



FIU REFERENCE: **ALERT/007/2021**

OVERPAYMENT SCAM/FRAUD



GENERAL INFORMATION

The FIUTT has noticed cases whereby a **fraudulent cheque**, in particular a **mailed-in cashier's cheque**, is credited to a hotel's bank account for alleged bookings and subsequently the "issuer" of the cheque would contact the payee/hotel requesting a partial or full refund of the cheque amount. The request for a partial or full refund is usually made before the clearing period for the cheque is completed. This appears to be an **emerging trend within the tourism sector**.



HOW THE OVERPAYMENT SCAM/FRAUD WORKS

An email is sent to a hotel in Trinidad and Tobago from a 'potential customer' who may be residing abroad, or who purports to be living abroad. The email is for a booking on behalf of a client (**usually the name of a known/popular person is used** and if an internet search is done, the name will be found) for stay at the hotel, for approximately a two-week period. A quotation is provided by the hotel, to the email by which the booking was made. When the hotel/business provides the bank details for the payment to be remitted via a wire transfer, the booking is confirmed via email by the 'potential customer'.

Next, the local financial institution with whom the hotel holds an account, receives a mailed-in cashier's cheque from the 'potential customer', drawn in foreign currency from a foreign financial institution. For the most part, the cheque would look authentic - complete with watermarks, stamps and signatures. **The amount on the cheque exceeds the quotation given for the booking.**

The 'potential customer' then emails the hotel detailing that due to an oversight, **the reservation was overpaid.** The 'potential customer' explains that it is now too late to cancel the entire payment and requests that the difference be refunded urgently. The 'potential customer' may have other convincing reasons why the amount on the cheque is more than the quoted cost.

The hotel receives the banking details **to refund the overpayment which is now to a third-party account as opposed to the issuer of the cheque.** As the cheque is drawn on a foreign bank, the local bank would not normally make the amount on the cheque available before it is cleared (which may take up to 28 days). Unsuspecting hotels, who may be under pressure from the customer would not wait for the cheque to be cleared and remit the difference to the 'potential customer'. **Unknowning that the cheque sent for clearing is counterfeit, the hotel has been scammed into remitting monies that cannot be recovered.**



RED FLAG/INDICATORS

- Pay attention to the type of payment.
- Pay attention to requests to return excess funds urgently.
- Fraudsters tend to insist on wire or online banking transfers to return the excess amount.
- Take note if you are asked to return the excess funds to a third party — not the entity or person with whom you have been communicating.
- Clients will not mistakenly overpay you.

CAUTION

In order to protect businesses from overpayment scams, always make sure that any funds paid into the account are irrevocable before making a refund. Ensure that the **cheque is cleared before returning excess funds**.

Resist pressure to **"act now."** If the issuer/customer is legitimate, the refund can be made when the cheque clears.

Any transaction/activity suspected to be fraudulent, should be reported to **Fraud Squad of the Trinidad and Tobago Police Service (TTPS) at Telephone numbers: 1(868) 625-2310 or 1(868) 623-2644 or; Fraud Squad South office at 1(868) 652-8594; or by Email: fraud@ttps.gov.tt.**

