Spotting the New Wave of Fraud Before the Car is Stolen

by DOUG FUSCO, Managing Partner, Informativ

NJ CAR received several reports earlier this year from dealers describing attempted and completed vehicle thefts. They're not happening in the middle of the night. They're happening in your F&I office by people who look like legitimate buyers.

THE PROBLEM

Fraud targeting dealerships falls into four categories:

1. **Identity Fraud:** Uses a real person's stolen information *(i.e., SSN, address, DOB, etc.)* to impersonate them on a credit application. The victim may not know for weeks or months.

2. **Synthetic Identity Fraud:** Is the construction of an identity using real and fabricated data *(i.e., a real Social Security number, often a child's or deceased person's, etc.)* with an invented name. With the help of data breaches and AI, synthetic fraud is the fastest-growing fraud type.

3. **Document Fraud:** Involves presenting counterfeit or altered driver's licenses and supporting stipulations. Modern fakes can be purchased online for as little as $15.

4. **Internal Fraud:** Involves dealership insiders who manipulate customer data to benefit themselves or a customer.

THE FRAUDSTER'S PLAYBOOK

Most dealership fraud follows a recognizable pattern. The fraudster arrives at a busy time, is pleasant, has documents, and doesn't negotiate aggressively. They know dealership workflows and that a clean credit profile with matching ID are often enough to get the keys. The goal is to get off the lot before anyone looks too closely.

They may also demand a remote sale and delivery to a generic location like a coffee shop or an office building.

BUILD A RED FLAG CHECKLIST FOR YOUR TEAM

Standard credit verification isn't enough. F&I managers need a checklist that's practiced and enforced to flag deals that look clean but feel wrong.

Consider flagging any deal where:

- License address doesn't match the address on the credit application and the applicant can't explain why
- Customer is unusually indifferent to interest rate, term length, or monthly payment
- Credit profile is thin, but the score is high *(a hallmark of synthetic identity)*
- License barcode data doesn't match the front of the card when scanned
- Customer is vague about employer details, pay stubs, or references
- Deal involves a high-value vehicle with minimal negotiation and a desire to move fast
- Stipulations are produced immediately and almost too cleanly

No single flag is a red light, but two or more together should pause the deal entirely.

THE ROLE OF TECHNOLOGY

Even the best-trained teams can't catch what they don't check. **The most effective dealerships are using technology to check for fraud throughout the sale** — not just once — and more importantly, to enforce a process where fraud checks and compliance are required.

With Informativ, multiple fraud checks are enforced by its platform that collects, creates, and stores customer data digitally and compliantly. It's built directly into the sales-to-F&I workflow, so there's no room for a rushed employee to skip fraud checks and compliance requirements.

The dealers who'll avoid fraud losses this year aren't more careful — they just have better systems that enforce multiple fraud checks throughout the sales process. nj car

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