

Atradius warns of rise in opportunistic fraud

Trade credit insurer [Atradius](#) is warning businesses to be vigilant after seeing a rise in fraud during the coronavirus pandemic.

The increase in impersonation fraud is believed to be as a result of opportunistic fraudsters seeking to take advantage of disruptions to normal business patterns caused by lockdown measures introduced to control the spread of the virus.

Impersonation fraud occurs when a fraudulent party presents themselves as if representing a credit-worthy and long-established business. The impersonator approaches other businesses under the guise of looking for new suppliers. Believing the enquiry is from a legitimate and recognisable customer, the supplier progresses with the order and unwittingly makes the delivery to a rogue trading address. Once the impersonator obtains the goods, they quickly disappear, leaving invoices unpaid and the supplier out of pocket.

Simon Rockett, Head of Risk Underwriting for Atradius UK said:

“Impersonation fraud is a common occurrence in the business world but what’s different just now is the significant increase we are seeing. Fraudsters are always on the lookout for new ways to take advantage and, unfortunately, the coronavirus pandemic has become an opportunity they are seeking to exploit.”

“Lockdown measures have changed normal operations for many businesses – including shutdowns, a sudden drop in demand and supply chain interruptions. As a result, businesses are actively seeking new customers for their goods and services and will increasingly do so as the country emerges from lockdown. The concern is that the eagerness to resume trading will mean businesses could become less cautious in their approach to due diligence and so more likely to get caught out – which is exactly what fraudsters are hoping for.”

According to Atradius, impersonation fraud is particularly common for sectors trading perishable goods, which are difficult to trace, such as fish and fruit and vegetables. However, the recent increase in impersonation fraud has impacted across all sectors including construction materials and metals, with Atradius warning no sector is immune.

Simon continued:

“When you’re approached by a potential new customer, of course it’s an opportunity to be explored, but, no matter how keen you are to establish new supply chains, don’t let your guard down, vigilance is essential and you can’t afford to ignore any warning signs – no matter how small.”

“The threat of fraud is a growing issue but there are a few tell-tale signs to alert you that you’re dealing with a fraudster. Some of the most essential checks only take a few moments and can save your business from the pain of falling into the fraudster’s trap. For example, check the delivery location on a map and ask yourself whether it is a feasible location for the company you’re supposedly dealing with to be operating from. We’ve seen instances where drivers are requested to deliver to a back alley, a disused yard and even the side of the road.”

However, Atradius cautions that even if the address on the order is legitimate there can still be risks, sometimes the driver is met outside the gate and asked to load the goods straight onto another van. It’s important therefore to make sure every person in the business is well versed in spotting the signs of fraud and knows how to raise a red flag if they see a problem.

Fraudsters thrive on exploiting opportunity and raising awareness of the risks is important. Insurers such as Atradius are a useful source of information and free to download factsheets a simple way to educate staff. While impersonation fraud often isn't covered under a credit insurance policy as the credit limit is agreed against the 'real' reputable company, not the fraudster, working closely with your insurer can help mitigate the risks. As trade experts, Atradius provides support to customers when there is a suspicion of fraud. Currently you can only report fraud as a crime once it's occurred but, by reporting suspicions to Atradius, it can work with customers to ensure you're dealing with legitimate suppliers and trading safely. It's all part of Atradius' commitment to offer a first-class customer service.

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