

**BIRMINGHAM CITY COUNCIL**

**REPORT OF THE INTERIM ASSISTANT DIRECTOR OF REGULATION AND  
ENFORCEMENT  
TO THE LICENSING AND PUBLIC PROTECTION COMMITTEE**

**SEPTEMBER 2020**

**ALL WARDS AFFECTED**

**Birmingham City Council hosted  
National Trading Standards Regional Investigations Team (Central England)**

**1. Summary**

- 1.1 This report provides an update on the work of the National Trading Standards Regional Investigations Team (Central England) (RIT), hosted by Birmingham City Council's, Regulation and Enforcement Division.

**2. Recommendation**

- 2.1 That the report be noted.

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### **3. Background**

- 3.1 The grant funded project was initially piloted in 2006. At that pilot stage there were 3 teams, one based within Central England (CEnTSA), one in the North East (NETSA) and the third team covering London, the South East and East Anglia (TRS). The CEnTSA Team was hosted at that time by Solihull MBC on behalf of the Region.
- 3.2 The Teams were introduced following a Government White Paper on consumer protection in which it was identified that Regional Investigation Teams (RIT's) might be better placed to tackle certain offending. The rationale was to ensure cross border operations could be undertaken without hindrance and perpetrators operating across boundaries could be brought to justice under one investigation.
- 3.3 The three Teams were set up to run a 2 year pilot project. At the end of that trial period, and following the success of the 3 Teams, funding was made available to extend the project across all Regions, including Scotland, from 2008 for a 3 year period.
- 3.4 Since 2011, funding has been on an annual cycle, and has varied from between £250,000 and £320,000 per year. The amount expected for 2020-21 is £300,000.
- 3.5 Since May 2013, the CEnTSA RIT has been hosted by Birmingham City Council.
- 3.5 The CEnTSA RIT operates across the Region using legislative powers under The Consumer Rights Act 2015.
- 3.6 The RIT work on behalf of both the National Trading Standards (NTS) and the 14 local authorities that make up CEnTSA. The RIT receive their work via a formal tasking process, introduced as part of the Intelligence Operating Model (IOM). Whilst work can be tasked down by NTS, the vast majority of work is tasked to the Team by one or more of the 14 local authorities within CEnTSA
- 3.7 Within CEnTSA, the RIT take on the case and then submit any prosecution files that may follow through Birmingham City Council. This is paid for through the annual grant. For this reason, a significant amount of the annual funding is allocated to, and used up on, legal costs.
- 3.8 The RIT currently comprises only 3 'core' members of staff but with those numbers bolstered on an 'as needs' basis with experienced investigators employed through agency.
- 3.9 Cases are referred to the Team because intelligence shows that a trader is having a negative impact upon consumers within the Region. In most cases, the trader will also be based within CEnTSA but also, in most cases, consumers affected will be from much further afield than just the CEnTSA area.

- 3.10 Most of the intelligence used to identify 'problem' traders comes from access to the Citizens Advice complaints database. Citizens Advice now act as the 'front line' for providing consumer advice and for flagging issues of concern to Trading Standards through the Citizens Advice Consumer Service (CACS) reporting line (0808 223 1133).
- 3.11 Trading Standards have access to the CACS portal and can run a variety of reports to assist in identifying potentially problem traders.
- 3.12 The Regional Intelligence Analyst (RIA) based in Warwickshire Trading Standards produces a Tactical Assessment (TA) every 6 weeks. This TA will, amongst other things, highlight traders of possible concern to the Region as well as potential emerging threats.
- 3.13 The 'core' offences considered by the RIT are typically contained within the Consumer Protection from Unfair Trading Regulations 2008, but there are, in addition, a host of other potential offences that are regularly included within case files, including offences under the Fraud Act 2006, Companies Act 2006, Proceeds of Crime Act 2002 and the Trade Marks Act 1994.

#### 4. Some examples of recent cases include:-

- **Operation Coffee** – a case referred to the Team by Warwickshire Trading Standards and relating to a business operating in both Henley-in-Arden and Stirling in Scotland. Consumers were complaining about being put under intense pressure during a sales pitch being conducted by a business known as Eze Group. The accounts, in summary, were:-
  - Consumers were (in the vast majority of cases) an existing timeshare owner
  - They had responded to an unsolicited approach from a previously unknown business, inviting them to take up a free UK mini-break but on the proviso that they attend a short presentation 'for a couple of hours, either in the morning or afternoon of one of the days'.
  - A large number of consumers accepted the offer. Most believed that the presentation was going to be some kind of timeshare pitch. Nobody knew, at that stage, who it was that was going to be 'pitching' to them.
  - Consumers are picked up from their 'mini break' hotel and taken to the offices of Eze Group in Henley in Arden or Stirling.
  - The consumers are then subjected to a sales pitch of what Eze Group can offer to them, namely a very expensive 'lifestyle concierge service' which will enable them to get discounted goods and services across a whole range of things, from theatre tickets to white goods to holidays.
  - The sales pitch, however, concentrated heavily on generating fear and uncertainty in the consumer over their financial liability concerning their existing timeshare. Consumers were left believing that they would never be able to exit their timeshares, leaving an ever escalating debt to their children once they had died.

- However, by joining the ‘concierge service’, one benefit (for an additional cost) was that the consumer could be put in contact who could deal with the timeshare on their behalf.
- Many consumers reported being effectively held there for up to 8 hours. None had their own vehicle with them and many did not really know exactly where they were.
- Many felt that the only way to ‘escape’ would be to sign up and then cancel. Many signed the initial deposit on this basis.
- Consumers who tried to cancel afterwards were met with a strong response, denying them the ability to cancel and threatening legal action if they failed to make the final payment.
- In fact, under the particular circumstances of the case, the consumers were entitled to cancel the agreements and get their money back.
- Many of the statements made during the sales pitches were false or misleading, designed to get them to sign up to the contract.
- The contracts varied in price, with a range between £4000 to £46,000.

