



Bogus charity clothing collections

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Many charities legitimately collect unwanted items of clothing to raise funds for their cause. However, constituents sometimes raise concerns about organisations which appear to be collecting clothing for a charitable cause but are not in fact registered charities. Some people feel that they are being misled by advertising pamphlets. In February 2010, the then Office of the Third Sector launched the 'Give with Care' campaign to warn of the risk of mistakenly giving unwanted clothing to a commercial company rather than to a registered charity. Other organisations have also issued warnings. The Advertising Standards Authority and the Office of Fair Trading have powers to address misleading advertising.

There have also been problems with the theft of clothing bags left out for collection.

Provisions in the *Charities Act 2006* which would establish a new system for licensing public charitable collections have not yet been brought into force. In September 2011, Nick Hurd, the Minister for Civil Society, said in a written answer that the Government did not have any current plans to implement the provisions, and that the future licensing and regulation of public charitable collections would be considered as part of the forthcoming review of the *Charities Act 2006*.

The issue of bogus collections has been the subject of a number of EDMs and has been debated in Westminster Hall.

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1 What is the problem?

Many charities legitimately collect unwanted items of clothing to raise funds for their cause. However, constituents sometimes raise concerns about organisations which appear to be collecting clothing for a charitable cause but are not in fact registered charities. Some people feel that they are being misled by advertising pamphlets, typically being distributed through letterboxes. The Charity Retail Association has warned that bogus charity clothing collectors have begun imitating well-known charities.¹

There have also been problems with the theft of clothing bags left out for collection.

In October 2011, a written answer to a Parliamentary question set out information about the financial cost of fraud for charities:

Tracey Crouch: To ask the Minister for the Cabinet Office what estimate he has made of the financial effect on the charity sector of each type of fraudulent charity collection.

Mr Hurd: The Office for Civil Society has not attempted to estimate the financial cost to charities as a result of fraudulent charity collections due to a lack of reliable data, and because records are not kept centrally. Sector estimates put the cost to charities of bogus house to house collections and theft of donated goods at anything between £15 million and £50 million a year. I continue to encourage and support collaborative work between the charity sector, commercial recyclers, and licensing and enforcement agencies to tackle these unacceptable crimes and reassure the generous donating public that they can give with confidence.

The [Charity Bags](#) website includes further information about the problem.

The Institute of Fundraising website also includes links to information about [Charity Collection Bag Crime](#), including to the [House-to-House Collections Code of Fundraising Practice](#) (April 2011).

2 The 'Give with Care' campaign

In February 2010, the then Office of the Third Sector launched the 'Give with Care' campaign to warn of the risk of mistakenly giving unwanted clothing to a commercial company rather than to a registered charity. The campaign sets out what to look for in a leaflet to identify whether it comes from a genuine charity:

- Does the sack or leaflet say the collection is for a registered charity? If so, what's the registered charity number? Call 0845 3000 218 or visit the register of charities to check that it's genuine.
- Does it only give a registered company number? Check that a registered charity is also involved with the collection.
- Is the charity actually named? Be wary of wording that just says 'families in need' or 'sick kids at Christmas' as this could be an indication that it is not a genuine charity.

¹ Kaye Wiggins, "Bogus collectors are imitating genuine, well-known charities", *Third Sector*, 1 June 2010

- Does the leaflet or bag give a phone number? If not it may mean the collectors don't want to answer questions.²

A [poster](#) and [leaflet](#) to support the campaign were produced in partnership by the then Office of the Third Sector in the Cabinet Office, the Charity Commission, Trading Standards Institute, Advertising Standards Authority, Office of Fair Trading, Association of Chief Police Officers, Local Authorities Coordinators of Regulatory Services, the Association of Charity Shops and the Fundraising Standards Board.

The 'Give with Care' campaign followed an earlier campaign launched in December 2006 by the Charity Commission, coordinating with the Office of Fair Trading, Local Authority Trading Standards Services and the Advertising Standards Authority, which similarly warned the public to be aware of bogus collectors.

