

Mobile Phone Theft Cap – a new opportunity for Fraudsters?

“A cap on mobile phone bills run up by thieves after handsets are stolen will bring relief to millions of consumers, campaigners say.

Five service providers - EE, O2, Three, Virgin Media and Vodafone - say the £100 cap will be activated providing the phone is reported lost or stolen within 24 hours of it going missing.”

<http://news.sky.com/story/1449961/mobile-phone-theft-cap-to-protect-consumers>

Following a certain amount of pressure from Government and Community Groups such as Citizens Advice and others, five UK Service Providers have now agreed to a £100 cap on charges customers are responsible for if their phones are stolen and used fraudulently, providing the phone is reported stolen within 24 hours of the theft being discovered.

This announcement was made through the UK media on Sunday 22 March 2015, but what seems unclear, is when the ‘clock starts ticking’ in respect of the 24 hour period a customer has to report their mobile stolen to their home network. Many hours can pass between the time a first fraudulent call is made from stolen handset, and the customer actually becoming aware that the phone has been stolen. There is no doubt that Government and Consumer Protection groups will insist that this 24 hour period starts from when the customer discovers that the phone has been stolen. Even assuming that all customers who are victims of theft will be honest when providing the date and time a theft was discovered, it is reasonable to assume that the time between a handset theft occurring, and the theft being reported, could increase to 36 hours or more.

What is clear from the announcement is that this provides yet another opportunity for the fraudsters. We are already well aware that some tourists in Barcelona are being offered up to €500.00 for their mobile phones on the condition that they report them stolen when they get back to their home country. Obviously there was a certain amount of risk associated with this for the tourist, who may find their mobile provider expects them to pay for any fraudulent charges incurred after the phone was ‘stolen’. Now they know that provided they are with a CSP who is a signatory to this agreement, their liability will now be capped at £100.00.

There will also be those who will see this as an opportunity to fund their overseas holiday. Earn up to £3,000 or more calling an International Revenue Share number and simply report their phone stolen after they arrive home, leaving their CSP with fraudulent charges in excess of £10,000. There are also other variations available to exploit this initiative that fraudsters are certain to identify and utilize.

Another issue that is likely to arise out of this current agreement is that there will be pressure to extend this to other UK MNO’s and MVNO’s and then perhaps to EU operators.

This all places greater responsibility on CSP’s to have in place effective tools to identify IRSF early. There should be no situation where IRSF is permitted to continue for 24 to 36 hours before a CSP becomes aware that a mobile phone has been stolen. Utilizing the PRISM International Revenue Share Test Number database in association with an effective FMS or the PRISM Client, which has the ability to SMS or Email on-call staff during out of office periods (such as weekends when no Fraud Monitoring staff are working) is extremely important to manage this increased risk.

One thing we can be sure of is that Fraudsters will have already identified this initiative as yet another ‘opportunity’ for them to defraud operators, so it is important that the UK (and likely also EU) operators prepare themselves for this new variation to an existing risk.