

Protecting yourself from cheque fraud

Advice for bank customers

Typical cheque fraud involves a criminal using counterfeit, forged or fraudulently altered cheques to pay for goods or services.

At the end of November 2007, the banking industry changed the way cheques are processed to benefit customers accepting cheques. The change means that you can be sure that at the end of six working days (after paying in a cheque) the money is yours and you are protected from any loss if the cheque subsequently bounces or turns out to be fraudulent. This means that the funds from a cheque cannot then be reclaimed without your permission, unless you are knowing party to fraud.

Avoiding cheque fraud: top tips

Never accept a cheque or banker's draft from someone unless you absolutely know and trust them. Be especially wary when accepting a high-value cheque, for instance if you are selling a car. Consider other payment options such as a CHAPS, cash, or an automated payment via BACS or Faster Payments.

Be aware that a banker's draft is not necessarily safe from fraud. If you receive a banker's draft in payment for goods you should wait until the end of day 6 after paying it in - to be certain that the money is yours - before releasing the goods. If you are not sure when day 6 has passed you should check with your bank or use the 'Cheque checker' website <http://www.chequeandcredit.co.uk/246/-/page/cheque-checker/>. A banker's draft can be stolen or altered like any other cheque and if it is altered, stolen or counterfeit it will not be honoured.

Keep your chequebook in a safe place, report any missing cheques to your bank immediately and always check your bank statement thoroughly.

Ensure you provide sufficient details about the payee if you are making a cheque payable to a bank or a building society, or to a credit card company to pay off your credit

card bill. Enter the full details for the account holder in the payee line, for example XYZ Bank, re: J Jones, account number 12345678. This helps to guard against fraud and ensures that the money is deposited into the right account.

If you are an innocent victim of cheque fraud who has had a cheque or chequebook stolen and used fraudulently **it is likely that you will be refunded**, although banks will examine each case of cheque fraud on an individual basis. However, if you are the victim of a scam because you have accepted a cheque or banker's draft that turns out to be fraudulent, and you have parted with either goods or services or, in the case of receiving a cheque or banker's draft for an inflated amount, you have paid cash back to the buyer, you are unlikely to be refunded.

Other sources of advice

You can find more information on the [UK Payments Administration](#) website.

Financial Fraud Action UK recently published [Don't Reward Fraud](#), which also provides further information.