3 Other warnings about bogus clothing collections and what to do

- The Charity Commission, the Office of the Scottish Charity Regulator (OSCR) and the Department for Social Development in Northern Ireland have joined together to produce [Charity Doorstep Collections - Making an Informed Choice](#).³ This aims to give householders key pointers to help them identify the genuine charity collections from those collecting on a commercial basis.
- The Charity Commission has also published an MP fact sheet entitled [Charity Collection Scams](#).
- On 20 September 2010 the Charity Commission issued a press release again warning people against bogus clothing collections and reminding them of the Commission's advice on how to ensure donations go to a genuine charity, [Charity Commission warns against misleading and bogus clothing collections](#). The press release also includes information about what to do to complain about or report a suspected bogus collection:

The Commission has received a number of calls recently from people who have been given misleading leaflets which suggest that the proceeds of a clothing collection will go to charity or charitable causes when in fact they benefit a private business or individual. The Commission is also aware of recent cases where fraudsters have used the name, logo and charity registration number of a genuine charity to appeal for donations and keep the profits.

Most collections for charities are genuine and provide them with an important source of income. People should not be discouraged from donating to collections carried out by genuine charities to raise funds for a legitimate charitable cause. The Commission is issuing the following advice for people who want ensure their donations reach those most in need:

- Most genuine collections will be raising funds for a specific individually named charity. Be wary of misleading leaflets that do not use the words 'registered charity' but instead use pictures or wording that give the impression that the appeal is charitable. You should be suspicious of any leaflet that does not state the name of the charity your donations will go to.

² Cabinet Office , [New Drive to Stop Bogus Charity Collectors Costing Charities Millions](#), 12 February 2010 (at 16 November 2011)

³ Charity Commission website at 16 November 2011

- If a collection is for a registered charity, legally this must be stated on any document advertising the collection of clothes or other property on behalf of the charity. Genuine leaflets will usually provide a charity registration number. Most door to door collections will leave at least two days before they collect any donations, allowing you time to check the Charity Commission's online Register of charities.
- If you are still unsure about whether a collection is genuine for any reason, for example if it looks unprofessionally produced, is badly written or contains spelling mistakes, and you still wish to give, you should try contacting the charity to check that the collection is legitimate. If the leaflet only gives mobile numbers or none at all, it may be a sign that the organisation is not collecting on behalf of a legitimate charity. Registered charities will be happy to provide contact details and confirm whether a collection is on their behalf or not.
- Some advertising leaflets will give the impression they are from a charity but provide a company registration number. This is not the same as a charity registration number and may be a sign that the organisation is operating commercially for profit and is not charitable.
- If a clothing collection will benefit a charity, it is required to have a public collection licence from the local authority. To check whether a collection has a licence before donating any item you should contact your local authority.
- If you remain concerned that your donations may not reach a registered charity, you can give directly to your local charity shop or at an official charity clothes collection point.

To complain about a misleading leaflet appealing for clothing donations, contact your local Trading Standards Service. If you receive a bogus leaflet that falsely uses the details of a genuine charity, the collection may be unlawful and you should report this to the police. In either case, please also notify the Charity Commission so that we can gather information on offenders and work with our partners to combat and raise awareness of fraud.

The Fundraising Standards Board (FRSB) is an independent body that has been established to operate the public facing side of the self-regulation of fundraising. The FRSB investigates complaints from the public about the fundraising methods of its member charities and fundraisers if an unsatisfactory response has been received to an initial complaint made directly to the charity by a member of the public.

- In addition, various Trading Standards Offices have published warnings on their websites about flyers and leaflets asking for unwanted clothing sent by profit making organisations rather than genuine charities.
- The Charity Retail Association has an [online reporting tool](#) for bogus collectors and theft; the Association states that it will collate the information and forward it to the police who will then be able to establish if there is a pattern to the criminality and help them to gather evidence for prosecutions.

4 Misleading advertisements

The Advertising Standards Authority (ASA) is the UK's independent regulator of advertising across all media, including door drops and circulars (advertising posted through the letter box

without the householder's name on). Complaints can be made to the ASA about advertisements which are perceived to be misleading.

