

Both corporate and accountants' identities face the threat of theft from fraudsters. Pat Delbridge reveals what steps can be taken to prevent such theft.

identity theft – corporate and accountants



■ **Concerns about personal identity theft have been with us for some time and many people take care to shred bank statements, etc before disposing of them and to keep their data secure.**

Corporate identity theft is a more recent development but has gained considerable press coverage as a result of phishing – the targeting of internet banking customers by criminals to extract usernames and passwords.

Less press coverage has been given to other forms of corporate identity theft and the new development in accountants' identity theft.

corporate identity theft

Criminals have been exploiting the change of details mechanisms at Companies House in order to change details of the registered address of a business (using form 287), the company secretary or director (using form 288c) and the appointment of new directors (using form 288a). Companies House will not notify the genuine company secretary or directors that these forms have been submitted – nor will they check the details in the forms for authenticity before processing.

Once the corporate identity has been hijacked in this manner, the 'new' directors can open bank accounts, order goods to be delivered to the 'new' company address using the company's creditworthiness, and then sell on the goods without paying the supplier. The genuine company officials are often unaware of what has happened until suppliers attempt to enforce payment of the goods.

In May 2005, the Metropolitan Police Service (MPS) launched a major new initiative to advise businesses on simple preventative measures to protect themselves from such hijacking. They estimate that fraudsters who steal the identity and then trade under a legitimate company's credit and name have cost industry in excess of £50m a year.

Working with Companies House, the MPS advises four simple steps:

- check your company's registered details are correct at Companies House and that they have not been fraudulently changed
- sign up for Companies House electronic filing. Companies House electronic customers can then subscribe to 'PROOF' – the protected online filing service under which PROOF customers tell Companies House that they will only file electronically and that paper submissions should be rejected
- sign up to Companies House 'Monitor' – an e-mail alert system through Companies House Direct which will warn the password holder when any future changes are made to company details
- do not rely solely on Companies House in determining whether to give credit to companies for goods or services. Companies House should not be treated as a credit reference agency and additional means should be used to determine whether a customer is legitimate.

For further information on the Companies House 'PROOF' and 'Monitor' schemes, go to the following website addresses:

- www.companieshouse.gov.uk/infoAndGuide/proof.shtml
- www.companieshouse.gov.uk/infoAndGuide/monitor.shtml

accountants' identity theft

Another tactic employed by fraudsters is to steal an accountant's identity to legitimise the accounts of bogus companies with a view to securing credit with other companies. Business credit check agencies consider the accounts filed with Companies House in determining the credit rating to award to a company and can be fooled into giving an excellent credit rating to a fraudulent company.

Companies House is only concerned with whether accounts filed meet the requirements of the Companies Act and does not verify company information. Accountants are therefore often unaware that their identity has been stolen in order to legitimise falsified sets of accounts unless contacted directly by a business credit check agency that has become suspicious about a set of accounts. Where such fraudulent activity is brought to the attention of the accountant, the police must be notified as well as insurers.

Business credit check agencies are now aware of this fraudulent practice and are likely to contact more accountants directly to confirm the authenticity of accounts. ■

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