



Warning – Bank fraud

We would like to highlight a bank fraud that is becoming increasingly common and involves email instructions.

In the last few weeks we have had three clients defrauded of hundreds of thousands of pounds using the same fraud, which works as follows:

- Someone hacks your email account and monitors your emails.
- They usually strike when they see you are going to be away on business or a holiday.
- They send an email from your email account to the person with authority to make bank payments for you (they can find this out from looking at your history of emails to this person).
- The email sent to the person with authority will ask them to make a payment giving bank sort code and account number – often the name of the beneficiary is you – the person receiving the email merely thinks you have another bank account and they set up and make the payment.
- Online banking systems seem to have no ability to recognise that the named beneficiary is actually different from the name on the actual bank account, so the bank makes the payment.
- The fraudster then immediately moves the money.

Usually the above fraud involves several payments via several emails – each one increasing the amount paid as the person receiving the email becomes more confident that the instruction is real.

How to avoid this fraud

Firstly, you should try to have two people authorise all payments on your online banking system – this can be a bit more work for you.

Secondly, tell the person who can make payments to verify with you BY TELEPHONE all payments that require a new account payee to be set up on your online banking – these are the ones where the risk lies – not people you normally make payments to.

It seems the banks are unwilling to do very much about returning your funds – no client has managed to recover anything yet – and they do not seem to be planning to check account payee names on the online instruction you gave with the name on the actual account. It does make you wonder what the banks have done to verify the people opening the bank accounts as money laundering and ID checks are carried out by all banks.