

CONTRACTORS PLANT AND FRAUDULENT HIRE CLAIMS

Avoid becoming a victim of organised crime

RSA has seen an increase in deceptions to facilitate the theft of plant claims.

We have observed scams in which the fraudsters have managed to convince the plant hirer that they are a genuine company with the sole purpose of obtaining the goods in order that the plant be allegedly "stolen". In the examples we have identified and investigated goods are stolen, shipped or stripped to generate cash which can in some instances be laundered as clean money.

EXAMPLE 1

In the more organised fraud the fraudster aims to evade an insurer and the plant hire companies' checks. They identify a genuine trading company and create a "clone".

The fraudsters then purchase an insurance policy. Utilising the false company details they have further masked their identity by using either a pre-paid credit card loaded with a sum of money or a stolen card. The policy details are then sent to a fake email address.

The fraudster then uses the same cloned company details and seemingly genuine insurance policy to facilitate the hire of goods, again using stolen money.

The goods are then subsequently stolen. In one example the fraudsters were able to hire and steal £145,000 of plant from one hirer.

EXAMPLE 2

The second more opportunistic scam is where an identifiable person takes out a hire of goods with the express purpose of those goods being "stolen" during the period of hire.

In both instances the result is a significant financial loss, impact to premiums, interruption to a customer's business along with the persona psychological effects associated with being the victim of crime. Everyone in the insurance chain is affected; from the insurer, to the broker, to the hirer. The only person to gain from this is the criminal.

HOW TO AVOID THIS TYPE OF LOSS

Insurers need to be aware and play their part in trying to identify and stop fraudsters from obtaining these policies. However, the policy is only one document required in obtaining hire. We urge you to have strong controls in place to protect your customer's business from this type of crime as a crucial mechanism for prevention.

HOW WELL DO YOU KNOW YOUR CUSTOMER?

1. The fraudsters clone genuine businesses. Have you considered an independent search of the internet to verify the details of the alleged company? There are usually subtle differences such as contact number and the company URL address. By contacting the company by telephone using the official contact number from the customer's website, it enables you to confirm both the identity and authority of the customer in respect of purchasing insurance and/or hiring items
2. Is a Companies House check and credit check completed? (Caution, on a cloning scam the fraudsters will hope that you do these searches on the genuine business)
3. Do you carry out further identity checks in the form of letter headed stationary or utility bills? (Beware of fake documents)
4. Is photo identity checked in the form of a UK driving licence or passport?
5. Do you know that payment by cash presents considerable increased risk and thus identity verification should be proportionately higher?
6. Do you obtain trade or bank references which are followed up and retained?
7. Is a standard credit account application form completed and retained?
8. Have you created a password call ID with the company for hiring of goods?
9. Have you installed CCTV and do you back it up?

DOES THE HIRE OR CUSTOMER FEEL RIGHT?

- Is what is being hired/insured in keeping with the business type and size?
- Is the alleged customer address local?
- Are they behaving suspiciously?

Simple sense checks can often highlight potential issues.

All documentation should be copied and retained on file. If a theft is reported, get as much information as you can and consider if the customer is behaving suspiciously and confirm this information to your insurer.

FOR FURTHER ADVICE CONTACT

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