The ASA has stated that it regularly receives complaints about leaflets that are dropped through letterboxes by bogus collection services, including companies which misleadingly imply they are a charity when in fact they are a profit making organisation that collect donations and sell them on. The ASA commented that, whilst it is legal for commercial companies to seek donations and sell items on for profit, they should not give the impression that they are a charity or that they are collecting on behalf of a charity. The ASA has set out the action it would take in relation to complaints:

Where possible the ASA will contact these companies to ensure that their advertisements make clear that they are not charitable organisations and that donations will be used for commercial gain. However, bogus charity collectors often operate outside the boundaries of advertising regulation and the ASA can find it difficult to stop leaflets being dropped through people's doors.⁴

The ASA is able to refer advertisers who refuse to co-operate and persistently make misleading claims to the Office of Fair Trading (OFT) for legal action. The OFT has previously taken action to stop a door-to-door collector of donated clothing from being involved with misleading advertisements that might lead people to think the collections were for charity.⁵

5 Regulation of public charitable collections

Information about the present regulation of public charitable collections is set out on the [Cabinet Office website](#):

Regulation of street collections

Public charitable collections in the street are regulated under the Police, Factories Etc Act 1916 (Miscellaneous Provisions).

There is a model of local regulations in the Charitable Collections Order 1974 (Transitional Provisions), though local authorities are not obliged to introduce this system of licensing in their area.

Regulation of house-to-house collections

Public charitable collections conducted house-to-house are regulated by the House to House Collections Act 1939 and the House to House Collections Regulations 1947. The 1947 regulations established a central licensing regime for collections.

Licensing on collections

The Local Government Act 1972 transferred responsibility for licensing both forms of collection from the police to local authorities.

In London, however, the Metropolitan Police and the Common Council of the City of London are still responsible for licensing of collections.

National exemption order scheme

⁴ ASA website, [ASA warns consumers to beware of bogus charity collections](#), 3 December 2007 (at 16 November 2011)

Under current law, the Minister for the Cabinet Office is responsible for the national exemption order scheme for house-to-house collections.

Organisations can generally obtain national exemption orders if they have house-to-house collection licences in at least 70–100 local authority licensing areas for the two preceding years. There are currently 43 national exemption order holders.

Appeals

Organisations can appeal to the Minister for the Cabinet Office if a local authority refuses them a licence to hold a house-to-house collection or if they revoke such a licence. The Cabinet Office processes these appeals.

In the case of street collections, there is currently no equivalent right of appeal. The Charities Act 2006 contains provision for a new licensing scheme for public charitable collections, but these provisions are not yet in force.⁶

6 Charities Act 2006

The *Charities Act 2006* establishes a new system for licensing charitable collections in public (which will include door to door collections). However, the sections which establish the new licensing regime are not yet in force. Information about the provisions of the Act is available on the [Charity Commission](#) website.

In September 2011, Nick Hurd, the Minister for Civil Society, said in a written answer that the Government did not have any current plans to implement the provisions, and that the future licensing and regulation of public charitable collections would be considered as part of the forthcoming review of the *Charities Act 2006*:

Alison Seabeck: To ask the Minister for the Cabinet Office when he expects regulations in the Charities Act 2006 giving powers to local authorities to regulate street collectors to be laid before the House.

Mr Hurd: There are no current plans to commence part 3 of the Charities Act 2006, and make the necessary supporting regulations. The future licensing and regulation of public charitable collections will be considered as part of the review of the Charities Act 2006, due to begin later this year. In the current economic climate implementation of the Charities Act 2006 licensing provisions will have to be weighed against other priorities. Effectiveness, affordability and value for money will be important factors in determining whether the new licensing regime is implemented. Whatever the outcome of the review, we want to make it easier for charities to fundraise responsibly, whilst deterring bogus collectors and preventing nuisance for members of the public. Under the Police, Factories etc. (Miscellaneous Provisions) Act 1916, and local street collections regulations, local licensing authorities already have the power to regulate most types of charitable street collections.⁷