In legal terms, Eze Group actually did not exist. It was simply a brand name being used by the originator of the scheme, Dominic O’Reilly, the CEO of the Eze Group. A number of connected UK and Spanish companies operated under the umbrella name of the Eze Group, all playing a part in the operation. Dominic O’Reilly was assisted in this by his step-daughter, Stephanie O’Reilly, who was also the managing director of one of the UK linked companies, Eze Europe Ltd, a company with its registered office in Birmingham city centre.

Dominic O’Reilly lived over in Tenerife, but was born and grew up in Yardley in Birmingham.

Stephanie O’Reilly lived in Dickens Heath in Solihull.

Eze Group had previously been the main shirt and stand sponsor of Birmingham City Football Club. They had also obtained sponsorship deals with assorted professional darts players and were also looking at an arrangement with Celtic Football Club.

Dominic O’Reilly was sentenced to 28 months imprisonment. Stephanie O’Reilly was sentenced to 18 months imprisonment (suspended for 2 years).

The two defendants were also ordered (February 2020) to pay back £424,560 as part of a POCA confiscation order, with a default sentence of up to 2 years if they do not do so.

- **Operation Swarm** – a case referred to us by Worcestershire Trading Standards and relating to the activities of two Worcestershire based companies, Ecoshield (UK) Ltd and Energenie Shield UK Ltd as well as connected persons Adrian Hillman, his wife Rebecca Hillman and associate, Philip Farrington. The investigation related to complaints that:-
  - The companies were falsely selling wall and roof treatments that would not provide the benefits claimed for them (typically that the work would significantly reduce heating bills), and

- That in a significant number of cases, no work at all was being done (generally related to the retro fit of solar batteries to existing solar panels), and
- That the company were not returning deposits and other monies paid in cases where the consumer cancelled within their statutory cancellation period, or cancelled simply because of non-performance of the contract by the company.

Evidence was obtained from 51 affected consumers. Most of these consumers were based within CEnTSA, but a number were based further afield, including in Gloucestershire, Wiltshire and even one on the Isle of Wight.

A significant number of affected consumers were aged in their 80s and 90s.

A trial ran against all three individuals as well as against Energenie Shield UK Ltd, with an indictment containing 34 counts. After an 8 week trial, the jury returned guilty verdicts on all counts.

Sentencing is recorded in this months LPPC update report. A Proceeds of Crime case is now under way.

- **Operation Field** – tasked to us by Coventry Trading Standards but relating to two connected businesses, one in Birmingham and one in Worcestershire. A computer repairs ‘scam’ where 2 brothers were operating linked businesses in the two separate local authority areas. The modus operandi was
  - The brothers had swamped the Yellow Pages and Thomson Local directories across the country with hundreds of adverts for apparently different computer repair businesses. Those adverts contained hundreds of different business names, different telephone numbers and different addresses.
  - Each advert was designed to give the impression that the business was local to the area of that particular publication
  - In reality, the brothers were based in Hall Green and Bromsgrove and it is there that consumers would be calling via telephone redirection
  - An ‘engineer’ would be dispatched to wherever the consumer was based. In reality, no diagnostic work would be performed on site and the intention was always for the computer to be taken away.
  - Once in their possession, the brothers would determine how much the consumer was willing to pay. In an attempt to justify the prices demanded, the brothers would offer to install new software. Such software was often counterfeit.
  - If consumers refused to pay the prices being demanded, the brothers would simply not return the devices. Many consumers visited the business addresses quoted in the advert, only to find, of course, that the business was not, and never had been, there.
  - Evidence was obtained from nearly 100 affected consumers from across the UK

The two brothers were sentenced to a total of 4 ½ years imprisonment and, in a subsequent POCA investigation, ordered to pay back £100,000 as a result of a confiscation order.

- **Operation Orange** – A case referred to us by Dudley Trading Standards and relating to the activities of a group of 4 males operating a scam ‘home improvement’ business targeting elderly and vulnerable consumers. The four men were based in Birmingham and Solihull and, in the one incident, systematically targeted one vulnerable Sandwell consumer, taking approximately £130,000 from him over a 5 year period for shoddy and unnecessary work to his house. Other victims were identified in Dudley.

The four men were given combined prison sentences totalling 11 years and 9 months and the ring leader subsequently ordered to pay nearly £95,000 to compensate his victims.

## **5. Implications for Resources**

- 5.1 The RIT is grant funded and therefore all costs for the service are recovered through this provision.

## **6. Implications for Policy Priorities**

- 6.1 Enforcement action taken against dishonest traders protects not only affected consumers and potential future victims but also can help to protect legitimate traders.
- 6.2 Often our victims are members of the most vulnerable groups and therefore enforcement action helps to protect many that often cannot help themselves.
- 6.3 Prosecution of dishonest traders protects consumers and opens opportunities for honest traders.

## **7. Public Sector Equality Duty**

- 7.1 It is often the case that the traders subject to investigation by the RIT prey on the most vulnerable members of society. Certain traders target people who may be extremely vulnerable, either through age or infirmity or for other reason. Taking robust enforcement action in these circumstances helps to protect not only those consumers but also the wider public.

**INTERIM ASSISTANT DIRECTOR OF REGULATION AND ENFORCEMENT**