Feature Article

Cosmetic Patients Can be Thieves Too
Exposing Some of the Scams Seen by Aesthetic Businesses

Sadly we live in a world where people will cheat, lie and steal to get what they want. As abhorrent as it is to know this, it is a fact, and all businesses, no matter which industry they are in, will probably at some point experience a theft or fraud perpetrated by its customers.

There is no magic trick to gain immunity from scammers, mores the pity, but cosmetic clinics can learn from the experiences of others and put some simple measures in place to protect themselves from financial loss.

High Street retail shops are well used to the probabilities of shop lifters and stolen payment cards and thus factor this loss into their business; but cosmetic clinics may not yet be wise to ALL the potential scams by which a client may try to get treatment without actually paying for it, or indeed make financial provision for such occurrences.

The Consulting Room ran a survey earlier this summer to find out more about the payment methods accepted by UK aesthetic clinics, as well as the types of fraud they have become victim to. The results of our survey showed that 80% of clinics had been victim to a patient fraud only once or twice in the last five years, 6% suffered 3 or 4 times, 3% on 5 to 10 times and a whopping 12% over 10 times! 51% ended up less than £500 out of pocket, with 32% in the hole for £500 - £1,000, 12% had losses between £1,000 and £5,000 and 5% were owed over £5,000.

This article will highlight some case studies generously provided by Consulting Room Members, alongside results from our survey, as well as some tips which may help you not to become a victim of such fraudsters.

Modus Operandi

Now, of course, not everyone is out to defraud you and those people who declare '*I've left my purse at home*' or '*I haven't got my cheque book*' may be genuine and it's just a result of a simple mistake, absent minded forgetfulness and the like. Yet, it's still important to try and protect yourselves, as best as you can, from any form of non-payment.

Our survey found that 85% of clinics take payment after treatment, with 9% taking a deposit before treatment and 6% taking full payment before delivering treatment. If you don't take payment before treatment, there is perhaps no harm in reminding people that their visit will include settling their account with you, or your receptionist, secretary or clinic manager on their way out after receiving treatment. This may then jog the memory of the genuinely forgetful to make sure they have all their means of payment with them before they lay down on the treatment couch. Similarly reminders of the value of the total bill might be prudent.

Of course someone entering your clinic who intends to defraud you does not come with a label or a particular look or appearance which can 'tip you off' that they are about to try and scam you. Demographics are not a given either with reports of fraud at one clinic perpetrated by a financially challenged female in her mid-30s and another by a wealthy lady in her mid-50s. Fraudulent behaviour covers a broad spectrum of individuals, so it pays to be alert.

As pointed out to me by one cosmetic doctor; "*customers who intend not to pay for a service are very difficult to spot because they are professional liars*". She continued to say that every time they get caught out by someone, they change their procedures so it can't happen again. This seems to be the modus operandi for clinics, as more often than not there is little recourse, so learning from your own and other's mistakes is paramount.

Simple Product Theft

Just like a High Street shop, many medical aesthetic clinics carry a broad range of professional skincare which can be retailed as at-home regimes to work adjunctively to their in-clinic treatment programme.

Many of these products are expensive, and thus desirable. It may go without saying, but being cautious about how you display your stock, the security in place and how easy it is for clients to get their hands on it, or even distract a member of staff to get their hands on it, are worth auditing.

One clinic in Edinburgh told me that they were shocked that they have an ongoing problem with petty theft of skincare with their very well to do client base!

With many professional brands also requiring clinics to pay for sample sized products, it's worth keeping a close eye on these smaller items, which are all too easily pocketed, and will eventually eat into your bottom line.

False Identification & Contact Information

Many cases of recovery of fraudulent payments have been hampered by the lack of correct identification or contact details for the deceitful client. Of course that doesn't stop them from simply not answering, even if you do have the right telephone numbers etc.

In some cases, forms which gathered client details have ended up being illegible, yet this was not spotted at the time of registering the patient before treatment.

We all know that data protection law must be properly adhered to in terms of the storage of personal information, but taking proper records and proof of identification, particularly where large amounts of money are involved and medical records must be maintained, is imperative. Preventing false declarations however is very difficult.

