

## WING TIPS

### *Identity Fraud Update – who's running your business*

In the first seven months of this year there were 114 cases of attempts to change registered names at Companies House without consent. While 'Chip and Pin' has reinforced protection against personal fraud, businesses registered at Companies House are now proving to be an easier and more lucrative target and 'business identity fraud' is growing. Corporate fraud, involving the theft of company 'identities', now stands at around £50 million per year.

The implications for business are widespread. Members of the Finance & Leasing Association, alarmed by the rapid growth of "corporate hi-jacking", are tightening their review and checking procedures before advancing loans or agreeing leases to reduce the risk of being duped. Suppliers are also being told not to rely solely on Companies House records in determining identities. Companies are being encouraged by Companies House to end the paper chase, file documents electronically and take advantage of a password system that reduces the risk of outsiders "tampering" with the massive data base, housing information on almost 2m businesses. We outline what you can do to cheaply and effectively safeguard your company.

One of the most common techniques used is to "con" Companies House into changing the registered address or directors details of an established business and then order goods from the new address. Fraudsters place orders for delivery to the fake address but by the time suppliers become aware the fraudsters have fled, leaving the company to sort out the mess left behind. Another tactic involves a slight change in the registered name, then obtaining goods or finance by persuading suppliers that the business is a branch or subsidiary of the legitimate company.

Skilled fraudsters have been known to log themselves as company directors with Companies House in an effort to establish themselves as legitimate if any identity checks are made. They have also bought a legitimate company with sound credit records, lulling suppliers into feeling they are dealing with an authentic company. The gang then sells all the equipment, puts that company into liquidation and moves on to the next one, a sort of conveyor belt of shifting identities.

Given the number of registered companies it is impossible for Companies House to individually check signatures on documents. Against this background, you can take steps to solve this situation. Companies House have launched two services PROOF and Monitor to help address these issues and is encouraging companies to sign up electronically and use the services.

- **PROOF:** Once a company has registered electronically, it will be allowed to join the PROOF System by signing a form PR1. From then on, Companies House will only accept changes of address and directors' details electronically. Unless specifically authorised by the directors, these documents will not be accepted in paper format in the future. This service is free.

- **Monitor:** You can also register with Companies House to be notified of any changes in respect of named companies. This could include the company, itself, and competitors/collaborators etc. The cost of this monitoring service is 50p per company per annum. When a document is filed on the subject company, you are notified by email.

If you are busy you may want to appoint an agent such as Vantis' company secretarial department, which can monitor and lodge documents on your behalf. We would strongly urge everyone to take advantage of the PR1 without delay.

**If you would like any further advice please contact Simon Noakes. Simon is a client partner at the City Office of the Vantis Group. Contact him on 0207 549 2373 or email him at [simon.noakes@vantisplc.com](mailto:simon.noakes@vantisplc.com)**