

How do I spot a scammer?

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Using online payment tools has become the norm - for businesses of all sizes and across all industries. Yet, with cyber threats on the increase, unemployment on the rise and businesses hard-pressed to thrive in the current economic downturn, securing operational finances has become increasingly important.

“Not a day goes by without an article appearing online regarding some threat to business, with cyber threats and email scams hot news at the moment,” says Greg Brown, Director of Data Services at LexisNexis South Africa. “In small businesses, with pressurised cash flow even a minor scam resulting in loss of revenue could be enough to derail an operation.”

Brown has the following tips for entrepreneurs and business owners with regard to recognising a scammer and protecting their finances against fraudsters:



*Greg Brown, Director Data Services at
LexisNexis South Africa*

- Look out for red flags. Have you been contacted out of the blue by a company or individual claiming to represent a company? Did you receive an unsolicited email from them offering you services or opportunities? Many scams start with someone approaching a business without an introduction, either on email or telephonically and sometimes via your business or personal website or social media. The best course of action is to be suspicious of new contacts until you have checked them out thoroughly. Use a platform like www.sacompany.co.za to check out the business before you engage with them. Check out directorships, if it is a registered entity, whether or not the directors have other similar business interests listed and the history of ownership changes. Changes to these details could mean that the individuals set up businesses, scam people and then move onto the next business. It is always good to undertake a thorough investigation.
- Does what they are offering seem too good to be true? It probably is! Be especially cautious of new contacts who offer you great deals, a quick financial return or insider information. Sometimes a deal seems legitimate but once you do some digging, you realise that it is a scam. Always do your research before committing yourself or making any payments. If the contact is trying to rush you into a decision, be aware that this too could be a red flag and you should approach with caution.
- Be wary of any communication, even from what appears to be an existing contact, asking for upfront payment or advising you that banking details have been changed. This too should be the case if you are notified of directorship changes to a business you have historical dealings with. Always confirm the details of existing suppliers or contacts with a personal telephone call if you have received an email. Never use a telephone contact number off of the email, rather call directory enquiries or use your existing database information.
- Scammers have become adept at intercepting emails, changing banking details or payment instructions. Always double-check with your supplier that their details are correct and request original supporting documents such as bank letters or cancelled cheques. Before making payment to a new or changed bank account, always conduct a bank account verification to ensure the bank account name matches the account number provided. This, along with checking company information such as registration details as listed with the Company and Intellectual Property Commission, will also bring up any red flags and can be done online through a search engine such as www.windeed.co.za.

- It is important to have payment procedures and protocols in place and ensure that these are followed – even in a small business operation. This may be what saves your business in the long run.

For more information, visit: <https://www.lexisnexis.co.za/lexissacompany>

About Greg Brown

Greg Brown is a director at LexisNexis South Africa (LNSA), heading up the Data Services division. In addition to his senior leadership role Greg has a special interest in evolving technologies, innovation and new business development. Greg holds a BCom Honours from the University of KwaZulu-Natal and an MBA from the University of Cape Town and was appointed to the board in February 2012.

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