Fraud Prevention – Applications

PROTECT YOUR BUSINESS
Fraudulent new account applications and transactions cost the credit industry millions of dollars each year. By following fraud prevention tips you can better protect your business and your customers while reducing possible chargebacks.

IDENTITY THEFT
The most common form of fraud in the credit industry is application fraud. Application fraud occurs when the person opening the account is not the person they claim to be. This is also known as identity theft.

Please keep in mind that some of the following warning signs listed may take place during legitimate application processing; however, they tend to happen more often during fraudulent applications.

Remember, YOU are the first line of defense against fraud.

WARNING SIGNS
Being alert while customers are completing applications and being aware of the below signs will help you identify possible fraudulent situations:

- Observe applicant as they complete the application to ensure they are completing from memory and not from pieces of paper pulled from a pocket, wallet or purse.
- Does the applicant appear to be nervous?
- Does the customer select purchases without regard to price, style, or size?
- Did the applicant pull the identification from his/her pocket instead of a wallet or purse?
- Is the customer unsure of information requested on the application? Do they make corrections on the application?
- Did the customer wait until closing time to come in to make a purchase?
- Is the customer making multiple purchases of the same item?
- Does the customer have the credit card in their possession or is the account number written on a piece of paper?
- Did the customer travel an unreasonable distance to make the purchase?
- Does the customer live in another state or present ID from another state?
- Does the signature on the identification the customer is using (driver’s license, credit card) match the signature on the application and sales draft?
- Documents provided for identification appear to have been altered or forged.
- The photograph or physical description on the identification provided is not consistent with the appearance of the applicant or customer presenting the identification.
- Other information on the identification is not consistent with information provided by the person opening a new account or customer presenting the identification.
- An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.
SUSPECT FRAUD?
If Fraud is suspected, contact Client Services immediately at 800-333-1082. You can tell the Client Services representative that you have a “Code 10.” This is to avoid alerting the customer that you suspect a possible fraud situation. Several pieces of information will be verified and the representative may request to speak to the customer to verify information listed on the application matches that found in credit bureau.

Here are some common warning signals that may indicate a possible fraud situation:

- Customer’s ID is altered, cut, taped, etc.
- Signature on receipt or application doesn’t appear to match signature on ID
- Photo on ID doesn’t look like the customer
- Customer’s address doesn’t match their driver’s license state
- The purchase size, quantity, etc. seems abnormal (e.g., multiple purchases of the same item)