Protecting Your Title Company From Fraud

Description

Businesses around the country have seen an increase in the number of fraud and attempted fraud incidents in recent years. In 2022 alone, the FBI reported that business email compromise fraud led to losses exceeding $2.7 billion. [1] Title companies certainly arenâ??t immune to this increase. In fact, they may be more vulnerable to fraud than many other types of companies because they have to be concerned about wire fraud and real estate fraud.

Gone are the days of having a not-in-my-backyard mindset. Most companies realize the potential for fraud. However, just because it can happen doesnâ??t mean it will, and this article illustrates some ways in which you can better protect your business from the daily threat of fraud.

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An important aspect of Sandy Spring Bankâ??s Title Advantage program is helping clients protect themselves from fraud attempts. The program offers the Bankâ??s financial fraud detection technology, soft tokens, positive pay services, and dual controls for transfers to help combat scammers. However, itâ??s also critical for businesses to remain vigilant.

Imagine this situation: Sam works for a title company and is verifying mortgage information from a lending institution. He receives an email from a name he recognizes, alerting him to a change in wire transfer routing information. When itâ??s time to transfer money to the institution, Sam remembers the email and makes sure it goes to the new account. Within a few days, everyone realizes the mistake. Sam had mistakenly sent the money to a fraudster, who tricked Sam into thinking he was his contact at the financial institution. (Please remember that parties to a transaction rarely change wire instructions in the course of a transaction. Also, should you receive a similar request, always be sure to call the company directly instead of relying on just one person.)

Sadly, this is not atypical and shows just how easy it can be to fall victim to fraud. In this scenario, Sam fell prey to two different types of scams: spoofing and wire fraud. The scammer used an email address that was very close to the real one, tricking Sam into thinking it was correct. Then Sam unknowingly believed the fraudster, wiring the money to the wrong account. So how can you stay ahead of the fraudsters and better protect your company from these as well as other types of fraud?

Stay Alert

- Utilize positive pay services.
- Update software regularly and use email spam filters.
- Ensure that dual control is built into your payroll and accounting processes.

Check and ACH Positive Pay

- Reduces fraud by paying out only those checks or transactions that you designate or approve.
- Minimizes disruptions if an incident occurs.
- Provides online accessibility to approve any anomalous transactions.

Educate Your Clients

- Remind clients that personal email accounts are not secure and should not be used for sharing sensitive information.
- Share real world examples of attempted fraud and what some of the red flags look like.
- Remind clients that banks never contact clients asking for sensitive information or to make unexpected wire transfer requests.
- Provide clients with wire instructions, letting them know that they wonâ??t change and that they should call and verify any request prior to initiating a transfer.

Even though business fraud is increasing around the country, it doesnâ??t mean you have to fall prey. Itâ??s important for all businesses, but especially title companies, to remain alert and to partner with a financial institution that is proactive in its efforts to mitigate fraud. Clients enrolled in Sandy Spring Bankâ??s Title Advantage program enjoy the services mentioned in this article and more, all meant to help ensure your transfers are sent securely and on time. We understand the pressures faced by title companies, and weâ??re here to help shoulder those demands.

For more information on Title Advantage, please visit sandyspringbank.com/title.

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