Sadly scams have been reported whereby individuals have given false addresses, old addresses or have been in the process of moving house so when payment fails, locating the individual has proved next to impossible. Identity theft is also a known global problem.

Be wary of siblings and family members too. One clinic reported an interesting scam by a pair of identical twins. One twin came to the clinic for botulinum toxin treatment. They then returned two weeks later claiming (rightly) that the toxin had had no effect. However, upon checking the 'before' picture, the clinic manager noticed that the patient on the before picture had a facial mole, but the patient presenting and making the complaint had no mole. This lucky spot by the manager highlighted a case of a set of twins trying to get treatment for free for one of them!

Journalists & Blackmail

Be wary of offering free treatments to local celebrities and journalists.

The potential for bad PR should anything go wrong if the celebrity is photographed in the media at the wrong time (just after treatment looking all swollen) or from the wrong angle is one thing. However, you may also find that the promised news article or review from the journalist doesn't happen and you may end up being held to ransom over it. Cases have been reported where clinics have been threatened that a bad review or news story will be written by a journalist when they have refused to provide additional free treatments to the individual.

Bounced & Stopped Cheques

There was a time when we all paid for things with a cheque, but with the advent of debit and credit cards, this trend quickly changed. In fact, there are many places now who refuse to accept payment by cheque, due in part to the processing fees levied by banks on corporate accounts for dealing with cheques, the delays in clearance of the monies and the lack of security. Similarly the use of cheques by the public at large has been declining in recent years as other methods gain in popularity.

The banks themselves have also started to withdraw from this option too, with many accounts now not coming with the option of having a cheque book, as well as the abolition of cheque guarantee cards in the summer of 2011 by the UK Payments Council. Ultimately it is expected that cheques will become extinct in October 2018, the target date set by the banking industry five years ago.

Under the old cheque guarantee scheme, a customer was able to pay with a cheque, hand over their plastic guarantee card to the merchant, the details of which would guarantee payment of the cheque to the value of £50, £100 or £250. This meant that it wasn't possible to put a 'stop' on a cheque that had been guaranteed, and once the recipient's bank received the cheque, and assuming it wasn't for more than the guaranteed amount, they had to pay it, irrespective of whether there were funds in the account. This provided merchants with a level of in-built security for this payment method. With the guarantee scheme now gone, there is no way to protect against bounced, (returned unpaid due to insufficient funds) or stopped cheques.

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Many clinics have reported problems with taking cheques as payment for treatment, and now this method is rarely accepted within the industry. Our survey showed that 50% of respondents had suffered from bounced cheques, 24% from stopped or cancelled cheques and 6% from fake, counterfeit or closed account cheques. Although 100% now accept cash, debit and credit cards as forms of payment, only 37% still accept personal cheques (6% for banker's cheques).

One interesting case reported involved a patient who had stopped a cheque the following day after treatment. When contacted, she described dissatisfaction with a cosmetic injection treatment that had resulted in bruising so she stopped the payment. The patient refused to prove the side effect with photographic evidence and also refused to return to the clinic for assessment and to resolve the matter. Payment was never recovered.

Another case involved the use of what appeared to be a cheque book from a business account. Sadly, both the business and the bank account no longer existed so the cheque was not worth the paper that it was written on. The clinic wasn't able to recover the money.

Card Holder Not Present & Chargebacks

You may think that taking payment by credit or debit card is one of the most secure payment methods that you can use. However, there are still tricks to be aware of when it comes to these commonly used 'flexible friends'.

The attempted use of stolen payment cards is probably the most well-known.

If you are using a 'chip n pin' card payment system in your clinic, this should remove the risk of this in the case where payment is taken in person. The chances of a person knowing the pin for a stolen card, as compared to being able to fake a signature or complete a transaction over the telephone, are minimal.

However if payments are taken over the telephone, so called 'cardholder not present' transactions then the risk for the merchant is increased significantly, as the person paying needs nothing more than the card itself.

The use of the 'cardholder not present' scam can work in many ways and is often accompanied with a charge back, as discussed in a moment. Cardholder not present can be used to attempt to use a stolen payment card, to try to pay with a card that doesn't belong to the person who will be getting treatment, with or without the card holder's knowledge and in many cases will result in a charge back claim which could lead to the payment being refunded to the card holder.

