

Why is the government obsessed with benefit fraud?

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The [FT has reported](#) that:

Ministers are examining proposals to grant banks access to all of the accounts of benefit claimants.

They added:

Officials in the Department for Work and Pensions have been asked to investigate the proposal as a possible means to ensure welfare recipients do not hold more funds than they claim to, according to people briefed on the matter. "We are looking at whether it would be possible to get access to claimants' bank accounts in the same way they get access to all of your accounts when you apply for a mortgage," one official said.

This worries me for three reasons.

First, whilst I oppose fraud of all sorts, the focus given to this issue is inappropriate; there is little evidence of significant real benefit fraud. That which takes place is vastly lower than the underclaiming of benefits. That is a much more serious issue in the UK because it means that people in need do not get the support they need and are entitled to. That is where the government's focus should be.

Second, I worry that the data, once collected, will be used for other purposes. The government is not good at providing safeguards on such issues.

Third, I really do wish the government could be as worried about tax fraud. What we know is that hundreds of thousands of companies in the UK trade fraudulently in the UK at all times and do not then settle their tax bills. They do not, in fact, ever file accounts or tax returns, and with completely casual indifference to the billions lost as a result - which sum will considerably exceed the total amount of UK benefit fraud by a very long way - those fraudulent companies are then struck off the Register of Companies that is very half-heartedly maintained by the UK government, with their owners then having the right to repeat the process as many times as they like.

There are easy ways to limit this abuse:

- * Make company registration a lot harder so that proof of identity is required. It is absolutely absurd that it still is not.
- * Remove limited liability for tax liabilities owing by companies unless directors can prove that their companies failed through no fault of their own.
- * Require that banks report whenever a bank account is opened, and then at least once annually, to HM Revenue & Customs which companies they provide services to, who they think beneficially owns and controls that company, where they might be contacted, and what sums are deposited each year.

If they do that, the amount of UK corporate tax fraud will tumble, with the massive added advantage that honest businesses in the UK would be supported as a result.

Instead, the government is targeting benefit claimants. Why is that?

- * Do they hate benefit claimants?
- * Do they secretly think corporate tax abuse is OK?
- * Are they ignorant of the options open to them?
- * Do they not care that the real problem with benefits in the UK is that people are not claiming what they are entitled to?

I wish I knew.