On 8 November 2011, Nick Hurd announced that Lord Hodgson of Astley Abbots would lead a full review of the law relating to charities in England and Wales and would report to Parliament by summer 2012.⁸

⁵ OFT press release, *OFT stops collector involved with deceptive 'charity' adverts*, 17 December 2004 (at 16 November 2011)

⁶ [Cabinet Office website](#) (at 17 November 2011)

⁷ [HC Deb 5 September 2011 c270W](#)

⁸ Cabinet Office, *Review of charity law*, 8 November 2011 (at 17 November 2011)

[Terms of reference](#) for the review have been published. These include the issues that the review must cover, set out in the *Charities Act 2006*, issues that the Government believes should be addressed, and issues that charities have asked to be considered. The licensing regime for public charitable collections is included in a list of matters which have been brought to the attention of the Government by the sector and others as issues requiring consideration:

b) The licensing regime for public charitable collections - the review should consider whether the 2006 Act provisions are workable and represent value for money, or whether there is an alternative approach under existing or new legislation that could meet the objective of a licensing scheme that is proportionate, facilitating responsible fundraising whilst deterring bogus collections and preventing public nuisance;

7 EDMs

An EDM tabled by Jo Swinson on 2 April 2009, on bogus clothing collection companies, attracted 51 signatures.⁹ A further EDM tabled by Jo Swinson on 27 January 2010, on the theft of charity clothing donations, attracted 56 signatures.¹⁰

An EDM tabled by Tracey Crouch on 7 September 2010, on house to house charity collectors, has attracted 46 signatures:

That this House condemns the activities of fraudulent charity clothing bag collectors who abuse the goodwill of those who donate clothes for good causes; recognises that this organised crime is becoming a nationwide issue; expresses concern that these activities undermine the valuable work of genuine charities, depriving them of millions of pounds worth of donations per annum; and calls on the Government to ensure that local police authorities tackle the criminal gangs responsible and facilitate the strict enforcement of the House to House Collection Act 1939 and punishment of those found in breach of the Act.¹¹

8 Westminster Hall debates

8.1 February 2007

In February 2007, there was a Westminster Hall debate on bogus charity collections.¹² Edward Miliband, who was then Cabinet Office Parliamentary Secretary, set out the approach being taken at that time: enforcement action in cases of fraud or theft; referral of misleading advertisements to the ASA and OFT; and the promotion of messages of safer giving.

8.2 October 2010

On 13 October 2010, there was a further Westminster Hall debate on bogus charity bag collections.¹³ Tracey Crouch indicated the extent of the problem:

Although it is feared that as much as 50% of house-to-house charity collection is bogus, Charity Bags notes that only one in 10,000 illegal clothing collections in the UK is subject to enforcement action or prosecution by the local council.¹⁴

⁹ [EDM 1277 2008-09](#)

¹⁰ [EDM 731 2009-10](#)

¹¹ [EDM 689 2010-11](#)

¹² [HC Deb 28 February 2007 cc317-326WH](#)

¹³ [HC Deb 13 October 2010 cc100-107WH](#)

She urged the Government to introduce secondary legislation to implement the new licensing and regulatory regime for house-to-house collections, included in the *Charities Act 2006*, and called for tougher enforcement action against bogus collectors.

Nick Hurd acknowledged that there was a problem and said that he was concerned about the issue of public confidence in charities at exactly the time when the Government wanted to encourage more people to give. He spoke of the three types of collection activity which would potentially damage the sector's reputation: fraud, misleading literature and theft of clothing bags:

The first is outright fraud, which involves fake charities adopting the names of real charities for their collections, pretending to be charitable and stealing clothes that are left on doorsteps; The second area of activity involves misleading literature that gives the impression that there is a charitable beneficiary, when that is not in fact the case. The third area of concern is the actual theft of bags of clothing left out for legitimate charities to collect.

Nick Hurd spoke of what the Government could do to address the problem and said that the priority was for enforcement and education rather than further regulation:

There are three levers that the Government can pull: more and clearer regulation, enforcement and education. The Government's position is that the challenge and the priority relate more to enforcement and education than to further regulation.

