

Online bank fraud doubles in two years

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Official figures from the trade body UK Payments Association indicated that online banking fraud increased to £59.7 million last year. This was an 18 per cent increase on the year before and more than a doubling since 2007 when there were £22.6 million of losses.

As more and more consumers are persuaded to go online by their banks, criminals have followed them. Most of the fraud has happened by criminals usually based overseas attacking consumers' computers without their knowledge. The most common technique is for criminals to install malware into a consumers' computer a piece of software that can sense a users' keystrokes. This means that a criminal, despite sitting on the other side of the world, can tell the password and account number of an online bank account that a customer is typing in. Malware is installed invariably without the consumers' knowledge when they click on a link to a website or an attachment to an email.

Graham Cluley, a leading expert on internet fraud at Sophos, a security firm, said: "Every day we see 50,000 new pieces of malware from around the world coming into our labs. The criminals are always creating new, ever more sophisticated ways of attacking people's computers." The figures were published alongside data indicating that credit card fraud fell significantly last year, thanks to chip and pin technology and more secure retail websites. The padlock system and "verified by Visa" scheme, which requires shoppers to tap in a password when paying for items on a website, helped overall card fraud fall from £610 million to £440 million.

Despite the fall, this still equates to £10 for every adult in the country.

The UK Payments Association said it remained concerned about the increase in online banking fraud. As bank branches close, banks are persuading consumers to opt for online banking, which costs less for the banks to operate. The number of customers that use online bank accounts has increased from 15 million in 2005 to 22 million last year.

David Cooper, chairman of the fraud control steering group, the payment industry's leading fraud prevention group, said: "The industry remains committed to containing and reducing all areas of fraud. To this end, we will continue our partnership approach working with law enforcement, retailers, consumers and the Home Office to tackle fraud head-on."

Source: http://www.telegraph.co.uk/finance/personalfinance/consumertips/banking/7405586/Online-bank-fraud-doubles-in-two-years.html?utm_source=tmg&utm_medium=TD_fraud&utm_campaign=pf1003pm