

MARSH BULLETIN – FRAUDS AND SCAMS



It was reported recently in *The Times* that “Russian gangs are targeting solicitors dealing with property purchases in a complex fraud that allows them to steal cash on the day of completion”¹. The report stated that in a six-week period, the so-called “Friday afternoon fraud” was thought to have cost the profession GBP50 million.

According to *The Times* report, “Typically, solicitors are conned into changing the account into which they pay the money for a house purchase. The plots involve a combination of identity fraud and cyber techniques, such as hacking, malware and spear phishing.”

The Scottish profession has been – and continues to be – exposed to these types of fraud (see “Fraud alert following unprecedented levels of scam activity”, in the Society’s October *Bulletin*²).

Over the course of the past few days, solicitors have reported instances of fraudulent emails (some purportedly from clients, some purportedly from firms to their clients) in which the recipient is asked to pay money, such as a deposit for a house or the proceeds of sale, to a particular bank account. However, the bank account details provided are the fraudster’s. In these cases, it appears that previous emails between solicitors and their clients have been intercepted, and the fraudulent emails appear to come from the same or very similar email addresses to the genuine ones. These frauds have been highlighted in risk alerts and *Journal* articles over the course of this year. See, for example, the article “Double Danger” in *The Journal*, August 2015, pp48.

There have also been recent cases of fraudsters sending fake **internal** emails, which appear to be from solicitors instructing colleagues in their firm’s cashrooms or finance teams to transfer funds out of client account or the firm’s own account. The payee bank account in such scenarios is of course the fraudster’s. The instructions are very skilful in their design and language and, in some cases, are sufficient to convince the cashroom or finance team that they are genuine.

1 “Russian gangs in ‘Friday fraud’ hit solicitors for £50m”, available at <http://www.thetimes.co.uk/tto/news/uk/crime/article4546929.ece>, accessed 5 October, 2015.

2. “Fraud alert following unprecedented levels of scam activity”, available at <http://www.lawscot.org.uk/members/regulation-and-standards/financial-compliance/fraud-scams/fraud-alerts/current/urgent-fraud-alert-7-october-2015/>, accessed 9 October, 2015.

MARSH TRAINING MODULE AND ASSESSMENT

The training module and assessment created by Marsh, **Frauds and Scams – increasing awareness**, includes descriptions of how fraudsters have perpetrated, or attempted to perpetrate, frauds on solicitors and their clients. It also suggests practical risk controls.

Although this and all other eLearning content on the Marsh website is available to all in the profession free of charge in the dedicated frauds and scams section of the Marsh website for Scottish solicitors, www.marsh.co.uk/login/lawscot, a username and password are required to access the website.

Log-in details have been provided to each practice, but if you require a reminder of your practice’s details, or are having any difficulty logging in, please contact nada.jardaneh@marsh.com for assistance.

FRAUDS AND SCAMS – INCREASING AWARENESS

Heightened awareness of these risks is critical. The nature of these frauds and their skilful execution means it is essential that all colleagues, especially fee earners and cashroom/finance team colleagues, have the highest levels of risk awareness and vigilance. Consider therefore:

- Circulating bulletins and alerts to all colleagues.
- Delivering fraud risk awareness training.
- Encouraging, or requiring, all colleagues to undertake the Marsh **Frauds and Scams - increasing awareness** module and assessment.

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GRAPHICS NO. 15-1068