



Check Fraud

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Bank systems prevent the majority of check fraud attempts.

- Banks' prevention systems stopped about 89 percent or \$22 billion in fraud attempts in 2018, according to ABA's Deposit Account Fraud Survey Report (2019).
- Attempted check fraud at U.S. banks totaled \$15 billion in 2018. Actual bank losses totaled \$1.3 billion in the same year, up from \$789 million in 2016.
- Banks use a wide range of approaches to counter check fraud including deposit review, fraud detection tools, hold policy, teller/branch controls and customer education.

Just because a check has "cleared" doesn't mean you're in the clear.

- Under federal law, banks must make money from deposited checks available quickly – usually within two days. But just because you can withdraw the money doesn't mean the check is good, even if it's a cashier's check or money order. Forgeries and fakes can take weeks to be discovered.
- Consumers and businesses are responsible for the checks they deposit, because they know best the origin of the check. It can take weeks for a check to be returned as fraudulent. If you withdraw money and the check is returned, you are responsible for paying back the bank.
- If you are uncertain a check is good, talk to your banker before withdrawing the money.

Beware of fake check scams.

- Scams that rely on getting people to deposit a fake check, withdraw the money, and then send the money to the fraudster – by wire, gift card, or money order, continue to grow.
- Here's an example of how it works: A fraudulent buyer offers to send a cashier's check or money order for an amount much larger than the value of the item and asks the seller to wire back the difference. The seller deposits the check, withdraws cash as soon as the funds are available, and then wires the leftover sum to the fraudulent buyer. Days later, the bank learns that the cashier's check was fraudulent. Unfortunately, by then the seller has lost his or her money and merchandise to a scam.
- There are many variations of check fraud schemes including romance scams, work from home scams, fake lotteries and more. Many ask the victim to wire the money, but some ask for gift cards or money orders.
- No legitimate company will offer to pay by arranging to send a check and asking the seller to send some of the money back, whether by wire, gift card, or money order. If that's the pitch, it's a scam.

Consumer tips to prevent fraud:

- **Don't share your secrets.**
Don't provide your Social Security number or bank account information to anyone who contacts you online or over the phone. Protect your PINs and passwords and do not share them with anyone. Use a combination of letters and numbers for your passwords and change them periodically. Do not reveal sensitive or personal information on social networking sites.

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- **Watch out for phishing emails.**
Sometimes fraudsters send very legitimate looking emails that appear to come from a financial institution, e-commerce site, government agency or any other service or business. Often, the email urges you to act quickly because your account has been compromised in some way. If you are unsure whether an email request is legitimate, don't reply, and don't click on links or call phone numbers provided in the message.
- **Use online banking to protect yourself.**
Monitor your financial accounts regularly for fraudulent transactions. Sign up for text or email alerts from your bank for certain types of transactions, such as online purchases or transactions of more than \$500.
- **Shred sensitive papers.**
Shred receipts, banks statements and unused credit card offers before throwing them away.
- **Keep an eye out for missing mail.**
Fraudsters look for monthly bank or credit card statements or other mail containing your financial information. Consider enrolling in online banking to reduce the likelihood of paper statements being stolen. Also, don't mail bills from your own mailbox with the flag up.
- **Monitor your credit report.**
Order a free copy of your credit report every four months from one of the three credit reporting agencies at annualcreditreport.com.
- **Report any suspected fraud to your bank immediately.**

See joint ABA/FTC Check Fraud infographic here:

<https://www.aba.com/Tools/Infographics/Pages/fake-check-scams.aspx>