

Fraud

Advice on how to avoid being caught out

Fraud can impact all business

One common form of fraud is where a business is set up with the sole intention of defrauding suppliers in a short space of time. This is usually characterised by several small value orders placed in a variety of conflicting trade sectors with goods being sold on quickly at knockdown prices and the fraudster disappearing with the cash.

Another form of fraud is buyer impersonation where fraudsters impersonate established credit worthy companies by placing orders in their name but requesting delivery to a rogue trading address or offering to pick up the goods themselves. Suppliers then invoice the legitimate company to be told the goods were not ordered by them. Although food and IT sectors are more prone to this type of fraud, the threat is open to all.

Here is some advice to help you protect your business from falling victim to fraud.





Questions to ask yourself as a supplier:

How long has the business been established? is it new? is it a family enterprise? what is the legal form and does that really match the type/size of business you are being led to believe it is? What has been provided to you e.g. business cards, letter headed paper, website information and does it all look professional and legitimate? If provided with trade references do you independently check them out and do they seem legitimate?

Points to look out for:

- Contact made via mobile with no landline provided
- A professional looking website but with little functionality.
- The buyer is generally not interested in price/no or little negotiation.
- An unusually short period between first contact, order and delivery requested.
- A one off low value order or following payment of several low value orders a one off much larger request.
- The buyer requesting to collect goods themselves often in unmarked vehicles or requesting to change the delivery address at short notice.
- Conflicting sectors, the buyer being in a different trade sector to the supplier.
- Too ready to supply information requested such as trade references, accounts etc.
- Registered office addresses being PO Box addresses or serviced offices.

What can you do?

Suppliers should carry out checks to ensure their customers are genuine:

- Take a contact name, land line phone number and website address - and check them out.
- Fraudsters usually use mobile telephone numbers and gmail or hotmail email addresses so beware.
- Beware of websites with very little functionality.
- When reading any documents supplied ask yourself if the grammar and spelling used are what you would expect from a professional business.
- Google street view the delivery address provided to validate its authenticity.
- Educate vehicle crews to deliver only to the specified destination and to report any suspicions before offloading the goods.
- Do not rely on contact numbers provided by the buyer. Look up alternatives for the company and call to speak to the individual. This will enable you to verify if that person actually works for the company or whether they are using genuine names that when contacted for real have no knowledge of the contract referred to.
- Beware of fake websites. Always search for an alternative to the address you've been given as impersonators often set up very convincing secondary sites with a slight difference in name to that of the genuine site.
- Beware of last minute changes to delivery address. Don't change the delivery destination once goods are in transit.
- Beware of urgent or casual orders from existing customers. Insist they follow usual purchasing procedures.

In addition to those points, when we receive credit limits we look out for the following:

- Usually small companies.
- Recent changes in ownership.
- Recent changes in name and/or registered address.
- Move from dormant to trading.
- Change of activity.
- Frequency i.e. several limit requests in a short space of time.
- Buyer contact too frequent, too helpful/willing to supply additional information.
- Conflicting trade sectors eg a fruit and veg wholesaler purchasing shoes, computers, cosmetics etc, IT HAPPENS!
- First year accounts being too good to be true or a vast improvement on the previous years figures.

Each point in isolation would not necessarily point to fraud however when you start seeing several points in existence that is when suspicions should be raised.

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