

Distance Selling: Counter-fraud guidelines

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Distance sellers may be targeted by fraudsters, who seek to obtain the seller's products without paying for them.

This document suggests possible risk factors and prevention strategies. Effective due diligence processes are now a legal requirement for registered excise traders and make good commercial sense for all traders.

Although the main focus is on Distance Selling orders, these practices may also be used in face to face transactions or in attempted purchases from other types of supplier.

Risk factors include:

Contact details

- Only a mobile number and a web-based email address are provided
- Incorrect titles are used with contact names (e.g. Mrs John Smith)
- Poor spelling and grammar
- Delivery address does not match the billing address
- Delivery address to an existing business but to someone not listed as an employee. The whole order may purport to come from a legitimate business, but subtle details of the e-mail address or contact details may be incorrect
- Delivery and contacts details based in post codes where fraudulent activity is high
- Delivery to a PO box
- Order from high risk countries

Product Type

- Certain products tend to attract fraudsters, due to their high resale value. Products such as Champagne, Bordeaux wine and Spirits are common targets
- Large of orders of less valuable or less well-known product may also be sought, particularly from a small supplier or producer, in circumstances where that order would represent a lucrative and attractive deal

Order Value

- Business may wish to set an order threshold above which additional verification may be triggered or internal authorisations required

Order Type

- High value orders for same day or next day delivery have to be treated cautiously
- Orders over the phone to be collected in store are also risky. If someone is collecting the order in store, then requiring the cardholder to be present is an additional safeguard

- Orders on behalf of a business or a well known institution (e.g. the BBC) for immediate delivery are also common scams
- Order from overseas

Delivery types

- Specific delivery times: orders with requests for deliveries in the evening, at weekends, or between specific times are often more likely to be fraudulent
- Delivery collected by a third party
- Delivery to a business address
- Customer in a hurry or persistent, requiring same day delivery or very short delivery time.
- Changes to delivery instructions at the last minute

Possible Prevention strategies include:

- Check customers order history (existing or new customer?)
- Use third party checks, real-time authorisation checks or manual checks if the order exceeds a certain value or is for certain type of products that are of 'high risk'
- Ask for landline number as well as a mobile number
- Use www.scamadviser.com and <https://who.is/> to assess any website details
- If the purchaser purports to be an unsolicited or unexpected order from a well-known company, check with any personal contacts in the company or through the company's public portal
- If business address is used as an alternative shipping address, or if the order is placed on behalf of a well known institution, check that the cardholder works there
- Use a score card system which triggers additional verification and checks (no risk, low risk, reasonable risk and high risk according to order value and product type)
- Only accept certain payment types and make sure payment has cleared before releasing goods
- Only deliver to address that is different to the billing address if the customer has an order history with you
- Make sure that you understand who is providing the movement guarantee if you are selling goods in duty suspense
- Follow up online orders with a phone call to check the contact details
- Use privacy notes in Terms and Conditions warning potential fraudsters that fraudulent activity will be reported to the Police, as follows: 'For the purposes of the prevention or detection of offences, and/or the apprehension or prosecution of offenders, we may share any information that we collect with the Police, other public or private sector agencies or representative bodies in accordance with the relevant legislation. This will include public authorities, insurance companies, finance companies, automotive advertising companies and/or other agencies.' Information shared in this way will not be used for marketing purposes."

Please note that these guidelines are merely a reflection of best business practice and whilst every attempt has been made to ensure accuracy it is to be considered as a general guide only. The Wine and Spirit Trade Association accepts no liability for any inaccuracies or omissions herein or for any typing errors. Professional advice should therefore be obtained or reference made to the appropriate source material before taking any decisions or action on any specific matter on the basis of the information given herein.