

Business of identity theft

ONE of our clients had its registered office changed without the company's knowledge.

This was done by someone simply printing off a filed form with the company secretary's name on and then tracing the signature onto form 287, enabling the change of registered office. The address remained changed for a period of some 14 days before the fraud was discovered by the company's auditors on a routine visit and corrective action taken.

The threat

Companies House estimates that there are between 50-100 cases of corporate identity fraud every month. While this is against a backdrop of tens of thousands of documents received each month, the cost incurred by British business as a result of corporate identity fraud has been estimated at more than £50 million each year.

Obtaining or changing a company's identity is surprisingly straightforward.

For example, a fraudster may file a change of registered office notice or change of directors' details at Companies House by signing one simple form. No great legal knowledge is required and copies of a serving company officer's signature are readily available from Companies House.

They accept paper documentation in 'good faith' and as such, will register documentation received without sending any further notification to a company that its details have been changed.

It is perfectly possible therefore, for a fraudster to appoint him or herself as a director of a target company, or alternatively change the target company's registered office address to one which the fraudster has access.

If you think identity theft only applies to individuals, then think again. **David Hallett**, a solicitor in the commercial team at Kent law firm Buss Murton, analyses corporate identity theft in the county

Once the registered office address has been successfully changed, all Companies House notices will be sent there.

Even worse, a customer or supplier may only send money or goods to the new registered office address as a matter of policy rather than sending those goods or money to the company's established trading address.

The fraudster only needs to be successful once at intercepting money or goods before targeting another company. Inevitably, by the time the company or authorities learn of the fraudulent activity, the fraudster will have moved and the postal address will be vacant.

The solution

However, there are procedures that can be put in place that will help to dramatically reduce the threat of identity fraud. These include:

1. Online filing. Every UK company is able to register for an authentication code (much like a pin number) with Companies House. Upon registration for this code a company is then able to submit certain documents (such as the annual return, 288a (appointment of a director) and 287 (change of registered office address) online. The use of online filing substantially reduces the risk of such documents going astray in the postal system.

2. PROOF scheme. Once a company has obtained an authentication code from Companies House, the company can then sign

up to the Protected Online Filing Service (known as PROOF). Once signed up (using form PR1), Companies House will then not accept paper copies of the forms listed under point 1 above. These documents will only be accepted electronically (submitted using the authentication code). Therefore, provided the authentication code is kept safe and treated as if it were a bank account pin number, then the chances of a fraudster being able to change a company's identity are dramatically reduced.

3. Monitor. Companies or individuals can register so that they are automatically notified of all changes that occur to a company's details held at Companies House. The cost of this service can be as little as 50p per year. Once signed up to a monitoring service, the nominated individual will receive an automatic update as soon as Companies House accepts and files a document in relation to a chosen company.

In addition to this, company information should always be stored securely and any information that is to be destroyed should be done so securely (as you would when destroying personal information such as your bank statements).

• **David Hallett is a solicitor in Buss Murton LLP's company and commercial department in Tunbridge Wells. He can be contacted at the firm's Tunbridge Wells office on 01892 502306.**