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Check Fraud Training for Tellers

Check fraud remains one of the most common and costly threats facing financial institutions, and tellers play a critical role in stopping it before losses occur. This training session will help you understand how check fraud works, what red flags to watch for, and how to respond safely and professionally when something doesn't feel right. Throughout this session, we'll focus on real-world behaviors, document clues, and teller actions that protect both the customer and the institution.

1. Understanding Check Fraud

Check fraud involves the use of counterfeit, altered, stolen, or otherwise unauthorized checks to withdraw or deposit funds. Fraudsters rely on speed, distraction, and teller hesitation, which is why strong awareness is essential.

Key forms of check fraud include:

- **Counterfeit checks**
- **Altered checks** (amount, payee, date)
- **Washed checks** where ink is removed and rewritten
- **Stolen checks** from mailboxes, vehicles, or businesses
- **Forged endorsements**
- **Remote deposit fraud** (depositing the same check multiple times)

2. Physical Red Flags on the Check

When a check is presented, tellers should quickly scan for irregularities. Even subtle inconsistencies can signal fraud.

Look for:

- **Poor print quality**
    - Blurry logos
    - Inconsistent fonts
    - Smudged or pixelated text
- **MICR line issues**
    - Uneven spacing
    - Raised or shiny ink
    - Numbers that don't match the issuing bank
- **Check stock concerns**

- Thin or flimsy paper
- Missing security features
- No watermark or microprint

- **Alteration indicators**
  - Different ink colors
  - Erasure marks
  - Amount box that looks overwritten
- **Suspicious payee or amount**
  - Payee name squeezed in
  - Amount unusually large for the customer
  - Handwriting that doesn't match the signature

3. Customer Behavior Red Flags

Fraud often shows up in the customer's behavior before you even look at the check. Tellers should stay alert to unusual or inconsistent actions.

Watch for:

- **Nervousness or agitation**
  - Avoiding eye contact
  - Rushing the transaction
  - Overly friendly or overly defensive behavior
- **Lack of knowledge**
  - Customer cannot explain the check's purpose
  - Customer unfamiliar with the issuer
  - Customer unsure why the amount is so high
- **Pressure or urgency**
  - "I need this cashed right now"
  - "I can't wait for a hold"
  - "Someone is waiting for me outside"
- **Third-party influence**
  - Someone coaching the customer

- Customer on the phone receiving instructions
- Customer appears confused or intimidated

4. Transaction Red Flags

Even if the check looks legitimate, the transaction itself may not make sense.

Be alert to:

- **New account activity**
  - Large deposits shortly after account opening
  - Immediate withdrawal requests
  - Multiple checks from unknown sources
- **Unusual patterns**
  - Customer who normally deposits small checks suddenly brings in a large one
  - Multiple checks from the same issuer with different handwriting
  - Checks drawn on out-of-state banks
- **Requests to bypass standard procedures**
  - Asking to avoid holds
  - Insisting on cash instead of deposit
  - Refusing to answer questions

5. Teller Actions When Something Feels Off

Tellers should never confront or accuse a customer. Instead, follow a calm, professional process that protects everyone involved.

Your steps should include:

- **Ask open-ended questions**
  - “Can you tell me more about this check?”
  - “How did you receive it?”
  - “What is the check for?”
- **Verify information**
  - Compare signatures
  - Review account history
  - Check for alerts or notes

  - Confirm identification carefully
- **Slow down the transaction**
  - Take the check to a supervisor
  - Use internal verification tools
  - Follow check-hold policies
- **Escalate discreetly**
  - Notify your supervisor
  - Document your observations
  - Never alert a suspected fraudster
- **Protect the customer**
  - Explain that additional verification is needed
  - Offer alternatives such as depositing with a hold
  - Maintain a calm, supportive tone

6. Common Real-World Scenarios

Tellers learn best through examples, so consider how you would respond to these situations:

- **A customer wants to cash a payroll check from a new employer and is in a hurry**
  - Ask how long they've worked there
  - Verify the employer if needed
  - Apply appropriate holds
- **A check appears washed with mismatched ink**
  - Escalate immediately
  - Avoid cashing or depositing until verified
- **A customer is being coached by someone on the phone**
  - Ask them to end the call for security reasons
  - Ask clarifying questions
  - Escalate if they refuse or seem pressured
- **A new account holder deposits a large check and wants immediate cash back**
  - Follow new-account hold policies
  - Review account activity

- Escalate if the behavior seems inconsistent

7. Key Takeaways for Tellers

- **Trust your instincts**—if something feels off, it usually is.
- **Follow procedures every time**, even when the customer seems friendly or familiar.
- **Ask questions**—fraudsters often slip when asked for details.
- **Document and escalate**—your notes help protect the institution.
- **Stay professional and calm**—your tone can defuse tension and protect the customer.