



24th July 2008

Thousands of UK businesses at risk from identity theft

Over two hundred thousand* British businesses have already fallen victim to identity theft and thousands more could be at risk, according to figures released today by Close Invoice Finance (Close) part of the FTSE 250 merchant banking group Close Brothers Group plc.

Findings from the **Small Business Finance Barometer**, published by Close show that while the rise of personal identity theft is well documented, organised criminals are now turning their attention to the corporate market with small and medium sized businesses top of their hit list. The statistics indicate that at least 5% of SMEs have been already been targeted by identity fraudsters while separate figures from the Metropolitan Police indicate the financial damage to British businesses could be in excess of £50 million a year**.

David Thomson, Chief Executive of Close Invoice Finance, said: "Small and medium sized businesses are especially vulnerable as they lack the manpower and systems to protect themselves."



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A typical scenario could see fraudsters changing the registered address and the company secretary or director of a business at Companies House. ►

The criminals could then appoint 'new' directors using them to open bank accounts and arrange to have goods delivered to their 'new' address, effectively ruining the credit rating of the business and leaving it with significant charges to clear.

David added "Regardless of actual monetary loss, the damage fraud can have on the operation and reputation of a business can be terminal so we are raising the alarm in the hope that more SMEs will take steps to protect themselves. As a responsible lender, we see it as our duty to alert SMEs to the significant threat fraudsters pose them. Our business gives us direct online access to many of our clients' accounts, so we make a point of flagging up any potentially fraudulent transactions as they appear. However, there's no substitute for vigilance especially as our research suggests that the tough economic climate is driving light fingered individuals to go on a fraud offensive."

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Experts at Close Invoice Finance have put together the following advice to help SME's safeguard confidential information:

- Check regularly that your registered details are correct at Companies House and that they have not been fraudulently changed.
- File online with an electronic password and subscribe to PROOF, the protected online filing service that aims to reduce the possibility of fraud.
- Subscribe to Companies House 'Monitor', an email alert that gives warning when any changes to company details are made.
- Limit the employees who have access to sensitive information.
- Don't rely on Companies House records when determining whether to issue goods on credit.
- If dealing with a new supplier or business customer, screen them thoroughly. Insist they provide you with a landline contact number and check that you can contact them on that number.
- Never pay for goods or services by money transfer e.g. Moneygram or Western Union.
- Always encrypt sensitive data on your computer network.
- Plan ahead and have in place a clearly defined fraud response plan so that you can react quickly and effectively should fraudulent activity take place. ►

If you think your business identity has been misused:

- Explain the situation to complainants and suggest that they contact their local police or law enforcement agency.
- Check your records at Companies House have not been interfered with or altered without your permission.
- Report it to Trading Standards so they can record your concerns and subsequently deal with any complaints from victims who believe they have dealt with you. ●

Region	<i>SMEs who have been victims of identity fraud</i>
National	220,763
Northern Ireland	5,742
North East	5,425
North West	21,833
Yorkshire and Humber	15,667
East Midlands	14,150
West Midlands	17,644
East of England	22,753
London	33,731
South East	36,430
South West	20,856
Scotland	13,811
Wales	8,764

Figures on the number of SMEs in the UK provided by Department for Business Enterprise & Regulatory Reform – www.dtistats.net/smes/200612/index.asp

The research shows that 5% of SMEs have been victims of identity theft.

Close Invoice Finance commissioned Taylor Nelson Sofres research to survey the views of 200 SMEs in March 2008.

* actual figure 220,763

** figures from the Met