

## CASE STUDY

# £1.4M Funds Transfer Fraud Clawback for UK Law Firm

**INDUSTRY**

Legal

**COMPANY**

UK Law Firm

**REVENUE**

£4M

**KEY COVERAGE**

Funds Transfer Fraud

Two law firm employees fell victim to a sophisticated social engineering scam that allowed a fraudster to gain access to the firm's client bank account, office bank account, and savings account through an online chat forum. The cyber criminal made eight fraudulent payments from the three accounts, amounting to £1.4 million and including £1 million of client money.

After notifying its banks of the fraudulent payments, the law firm called our claims hotline and notified Coalition of the loss. Coalition immediately engaged a financial crime legal partner to assist and worked with the relevant teams at the various banks to help recover the funds. This included two overseas banks, as some money had already left the UK.

Initially, the law firm's experience with the banks caused them concern. There was a lack of communication, and their client relationship manager did not give them hope that the funds would be recovered. However, things changed after reporting the incident to Coalition. The banks became cooperative, and the financial crime lawyers provided regular updates that gave the law firm hope.

Although the policyholder had coverage for Funds Transfer Fraud up to £250,000, the Coalition claims team set out to recover as much of the stolen funds as possible. Through the swift instruction of the financial crime lawyers and engagement with the banks, Coalition recovered the entire £1.4 million.

## Lesson learned: Early reporting increases the likelihood of recovery

Stolen funds can move quickly between banks and, once outside the UK, become increasingly difficult to trace and recover. Contacting the Coalition claims team as soon as the fraudulent activity was discovered was critical in the claims team's ability to work quickly with lawyers and banks to recover funds.

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The claim scenarios described here are intended to show the types of situations that may result in claims. These scenarios should not be compared to any other claim. Whether or to what extent a particular loss is covered depends on the facts and circumstances of the loss, the terms and conditions of the policy as issued and applicable law.

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