



# PRESS RELEASE

## Smelling a rat: Lloyds Bank's fraud team uses artificial intelligence to help sniff out scams BEFORE they happen

- **Lloyds' cutting-edge new system detects scams *before* victims lose any cash**
- **Sophisticated software sniffs out the tell-tale signs undetectable to fraudsters**
- **It's already prevented fraudsters getting their hands on more than £4m**

Lloyds Bank has developed a cutting-edge new tool – built by experts in fraud prevention, software engineering and data science – to hunt down fraudsters before they have a chance to strike.

Despite increased awareness in recent years, one in 10 (10%) UK adults\* say they have been the victim of a financial scam at some point in their lives.

The new hi-tech defence system, nicknamed '*The Rat*' by the fraud team at Lloyds, aims to identify people who may be targeted and act quickly behind the scenes to stop them losing money.

### How it works

- **Biometrics:** When a customer uses internet banking, real-time fraud detection systems are used to decide whether it's really them or a fraudster. This includes sophisticated behavioural analysis to build a detailed profile of how a customer uses internet banking (i.e. what's 'normal' for them) which is very difficult for a fraudster to mimic. For example, this could be how they usually move around the screen, or the time it takes them to enter their personal details.
- **Remote access:** The Rat then combines this biometric data in real-time with software which can detect if remote access is being used to access the customer's computer. This is a common tactic amongst scammers who will trick the victim into passing over control of their computer.
- **'The secret sign':** The final piece of the jigsaw looks out for a single trait which comes up time and again in scam cases. It's a simple thing that fraudsters do that gives the game away. If this was made public then fraudsters would respond and the new system wouldn't be as effective.

If The Rat spots the tell-tale signs of fraud, Lloyds will freeze the customer's account, preventing any funds from being lost, and contact the customer.

Despite only being live since the end of last year, The Rat has already prevented more than 1,900 customers falling victim to a scam.

**Paul Davis, Retail Fraud Director, Lloyds Bank, said:** "We are working 24/7 behind the scenes every day to help keep our customers' money safe, by innovating and analysing data in real-time to stop fraud happening in the first place.

"We've used the latest technology – biometrics, big data and artificial intelligence – long before these were even buzzwords, building our fraud-fighting armoury to give us an edge over the crooks.

"One of our latest advances has been using these three detection tactics together. Individually, they are all good spotting fraudsters, but when combined, we can spot more fraud more quickly and disrupt fewer genuine transactions."

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Overall losses due to authorised push payment scams totalled £354.3 million across the UK last year according to UK Finance\*\*. Even in cases where customers are refunded, money obtained fraudulently is used to facilitate horrendous crimes such as people trafficking and exploitation, as well as drug related crime.

Lloyds Bank also launched a mule-hunting team at the start of 2018 to detect and stop money mules. The team's mission is to stop the movement of money from scams, shutting down fraudsters' attempts to shift money using cutting-edge defences developed by specialists from across the bank. It has so far frozen £25.2m and returned more than £6.2m to victims.

## Case study

Mr S, an elderly customer, received a call out of the blue from someone claiming to be from BT. They told him there was a problem with his internet, and that they needed to investigate. Sadly, the caller was actually a scammer who was busy trying to hack into our customer's computer and set up external payments via his online banking.

At the same time, The Rat was working in the background and started to detect suspicious activity. The account was instantly highlighted to Amy in our fraud team. She could see that Mr S had struggled to enter his memorable information correctly through his online banking, and was in the process of trying to set up a new beneficiary.

Amy deemed this to be higher risk than usual, so she blocked the account and attempted to notify the customer. Less than five minutes later, her colleague, Tom, received a call-back from Mr S. It turned out he was still on the phone with the fraudster.

The news that this could be a scam was a huge shock for our customer. He was confused, concerned about the call and understandably the safety of his account.

Thankfully Tom was able to convince Mr S to hang up the phone with the fraudster and ignore any additional calls. Tom fully secured the account ensuring no funds had been lost.

He also provided the customer with additional information on scams and how to spot them, and by the end of the call Mr S was calm and very thankful that we'd acted just in time.

**Ends**

## Notes to editors

\*Estimated UK adult population was 52,403,344 in 2018 according to the ONS. Further information can be found here. YouGov fielded a quantitative survey to a nationally representative sample of the UK population, interviewing 2018 UK panellists who agreed to take part in research in March 2019.

This research is part of a wider series from Lloyds Bank called 'How Britain Lives', a major study looking into the issues that British people face in today's modern world including insight on their lives, attitudes and daily pressures.

\*\*<https://www.ukfinance.org.uk/system/files/Fraud%20The%20Facts%202019%20-%20FINAL%20ONLINE.pdf>

Lloyds Bank has launched a new multi-media campaign to crack down on scams, including a new TV advert reminding customers that it will never ask them to move money into another account.

## How Lloyds Bank tackles fraud

- Helping keep our customers' money safe is a top priority and we have sophisticated, multi-layered defences in place to help protect our customers from scammers. We are continually strengthening our defences using new technology, analysing data in real-time to stop fraud happening in the first place and reminding our customers how to stay safe.

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- Lloyds Bank (part of Lloyds Banking Group) has a 24/7 team dedicated to protecting customers from fraud.
- Our branch and telephone banking colleagues are specially trained to identify signs that could indicate that a customer could be a victim of fraud.
- We launched a mule-hunting team to detect and stop money mules at the start of 2018. The team's mission is to stop the movement of money from scams, shutting down fraudsters' attempts to shift money using cutting-edge defences developed by specialists from across the bank.
  - The team has frozen £25.2m so far and returned more than £6.2m to victims.
  - As part of this industry-leading pilot, the team developed a number of new techniques to rapidly analyse data, spotting tell-tale signs, patterns and behaviour to halt fraudsters in their tracks. For all of the frozen funds, the bank is contacting the sending banks in order to help them get the money back to victims.
- We are a leading supporter of **Take Five** (led by UK Finance) – a campaign urging people to stop and think before giving out their personal details and making transactions.
- We support the industry-wide voluntary code on APP scams to help protect victims of fraud. Our priority is keeping customers' money safe from scams by stopping fraud from happening in the first place. We will ensure that our customers who have done the right thing and followed the best practice in the new code will always be refunded.

## How to spot a financial scam

Fraudsters may try to get money from you by sending fake emails and texts or even calling you directly. They do this by sending an email or text to you in an attempt to get access to your internet banking details.

### There are a few things you can do to help stop this type of fraud from happening:

- **Check for spelling mistakes** – Get into the habit of checking for minor spelling mistakes in the addresses of the emails you receive. For example: "Lloids Bank" instead of "Lloyds Bank".
- **Double check the sender is real** – If you receive an email asking you to make a payment, always double check the request is real by speaking to them in person, or by calling them on the number you have saved.
- **Beware of unexpected emails** – Be cautious about opening any emails that you weren't expecting (even if you think you recognise the sender), and don't click on any links or attachments unless you are sure they are genuine. Also, watch out for spoof text messages which may look similar to genuine messages you receive from your bank.
- **Use anti-virus software and stay up to date** – Always use anti-virus software to protect your devices and ensure you have downloaded the latest updates for your operating system.
- **Question any requests to share details or move money** – Your bank will never ask you to share your account details like user ID, password and memorable information. Nor will it tell you to move your money for security reasons. Contact your bank immediately if you receive any requests of this nature.
- **Make sure your internet banking site looks normal** – Do not log on or key in codes if any of the website pages look strange or different as this may indicate a virus infection.

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