One clinic in Manchester told us of the story of a woman, a new client, who wanted to book in for botulinum toxin and dermal filler lip enhancement, (total value £700). The woman asked the clinic owner's personal assistant if she could pay with her debit card over the telephone before she attended for the appointment in a couple of days' time. The clinic owner asked her PA to decline the request as without consultation it was unknown if she'd even be suitable for treatment, and they didn't take payment over the telephone, only in person at the clinic. The woman then became aggressive and declined her appointment. It's very likely she was attempting to pay with a stolen card.

"*I've always been really cautious about the idea of someone, who is not present, paying for someone else's treatment. When I've had requests like this, and it's usually been "my boyfriend has said he will pay" and they have his card details for me to put the transaction though, I've always said no to this as a method of payment, aware that I really have no idea about the nature of their relationship, and knowing that all he has to do is then say he knows nothing about it, dispute the transaction and that's my loss, and it's pretty much impossible to prove anything different*;" said a Nurse Independent Practitioner and clinic owner from Cardiff.

On clinic Director is Edinburgh noted that "*the chargeback is indeed a powerful tool in the scammer's armoury*".

The 'charge back' is a hidden protection on Visa, Mastercard and Amex credit cards and most bank debit and charge cards. Used appropriately it means that if you don't receive the goods or service that you bought, you may be able to get your money back. It is designed to work in a similar way to Section 75 of the Consumer Credit Act 1974, which is appropriate to 'insure' credit card payments over £100, but charge back is not a legal requirement, just part of a code of practice drawn up by the card providing companies.

To action a charge back you need to complain to your bank/card provider within 120 days of the purchase, and ask to dispute the transaction. It can then start the process of claiming the money back from the merchant's bank, who will in turn investigate the claim with their client to ascertain its validity. From a business perspective, aside from the risk of a successful charge back, despite your best defence, you can expect to be charged an admin fee of around £15 by your bank.

The Edinburgh clinic had a case whereby a woman and her mother came in for quite extensive dermal filler treatments. The daughter's boyfriend had agreed to pay for all the work but was working away in London at the time. She telephoned him, and spoke with him whilst on speaker phone and he agreed to pay the amount, approximately £1,300. The transaction was concluded over the telephone and all treatments were carried out.

The clinic then sent receipts and text messages to the boyfriend to ensure everything was updated, but six weeks later they received a charge back complaint from his bank advising them that the boyfriend had not agreed to these costs and was seeking a full refund. Fortunately for the clinic, but not for him, they had kept good records and his story did not hold water. The clinic managed to fight the case and he withdrew his complaint. However, as they noted "*it was a lesson learned as it seems any payments taken with the card holder not present are done entirely at our risk*".

Online & Telephone Banking

Our survey showed that 40% of respondents are happy to accept online bank transfers (BACS) as a payment method for treatment. Alongside 17% accepting Paypal.

Yet, it would appear that even this apparently swift payment method can be abused.

On a simple level, a client can appear to be telephoning their bank and arranging payment, yet this could in fact be a pre-briefed accomplice. Even if you listen to the call as well, this deception is still possible and has happened.

The use of online banking, either through App based platforms on smartphones/tablets or through a web browser may also not be all they seem. One clinic reported watching a client set up and pay for treatment via online banking, only to discover that the person had set payment to go the next day (rather than immediately which would have triggered a fast payment transaction). This meant that once the individual had left the premises they were able to cancel the scheduled payment and the clinic was never able to recover the monies, despite promises from the client that they had set up the BACS payment.

Bartering

It may sound unlikely that in this day and age people would try to barter or pay for treatment with non-monetary items or pledges of reciprocal services, but it does happen. In fact 27% of our survey respondents reported this event in their clinic.

The most intriguing story shared with us involved a foreign lady who went to a clinic for a three area treatment with botulinum toxin. Following the procedure she argued the price that had been agreed before treatment and requested a discount; the practitioner refused. The lady then tried to pay for treatment with saffron, claiming that it was very valuable and would be suitable instead of cash; again the practitioner refused and eventually followed the patient to her car where she recovered some cash and paid in full.

