

E-tailers opt for Early Warning system

By Dinah Greek [13-11-2002]

Fraudbusting programme gives e-tailers advance warning of online scams

Online retailers are fighting back against credit card fraud with another scheme designed to protect them against fraudsters.

Official estimates report that "card not present" fraud cost industry £95.7m in 2001, with internet fraud accounting for 12 per cent of this figure.

Early Warning, set up by an online retailer of the same name, is a not-for-profit organisation similar in its concept to the Interactive Media in Retail Group (IMRG) Security Alert programme.

Both collect information about fraudulent transactions and share it between retailers, ending some of the multiple scams that the internet can make easier.

Early Warning is a web-based scheme that allows members to check their own online credit card orders against a database of known frauds. Searches are defined by email address, IP address, delivery postcode or name.

Members also contribute information on frauds they have discovered themselves. Email alerts for all new frauds are then sent to those members requesting them.

But keeping or sending any sort of data can be risky for the e-tailer because of the Data Protection Act.

In order to lessen the risk to e-tailers falling foul of this legislation, members give an undertaking that they have carried out a credit card check with the card issuer on the details given in their sales order before posting a fraud to the database.

Consumers can also demand to see what information is carried about them.

Andrew Goodwill, founder of the scheme, said: "Members are also told to include warnings to customers about the use of data on their websites under their terms and conditions. We let them know that if they commit fraud we will let members know," he said.

Goodwill said that since its low-key launch in September the site had saved e-tailers an estimated £300,000.

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