

## Cheque Fraud

### **What is Cheque Fraud?**

Cheque fraud is done by depositing fake/manipulated cheques for payments and causes loss to bank customers.

There are various types of cheque frauds, some of which are mentioned below.

ChequeWashing:where fraudsters manipulate all or some of the details related to the amount, date &beneficiary to cash the cheque.

Magic Ink Pen Usage- A further type of cheque fraud, occurs when receiving a cheque for a genuine transaction, the cheque issuer is persuaded to fill up details related to amount and/or beneficiary by a pen provided by the 3<sup>rd</sup> party. The writing of such “magic ink” pens,disappears after a while and the fraudster fills up desired amount and beneficiary name to fraudulently cash such cheques.

Fake Cheques- Fraudsters create genuine looking cheques by copying details from original cheques including signatures.

Cheque Theft- Cheques are stolen from the victims or those in transit and then fraudulently deposited for payments.

### **What can be done to prevent cheque Frauds?**

1. Keep your cheque books safe & secure under lock & key
2. Consider having different set of signatories depending upon amount thresholds.
3. Regularly check SMS and emails for communication from your bank
4. Check your account statements and transactions on frequent basis to identify any unauthorized transaction
5. Don't issue cheques to unknown people, sometimes fraudsters offer deals which are “Too good to be true” to get a cheque sample from victims
6. If someone offers you a pen to write on certain documents, be careful and check whether this could be a “magic Ink” pen. Remember that usage of such pens is prohibited in UAE & any person found to be using such pens may end up getting reported to relevant authorities.
7. If you receive cheque payments from 3<sup>rd</sup> parties don't deliver goods/services till the cheque is credited to your account
8. Don't act as “Money mule” by depositing cheques on behalf of others and making them part payment in cash/transfers from your account. If such an cheque is later on proved to be fraudulent, person/entity whose accounts was used to deposit cheque might have to return the funds to the victim
9. All cheques have security features, some of which are printed on the front/back of the cheque. Please ensure that any cheque being presented by you contains those security features.
10. Where possible try using electronic banking facilities offered by your bank instead of issuing cheques for payments.

Should one become a victim of cheque fraud, one should immediately notify the concerned bank and also consider filing a police complaint.

**Note:** This is issued in public interest by UBF and it bears no responsibility if even after following the above prevention steps, one becomes victim of fraud.