisNexis Risk Solutions Ltd) to support wider fraud detection activities.

30. These organisations may process NFI data through secure systems using tiered levels of access, depending on the purpose of the request. This may include:

- indicators only (eg, flags or match counts, without personal data)
- redacted outputs, showing the nature of a match without identifying details
- core personal data, such as name, date of birth, National Insurance number and address
- enhanced data fields, which may include contextual information such as dates, or financial or benefit-related information.

31. Only a subset of data collected within the NFI is made available in this way, and access is controlled and proportionate to the purpose.

32. These organisations configure how NFI-derived insights are used within their systems and may incorporate them into wider fraud prevention tools used by their clients.

33. Where this occurs, these organisations act as independent data controllers and their own privacy notices apply to their use of the data. Their privacy notices are linked below:

- [Data Privacy](#)

- [Privacy Policy](#).

Data retention

34. Personal data will not be kept for longer than is necessary. In general data is retained only for the duration of matching and investigation. Results and outcomes are retained for audit and reporting purposes. Data is securely deleted when no longer required.

35. A [Data Deletion Schedule](#) setting out the criteria for retaining and deleting data and matches is published by the Cabinet Office.

Your rights under UK GDPR

36. Individuals whose personal data is processed as part of the National Fraud Initiative (NFI) have a number of rights under UK data protection law and more details can be found on the [Information Commissioner website](#). These rights are not absolute and may be subject to exemptions where they would prevent or seriously impair the prevention and detection of fraud or other crime.

37. Information requests under the [Freedom of Information \(Scotland\) Act 2002](#) may be subject to the law enforcement exemption in Section 35, for example where its disclosure would be likely to prejudice substantially the prevention and detection of a crime or the apprehension or prosecution of an offender, or the personal information exemption under Section 38. These determinations are made on a case-by-case basis by the participating body in receipt of the request for information.

38. Individuals whose data is included in a data matching exercise have rights under current data protection legislation. The participating body, as part of Data Matching Practice, will have provided individuals with a privacy notice containing information required by data protection legislation.

39. Individuals have rights under current data protection legislation if data held about them is inaccurate. They should be able to check the accuracy of their data by contacting the participating body holding the data.

40. Individuals should not expect to be told about data or data matches concerning any other person unless that person has given consent, as this is likely to amount to a breach of data protection principles.

Exercising your rights

41. In most cases, you should contact the participating organisation that provided your data to the NFI in the first instance, as they are responsible for the accuracy and management of that data.

42. If you want to make a complaint about the way we have processed your personal information, [our complaints procedure](#) is set out on our website.

43. If you are dissatisfied with how your personal data has been handled, you have the right to [lodge a complaint with the Information Commissioner's Office](#) (ICO).

More information on the NFI

44. More details on Audit Scotland's data matching exercises, including national reports, other publications and guidance, may be found on the Audit Scotland [counter-fraud](#) web page.

45. Alternatively, please contact, Audit Scotland, 4th Floor, 102 West Port, EDINBURGH, EH3 9DN; telephone 0131 625 1500. Email enquiries should be addressed to info@audit.scot quoting 'National Fraud Initiative' in the subject line.

46. More information about the [UK National Fraud Initiative](#) is also available on the Cabinet Office's website.

Appendix

The main match types and the organisations to which they apply
(NFI 2026/27)

Match type	Councils	Others
Pensions to:		
Deceased persons	Yes	Yes
Payroll	Yes	Yes
Housing benefits	Yes	Yes
Injury benefits	Yes	Police and Fire only
Amberhill ¹	Yes	Yes
Deferred pensions to:		
Deceased persons	Yes	Yes
Housing benefits to:		
Student loans	Yes	
Housing benefits	Yes	
Housing tenancy	Yes	
Right to buy	Yes	
Licences	Yes	
Deceased persons	Yes	
Amberhill	Yes	
HM Revenue and Customs (earnings, employment, and household composition data)	Yes	

¹ Amberhill is a system used by the Metropolitan Police to authenticate documents presented for identity verification.

Match type	Councils	Others
Payroll to:		
Payroll	Yes	Yes
Pensions	Yes	Yes
Amberhill	Yes	Yes
Housing tenancy to:		
Housing tenancy	Yes	
Housing benefits	Yes	
Right to buy	Yes	
Amberhill	Yes	
HM Revenue and Customs (household composition and property ownership data)	Yes	
Housing waiting list to:		
Waiting list	Yes	
Housing benefits	Yes	
Housing tenancy	Yes	
Deceased persons	Yes	
Amberhill	Yes	
Personal Budgets (Direct Payments) to:		
Personal budgets	Yes	
Pensions	Yes	
Housing benefits	Yes	
Deceased persons	Yes	
Amberhill	Yes	
Student loans to:		
Deceased persons		SAAS only
Amberhill		SAAS only

Match type	Councils	Others
Creditors to:		
Creditors	Yes	Yes
Payroll	Yes	Yes
Private Residential Care Homes to:		
Deceased persons	Yes	
Amberhill	Yes	
Parking Permits to:		
Deceased persons	Yes	
Amberhill	Yes	
Blue badges to:		
Deceased persons	Yes	
Amberhill	Yes	
Concessionary travel permits to:		
Deceased persons	Yes	
Council tax single person discounts to:		
Electoral register	Yes	
HM Revenue and Customs (household composition data)	Yes	
Other datasets	Yes	
Council tax reduction to:		
Council tax reduction	Yes	
Payroll	Yes	
Pensions Payroll	Yes	
Housing Benefits	Yes	
Housing Tenancy	Yes	
Right to buy	Yes	
Licences	Yes	

Match type	Councils	Others
Deceased persons	Yes	
Amberhill	Yes	
HM Revenue and Customs (earnings, employment, and household composition data)	Yes	
Licences to		
Amberhill	Yes	
Non-domestic rates:		
Non-domestic rates – Small Business Bonus Scheme	Yes	

National Fraud Initiative in Scotland

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