

UNDERSTANDING THE MECHANICS OF REFUND FRAUD

According to Entrepreneur Magazine, in 2006 alone, US businesses lost over \$9.6 billion dollars to refund fraud; that's over \$26.3 million dollars per day. Think about it, this is a staggering amount of lost revenue, and the trend seems to be getting worse. What's the good news? You and your co-workers can help your company reduce its risk of falling prey to this insidious type of theft. However, before we can do that, we need to understand exactly what refund fraud is and how it occurs.

Generally speaking, refund fraud occurs in two stages: a shoplift and then a refund, but it's not quite this simple. Often times perpetrators of refund fraud will seek out specific types of merchandise; usually small, expensive and easily concealed items. However, be aware that, many times, perpetrators of refund fraud will purchase the items they're planning to steal

prior to actually stealing them. Possessing a receipt accomplishes two things: it gives the thief access to make a forgery of your company's actual receipt, and it provides the thief with a possible excuse should he or she get questioned while attempting to shoplift the specific item. Furthermore, always be on the lookout for customers who are picking up receipts that are lying around in the store or in the parking lot. Often times thieves will pickup a receipt and then enter your store to shoplift the items printed on the receipt.

Here's the good news: you have the power to defeat refund fraud. First of all, use your excellent customer service training to prevent shoplifting; most shoplifters can be deterred simply by assisting or speaking to them. Secondly, be certain to adhere to your company's refund policies; they're in place for a reason. And if you're uncertain about your

company's refund policy, be certain to ask a member of your management team.

Make certain your customers understand that proof of purchase (a receipt) is required. Carefully check the receipt to ensure it hasn't been photocopied and that it's the correct type of paper; most modern POS printers use thermal paper, so the surface can be easily marked. Also check to see that the customer's receipt has straight edges, often times thieves will use scissors to cut a receipt to size. In addition, make certain that the customer provides his or her identification, and ensure that he or she signs the refund paperwork. Most of all, if you suspect that you're dealing with a refund fraud suspect, or if you're unsure how to handle this type of situation, be certain to speak with a member of your store management.



TIPS FOR HELPING YOU REDUCE REFUND FRAUD:

- Refund fraud occurs in two stages: a shoplift and then a refund.
- A refund thief will often purchase the items prior to stealing them because it provides a copy of the receipt, and it provides an excuse should they get caught.
- Be on the lookout for any customers who are picking up receipts lying in the store or the parking lot.
- Use customer service skills to deter shoplifting.
- Strictly adhere to your company's refund policies, or talk with a manager if you don't know.
- Make certain that the receipt isn't photocopied, that the style of paper matches and it has straight edges.
- Always check the customer's identification.