

Fraud

Advice on how to avoid being caught out

Fraud continues to be on the increase.

Short firm fraud (the main type we see on a regular basis) 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.

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 eg 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 land line 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
- 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
- Fraudsters usually use mobile telephone numbers and gmail/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 off-loading the goods
- Request a VAT number and check it's validity on the EU site link below:

http://ec.europa.eu/taxation_customs/vies/

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

- usually small companies
- recent changes in ownership
- move from dormant to trading
- change of activity
- frequency ie 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.

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.

We recommend that if suppliers feel they have been hit, in the first instance report it to the police but also report it to Action Fraud which is the UK's national fraud reporting centre.

