



3 Key Steps to Eliminating Invoice Fraud

Invoice fraud can fly under the radar in a world where Business Email Compromise and ransomware are the headline-grabbing methods, but it shouldn't.

Medius reported that the average finance team saw 13 invoice fraud attempts and nine successful ones in the past year, with an average loss of \$133,000 in the United States.

What makes invoice fraud as dangerous as it is expensive? The sophistication of fraudulent invoices and how difficult this type of fraud can be to spot. Fraudsters also have tricks up their sleeves, including impersonation of vendors and even sending a product sample with a phony “overdue” invoice to create urgency and trust.

Here are a few of the tricks you should be vigilant for, and three ways to fight back.

Companies lose an average of \$133,000 per successful invoice fraud incident

Types of Invoice Fraud



Fake invoices

Simple enough, though varying greatly in complexity and effectiveness. A doctored or outright fake invoice is sent, either on behalf of a compromised existing vendor or a fictional one, in an effort to get a finance team to send payment. Truly sophisticated invoices can be almost indistinguishable from real ones, and savvy fraudsters will set up shell companies with dummy information that check out on first blush.



Duplicate invoices

A fraudster can mimic your vendor, or a vendor intent on defrauding you might send it. Either way, you’ll receive more than one copy of the same invoice with slight alterations to invoice number, totals, and the like in the hopes that a busy or careless employee will authorize paying both.



Pay-in-advance invoices

Always beware of an invoice asking for payment with a promise that a product or service will be delivered after payment is received. Without confirmation from the vendor, it could well be a ploy to part you from your funds.



Internal fraud

In this instance, a doctored invoice generated by an employee or from outside the company is handled by an unscrupulous internal actor, who looks to sign off on payment that will go to them, an external party, or both.



Fighting Back

Fraudulent invoices can be difficult to spot. The key is to implement common sense practices, improve the tools available to your team, and above all slow down if something seems suspicious.

1

Learn to look for the signs

Even if an invoice looks completely legitimate, the communication around it may not be. Look for the familiar signs of a payment fraud, from slightly off emails to uncharacteristic language, and scrutinize invoice details for the same issues.

It helps a great deal to have an invoice solution that does that checking and flagging for you, especially if it can analyze existing patterns across invoices to flag discrepancies and unexpected amounts. As a bonus, those solutions tend to be far more efficient than managing invoices by hand.

Choose: Solutions that streamline and secure the processing of invoices, not just one or the other.

2

Train your staff

You're only as secure as your people, and if your people don't know what to look for, you're not very secure. Have staff train at least every six months on obvious signs of invoice fraud like those outlined above, as well as how to spot red flags internally. Then, set about creating a transparent culture where those who report potential fraud are rewarded, not punished.

Invoice automation solutions should offer educational opportunities for your employees, including robust training programs, to help use the software to shut down fraud.

Choose: Programs, webinars, and trainers with real-world examples to help your staff understand the problem and how to prevent fraud.

3

Set up controls

While no one likes to think about fraud from within, it's a real possibility. PwC's Global Economic Crime and Fraud Survey found in 2022 that 31% fraud instances are perpetrated by an employee, and 26% come from an internal actor and a fraudster working together. Having robust controls in place can do much to prevent this insidious type of fraud.

An invoice automation solution can help you by putting some automation and security around roles, requiring a senior staff member to sign in and approve and removing the possibility of forgery from the equation.

Choose: Wisely. Only your most trusted staff should have access to final approvals on invoices, making it harder for bad actors internally.

If you're looking for a better way to automate and secure your invoice process, Bottomline can help.

We offer highly flexible, advanced invoice workflows and risk scoring to help you weed out potential fraud attempts.

Get Started



REV US021125KV

© Copyright 2015 - 2025 Bottomline Technologies, Inc. All rights reserved.

Bottomline, Paymode, and the Bottomline logo are trademarks or registered trademarks of Bottomline Technologies, Inc. All other brand/product names are the property of their respective holders.

Corporate Headquarters
100 International Drive, Suite 200
Portsmouth, NH 03801
United States of America

Phone: +1 603-436-0700
Toll-free: +1 800-243-2528
info@bottomline.com