



## **Invoice fraud: a real threat to UK businesses**

Invoice fraud has become a major worry for UK businesses over the last few years, with it costing the average UK SME £1,658 per year. Over half of businesses see it as the biggest threat they face, with one in four admitting to being caught out by an invoice fraud scam. The tactics used are varied, from simply sending duplicate or fake invoices to embedding viruses in attachments.

The main warning sign to look out for is an unexpected request to change or update payment details for a supplier. This can occur via telephone, email or letter and in the first instance appears genuine. The fraudsters research their targets well and can be equipped with information such as the names of staff members, when regular payments are due, convincing email addresses and legitimate looking invoices. This information can come from sources such as the company's website, through hacking email accounts, a company insider or interception of post.

Once the payment details have been changed, invoices can be paid repeatedly to the bogus bank account until the fraud is discovered. This is often due to the real supplier chasing payment. Recovery of the stolen funds is extremely difficult as the criminals will more than likely quickly transfer the money to another account, often overseas.

As well as targeting the obvious higher value payments, fraudsters have started to focus on the other end of the spectrum – low value invoices which are less likely to come under scrutiny.

Scams may also come from the actual suppliers themselves. A common scam is invoice creep, which is when a supplier increases the price slightly on the invoice from the one initially agreed. This may or may not get picked up on, but if it isn't questioned then they have managed to get away some extra cash that they are not entitled to. Although the scammers may only get away with small amounts at a time, it can add up substantially over the years.

Fraudsters are constantly creating new and more sophisticated ways to steal money. It can be difficult for finance teams who are already busy with day-to-day tasks to check and double check every invoice every time, so technology may be able to help alleviate some of this pressure. Around 70 per cent of SMEs still use manual invoice processes which may leave margin for some things to go undeterred. Electronic automated invoicing can help to reduce the potential for fraud and mistakes.

It is still important to reiterate that every company or organisation is vulnerable to invoice fraud. The vigilance of every member of staff within a company or organisation is the key to prevention.

For further tips on how to protect your business against invoice fraud visit:  
[www.financialfraudaction.org.uk/businesses/advice/invoice-fraud/](http://www.financialfraudaction.org.uk/businesses/advice/invoice-fraud/)

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