

# Fraud buster

ING Lease has recently installed an impressive new system for tracing fraud. **Jason T Hesse** finds out how it works

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"If someone wants to defraud you, they will defraud you. So what you've got to do is make it harder to defraud you than it is to defraud somebody else, and they will go elsewhere."

This is how Chris Stamper, chief executive of ING Lease UK, summarises his approach to fraud.

Earlier this year, ING Lease UK implemented an automated fraud detection system to help intercept fraudulent applicants. The system, provided by Human Inference and embedded into CHP Consulting's ALFA Business Rules Engine, is "fantastic", according to Stamper.

"The software acts a bit like doing a Google search over our information, and because it's embedded in our system, it throws out potential fraudulent matches at every stage," he explains.

While Stamper and Gavin Wraith-Carter, the company's vice-president of underwriting, both insist that the business has not seen a major spike in fraudulent applications in the past 12 months, the business still detects between £2.5 and £3 million (£3 million to £3.5 million) worth of potentially fraudulent activity every month.

"That's probably been about the same in the last two to three years, however," says Stamper. "It's between 30 and 50 deals per month, but bearing in mind we see 450 deals every day, it isn't really a massive amount."

Every month, ING Lease compiles a list of deals that were declined because they had

some of the characteristics of being fraudulent. The details are then loaded onto ING Lease's automated system to help stop future deals coming through again.

"We'll review the potentially fraudulent transactions after an 18-month period, to see whether we have been over-zealous. But generally around half of the businesses involved will have showed distress or will have failed by then," Wraith-Carter says.

### Tricky to define

Stamper adds that it can be quite tricky to define a fraud – the company assesses every deal it receives, looking at the supplier, the customer, the broker and the asset to be financed.

The vast majority of ING Lease's business comes from brokers, which means that it is the broker who holds the relationship with the customer or supplier, Stamper says. He adds that although his company does try to investigate brokers' relationships with suppliers, a finance company can still be duped.

"You can certainly get caught out," he says, referring to the Global Telecoms scandal revealed by *Leasing Life* earlier this year.

"It's usually a fair bet that if you don't have any problems with them, and you've dealt with them for a long time, then you're usually okay. But just because someone has dealt with them for a long time, it isn't automatically safe."

Wraith-Carter believes that the real key to

preventing fraudulent activity is having experienced people who understand what the issues are.

"Just having a database of your past history in itself isn't good enough. You need experienced staff to see if there are things that are just not quite right, who can just look at a deal to see if the equipment is at the right value," he says.

Stamper adds: "The problem is that the government sometimes actually makes it easier for people to commit fraud."

For example, he laments that directors are no longer required to state their private addresses on Companies House documents.

"The more information that's available to credit reference agencies, the better. National ID cards would be great – and even though people would still produce them fraudulently, we would still be in a better position than we are at the moment," he says.

But regardless of the fraud, ING Lease never lets it go, as it wants to build-up its network of information.

"Some of the deals that we've seen have been small IT deals under £10,000, where the fraudsters think that because it's under that amount, it will go under the radar. But if you do enough of them, it's quite a lot of money," Stamper adds.

"We talk about doorways," Wraith-Carter adds. "If somebody gets through the door, it won't be just that one deal."