

# April holidays invite white-collar crime

Over holiday periods, when companies may be short staffed, credit-vetting procedures may not always be strictly adhered to and this increases the dangers of fraud and specifically white-collar crime.

"The three major scams we are experiencing across industries are related to company identity fraud," says Coface operations director Jacqui Jooste.

## False addresses

The first type relates to false buyers requesting delivery of goods posing as an existing client and then changing the delivery address of the established customer. The supplier then delivers the goods to the new address, but when the supplier tries to collect payment from the established customer, they have no record of receiving the goods.

"To avoid this type of fraud, it is important that suppliers set up additional checks and balances in the case of a buyer requesting changes to their account. This includes delivery details, bank account details and contact details," says Jooste.

## Duplicate companies

The second type of company identity fraud targets organisations by creating a fraudulent duplicate company. Fraudsters misrepresent themselves as representing a well-known company. The credit application looks authentic and the supplier thinks they are opening up an account for a well-known company. Goods are delivered and only when the supplier attempts to collect payment from the well-known company, is it established that the transaction was fraudulent.

As the company name is well-known and valid, the fraudsters pose as representatives of that business and then 'disappear' with the goods.

## Changing banking details

The third type of fraud is where fraudsters send a letter of notification to a debtor changing the bank account details of one of their legitimate suppliers. The debtor is requested to make payment into this new bank account.

"The documents the company has seen are detailed and look almost identical to the supplier's official stationary. In addition to the design of the documents, the fraudsters have the correct signature and stamps of the supplier."

As a result, the buyer dutifully makes payment into this new account. The fraud is often only picked up when the buyer's account is overdue with the real supplier. The buyer believes they have already 'paid' the money into the correct account,

but the supplier has not yet received payment.

Jooste says to avoid being defrauded in this manner, it is important to have procedures in place regarding changes to supplier details. This could include phoning the supplier's finance department or calling the bank where the new account is held.

"What is interesting about these scams is that the fraudsters seem to target well-known companies. This could be because their documentation is easier to get hold of and therefore easier to alter. It could also be that the brand reputation of the companies has created a sense of trust from their suppliers and therefore less questions are asked when changes are made.

"Regardless of the reason, we encourage companies to be alert if there are changes made to creditor details," she concludes.

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