Runners

Runners complete a simple act of theft, the practice of fleeing or bolting from the scene, much like running from a restaurant before the waiter has come back with the bill.

Many an excuse is used and it's important to be aware of some of the scams. The most common include requests to pop back to their vehicle for the money, a need to go to the cash machine or even a distraction and a simple run for the door. One clinic reported a client who excused themselves to the toilet after a botulinum toxin treatment, saying that they felt queasy, an old leather handbag was left in reception, as a decoy, and the patient in fact bolted while the clinic staff weren't aware.

In such instances where a client has requested to leave the premises, many clinics have asked for something of value to be left behind, such as a handbag, car keys or mobile phone; or they have chosen to escort the person to their car or the cash machine. Sadly, in many cases the items 'left behind' turn out to be worthless decoys which the scammer is happy to lose whilst they get on their merry way, or the person is a good runner and simply gets away whilst being escorted off the premises.

Our survey showed that 21% of respondents had been told by a client that they needed to go to the cash machine to get payment and 6% needed to go to their car. As well 15% of clinics had experienced a person running directly from the clinic with 6% having a runner who they had accompanied to the cash machine.

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"*If anyone leaves our clinic now to go to the cashpoint I will go with them. If anyone leaves on purpose without paying I will call the Police and follow them whilst talking to the Police. As far as I'm concerned that is a form of shoplifting and should therefore be treated no differently*"; said Andy Tait from Evolutions in Winchester.

What The Police Say

Unfortunately, very few cases of theft, fraud or fleeing without paying for treatment make it through the criminal legal system. There have been some successful cases, including a **woman who fled from a Portsmouth clinic** mid-way through a botulinum toxin treatment and was fined and given a one-year conditional discharge for her trouble. Similarly an aspiring **model was caught using stolen credit cards** to pay for liposuction at a London clinic and was given a one-year community order.

In most cases, non-payment is classed as a civil matter by the police and the clinic must resort to suing the individual in the small claims court, which can be lengthy and expensive if the person fails to respond and the repayment cannot be effectively enforced by the court. In some cases, the use of a debt collection agency can be successful, but this can also be expensive as fees are normally a percentage of the monies being recovered, so generally only useful for larger sums.

One option available to victims is to report the case to **Action Fraud**. The service is run by the City of London Police working alongside the National Fraud Intelligence Bureau (NFIB) and provides a central point of contact for information about fraud and financially motivated internet crime. If you've been scammed, ripped off or conned, you can report the fraud to Action Fraud and you'll receive a police crime reference number. Reports are then referred to the NFIB. Your case may be investigated, or simply used to build up intelligence on known UK fraudulent activity and the individuals involved. It may also help with a small claims court case.

What The Insurers Say

Although, there are many situations where insurance makes a great safety net against the possibility of something going wrong, stolen credit or debit cards, bounced cheques and charge backs cannot be insured against by a standard insurer. "*Unfortunately, this is a categorised as a business risk that is just part of normal trading*", said Eddie Hooker, CEO of Hamilton Fraser Insurance.

There is recourse from stolen payment cards through the banks but bounced cheques and charge backs are just a risk that you need to be alert to.

Simple Measures to Protect Yourself

There will always be con artists, scammers and fraudsters and as our industry grows in popularity and the cost of treatment remains at a premium level, this can only attract more and more thieves who hope to exploit the opportunity to get something for nothing.

The best protection is to train yourself and your staff to be alert to some of the stories highlighted in this article and consider some of the tips mentioned below which may help you to avoid becoming victim to financial fraud perpetrated by your clientele.

- With 62% of respondents to our survey reporting claims of forgotten/misplaced payment cards/cheque books and a request to pay later, it doesn't hurt to remind clients when they arrive at your clinic that payment will be required before they leave the premises, as well as the total amount due for the proposed treatment.
- Advise all clients of the payment methods that you accept (and don't accept) at the point of consultation or appointment booking so they don't arrive for treatment with inappropriate payment options.
- You may wish to reconsider when you take payment. For treatments with a larger monetary value, taking a deposit after the consultation and before treatment commences may be great way to protect against large scale loss.
- Also, if you are ordering in a specific product for a client, which you don't normally carry in stock, perhaps taking an advance deposit is advisable to reduce the risk of a no-show and non-payment for an item that you will end up stuck with.
- Some clinics choose to request payment before treatment is administered if the staff get any kind of bad feeling about the individual, or if the person is a new client. Having a policy for new customers, such as a £50 booking fee (like a deposit) may be worth considering. Many clinics find that if someone is willing to pay a booking fee then they are unlikely to attempt to scam the clinic.

