

*How to...*

# *Avoid Identity Fraud*



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## A Riskdisk guide to help small businesses avoid becoming victims

Identity fraud costs the UK more than £1.7bn a year and it is growing at more than 500% every year. It is the fastest-growing white collar crime, and a threat to small business owners – who are already busy enough running a company without having to worry about how to combat fraudsters.

That's why we have put together a quick summary of the steps you can take to reduce your chances of becoming a victim. Please read on and find out how to protect yourself.

### *How does identity fraud work?*

Businesses can become victims of corporate identity fraud in several ways...

- Having their own identity stolen by criminals who then masquerade as the real company using its good name to obtain goods and services on credit from suppliers.
- Fraudsters can obtain signatures of company directors from public records and attempt to attack company bank accounts by purporting to be the signatory on the account.
- By supplying goods or services to criminals masquerading as another company and subsequently not being paid.

All businesses need to put measures in place to make it harder for criminals to use their organisation for criminal activity. Many of the common sense guidelines that apply to individuals can be adapted to protect companies.

### *Steps to consider*

There are several steps you can take immediately to protect yourself. They cost little or nothing to implement and could make an enormous difference to your business.

#### *Check Identity*

Always check the identity of your customers, both businesses and consumers. Credit reference agencies offer a wide range of solutions to authenticate and verify the identity of customers to ensure that they exist and are who they say they are. And don't be pressured into making a sale.



The most fundamental requirements are to identify the formal trading name and address of the business. This should of course be provided on original headed company paper. It is a good idea to identify the directors too.

Always confirm fax and telephone numbers. Try cold calling the number. Is the telephone code relevant to where the business says it is trading? Do they answer the telephone saying a business name?

Always check the information provided to you by the customer. Did they provide trade references or bank references? Don't assume the information provided is correct, always double check and follow up the references. Also, don't forget to check the business giving the reference – are they truly impartial?

What has the client ordered from you? Is the industry they're trading in relevant to what you supply?

Ask yourself these questions, and satisfy yourself that they are who they say they are and you will go a long way towards protecting yourself.

### *Secure Document Procedures*

Businesses have a duty of care to protect their customers' and employees' information and a legal obligation under the Data Protection Act. Establish good document management procedures and make sure they are adhered to.

Lock away sensitive documents in a safe place and limit access to these documents to the key members of staff who really need them.

Ensure all documents are disposed of securely. Shredding information is the best way to ensure that criminals cannot gain access to sensitive company details fraudulently. Confetti-cut shredders provide greater security by cutting paper into small confetti-like particles and also reduce bulk waste.

### *Staff Training*

Informing staff about the risks of corporate identity fraud will ensure that they remain vigilant. Ensure your document disposal policy is communicated to all employees. Caution them about the risk of giving out company information online or over the phone without first checking to whom they are giving the information.

### *Reduce the risk of electronic hijacking*

Businesses must be responsible for ensuring that firewall and anti-virus software is kept up-to-date. This way staff can securely open legitimate email attachments for viewing.

### *Companies House*

If you are a registered company, check your registered details (Directors, Company Secretary and Company Address) at Companies House or at Riskdisk. Make sure these are correct and that they have not been fraudulently changed.

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File your documents online and sign up for 'PROOF' at Companies House. In January 2005 Companies House introduced 'PROOF', a free, password protected, online system for companies to alter their details on the register. This system is far more secure than the existing paper record system as no changes can be made without a company-specific password.

Sign up to an 'alert' system that will warn you of any changes to your company details. Riskdisk provides a Hypermonitoring facility for doing this. This will promptly alert you if any changes are made to your company's details.

Do not rely on Companies House records alone if determining whether to lend goods or service on credit. Companies House is a public record and not a crime prevention service or credit reference agency. Always satisfy yourself that your customer is legitimate by additional checks.

### Summary

Identity fraudsters are cunning but not that persistent. If you put these measures in place, you not only make it difficult for criminals to steal your identity, but you also deter them from trying in the first place. Sadly, there will always be companies less prepared than you are and fraudsters like to prey on the weak.

## Easy credit and identity checking for less than the cost of a daily newspaper

There is an easy way to check every customer. If you would like instant access to our credit checking system, you can check the validity of every new customer in seconds, helping protect you not only from identity fraud, but also from the wider problem of taking on bad debts and slow payers.

You can have a free trial today simply call **0844 871 1868** or visit **[www.riskdisk.com](http://www.riskdisk.com)**

