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Honesty will help foil the fraudsters

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When Chelsea Building Society recently revealed it had been hit by fraud totalling £41m it was a eureka moment.

Coming after Bradford & Bingley's £270.8m fraud provision it suggested a gathering momentum for disclosure, although there will be many reading this who have just glanced out of their windows to see pigs in full flight.

The fraud risk industry has long been trying to understand the scale of fraud. While the police feel that £700m a year is realistic industry trade bodies are quick to refute figures but slow to propose alternatives.

Financial PRs will be sweating over the Chelsea announcement but it's time they put down their cappuccinos and realised that one of the best ways to combat fraud is to be open about it. Underplaying the problem benefits criminals more than banks.

When we started trials of our Q-Guard fraud tool 18 months ago we proposed to banks that there would be no charge, just a reward based on splitting the savings from avoided fraud 50/50.

We have since seen a 132% rise in the number of Q-Guard alerts issued to lenders. Little wonder there was no appetite for our charging mechanism.

A leading risk manager recently told me that if you don't think you have any fraud you aren't looking hard enough.

Chelsea has made a bold move and whether others follow remains to be seen. Criminals will be hoping they don't.