- With cheques being phased out in the next 4 years and the cheque guarantee scheme no longer in place, it's a sensible policy to refuse to accept personal cheques as payment these days.
- Do not accept 'cardholder not present' transactions as these are the easiest transactions for the cardholder to attempt to claim a charge back on.
- To avoid a successful charge backs against you, which can happen several weeks/months after payment was taken, good record keeping is paramount. Making clients sign documentation to confirm that they have received the treatment/products that they are paying for, and have received their aftercare advice is a good practice to have in place as this provides great evidence should a client attempt a charge back claiming that they didn't get treatment.
- According to our survey, alternatives payment methods also seem to be growing in use with direct debits and standing orders accounting for 17% and 23% of accepted methods. They are a great way of spreading the cost of treatment for patients, and perfect for clinics who can secure repeat cash flow over a 12 month period through a treatment package linked to ongoing small payments.
- If you're considering allowing weekly or monthly payments from clients, make sure you use a robust system to collect this money, simply relying on them to pay in a timely manner with cash or cheques is ill advised.
- If you operate on a mobile basis, think about how and who is taking payments for the treatments that you provide. Review any relationships that you have which involve you getting payment through third-party salons who may impact of your risk of being a victim of fraud, especially if they are responsible for taking the payment.
- If you have any voucher, gift card or loyalty schemes, make sure that this cannot be open to counterfeiting or fraud. Simple measures such as text and number writing for financial amounts on gift vouchers, or the use of ink or embossed stamps on vouchers to avoid reprint, scanning or photocopying scams.
- You may be able to register with a fraud prevention scheme for businesses with your bank. Their advice will help you make appropriate changes to better secure your payment processes.
- Think about the security that you have in place for professional skin care ranges that you retail. Are they in locked cabinets or just sitting on shelves? Who has access to any cabinet keys and where are they stored? What about sample products, are these readily available in consultation/treatment rooms? The petty theft of such items is all too common when a practitioner's back is turned if they are not kept adequately secured.
- One clinic, run from a converted section of the owner's home, took the decision to install security gates with an intercom system. Primarily this was to avoid the risk to personal safety of the public entering the premises while the owner/practitioner was busy treating a patient in another room, but it also serves as a useful deterrent for anyone considering fleeing post-treatment!
- Before and after photos are good for more than just patient medical records. If you have a photograph which can be used to identify a fraudster, this may be useful for both reporting to the police and also warning your local competitors.

Like every good boy scout and girl guide, the key is to be prepared. Thinking that your clients are 'better than that' and won't try to scam you or perpetrate a financial fraud, is sadly a very blinkered view. When I started researching this topic, I thought I'd get one or two stories, yet I was inundated with emails, survey responses and comments on our Linkedin group illustrating many different scenarios that occurred across the length and breadth of the United Kingdom. With just a few sensible precautions, which some of your peers have learnt the hard way, hopefully you can avoid such crimes in your clinic business.

Lorna Jackson

Lorna has been Editor of The Consulting Room™, the UK's largest aesthetic information website, for over a decade, since 2003. She has become an industry commentator on a number of different areas related to the aesthetic industry, collating and evaluating statistics, plus researching, investigating and writing feature articles, blogs, newsletters and reports for The Consulting Room™ and various consumer and trade publications, including *Cosmetic News, Journal of Aesthetic Nursing, Body Language*, *PMFA News*, *Aesthetic Medicine* and *Aesthetic Dentistry Today.* Lorna has also been asked to present at various industry events, including Smart Ideas, BACN and Merz Aesthetics Business Workshops, the FACE Conference and the Clinical, Cosmetic & Reconstructive Expo.

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