The regulatory base that is in place is sufficient, and... collections are regulated under the House to House Collections Act 1939 and the House to House Collections Regulations 1947. Where collections are undertaken by a commercial collector on a charity's behalf, the necessary commercial participation agreement under part 2 of the Charities Act 1992 must be in place. As a Government who see themselves as being in the business of deregulation rather than of adding to regulation, our instinct is therefore not to reach immediately for the regulatory lever, not least because we would be concerned about imposing additional costs and burdens on those who perform their activities in a wholly legitimate way.

He was not entirely persuaded that implementation of the relevant provisions in the *Charities Act 2006* would solve the problem but would consider this as part of the review of the Act:

...if I thought that full implementation of that measure would transform the landscape and make a huge difference, I would have carried that out some time ago. In fact, the advice that I have received is that the net impact of implementation could be marginally deregulatory, in the sense that it would effectively replace the requirement to get a local authority licence to operate in a specific area with a requirement to get certification from the Charity Commission to operate anywhere. I am not entirely persuaded that that would solve the problem, but research is being conducted and, as I have said, there will be an explicit review of the issue in the context of the review of the Charities Act 2006. My hon. Friend has that undertaking from me.

Nick Hurd then set out information about enforcement, detection and education:

Enforcement was a central concern of my hon. Friend. We look to various players in the field to make a difference and an impression: local trading standards officers, the police and, of course, those responsible for regulating advertising standards in the context of leaflets that are arguably misleading. The debate has prompted me to review what is going on, and on the face of it I am reasonably encouraged by the level

¹⁴ HC Deb 13 October 2011 c101WH

of activity and what that tells me about the underlying concern of the agencies responsible.

For example, I welcome the work that the Fundraising Standards Board is doing with the Trading Standards Institute to develop a toolkit to guide all trading standards officers through the relevant legislation and through what evidence is needed to tackle bogus charity collections and effect successful prosecutions. As my hon. Friend will know, the process in relation to detection and evidence is extremely difficult. However, there is clearly partnership work going on to develop a toolkit that will help trading standards officers in that difficult work.

(...)

As to difficulty of detection I was thinking not so much of the person in the van as of the mastermind in the control room—the real villain of the piece. I also think that the public will play an increasingly important role in detection and evidence. ...

The Institute of Fundraising has a current consultation on its code of fundraising practice on house-to-house collections. That code will apply to all collections of money and goods made house to house, whether they are carried out by volunteers, fundraising organisations or third party agencies.

I note that the National Association of Licensing and Enforcement Officers is doing some work on developing guidance for local authority licensing officers on house-to-house collection of goods. I have looked again at what the Advertising Standards Authority is doing as the UK's independent regulator of advertising. Again, I am satisfied that it takes the issue seriously and that its connections with the Office for Fair Trading are reasonably robust, so as to create the opportunity to act against those who mislead the public through advertising material.

The police's sense of their local priorities clearly presents an issue, but the Office of the Third Sector, as was—it is now the Office for Civil Society—has been in regular contact with the Association of Chief Police Officers. I give my hon. Friend the Member for Chatham and Aylesford a personal undertaking to write again to ACPO to press the issue, and to raise the matter of cross-border co-operation that she specified.

The level of fines and the effectiveness of deterrence also needs to be considered. I understand that one of the maximum fines, for collecting without a licence, is about £1,000. There seems to be a mismatch between that and the price of a tonne of textiles, so again I shall write to the Ministry of Justice to explore its appetite for a review of the level of fines and deterrence.

To deal briefly with education, I have reviewed what has been done. My hon. Friend will know that the Office of the Third Sector was instrumental in co-ordinating the "Give with Care" campaign. It distributed about 500,000 leaflets around the country. That was relaunched in 2010. The Charity Commission has been extremely proactive, and keen to raise awareness of fraud and theft. The media, Members of Parliament and various other stakeholders have played an important part in raising the profile of the issue, notifying the public and encouraging them to report suspicious behaviour and perhaps to be more rigorous in checking the claims made on the material shoved through their letter boxes.¹⁵

¹⁵ HC Deb 13 October 2011 cc104-6WH