

KNOW YOUR PAYEE

Know Your Payee: **the complete guide.**

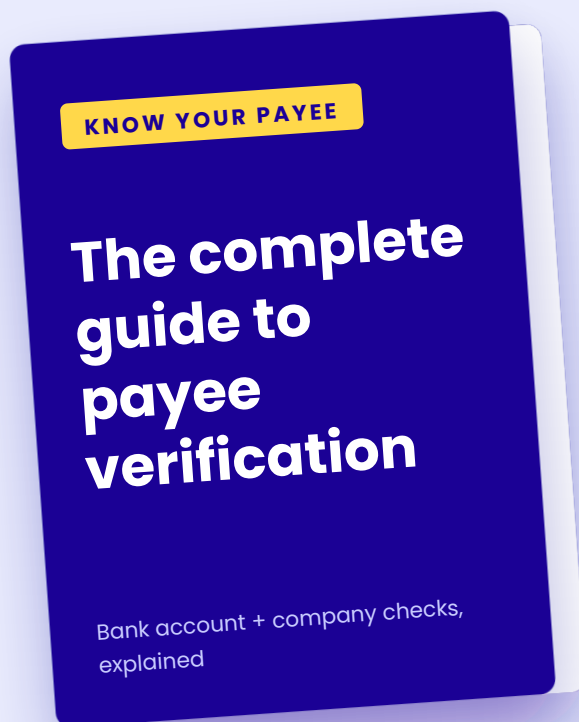
Payee verification, explained: the bank account checks, the company checks and the process that stops a payment reaching the wrong hands.

£576.4m

lost to authorised push payment fraud in the UK in 2025

\$3.05bn

reported US losses to business email compromise in 2025



Every payment is a decision about **who** you're paying.

Most payment controls check that a payment is authorised. Far fewer check that the person or company receiving it is who you think it is. That gap is where invoice redirection, supplier impersonation and fake-vendor fraud live.

This guide is written for finance, accounts payable, treasury, procurement and compliance teams. It explains the two layers of payee verification, what each one can and can't prove, and how to turn them into a repeatable process that runs before money moves.

What's inside

01	The threat in numbers	3
02	The two layers of Know Your Payee	4
03	Layer 1: bank account checks	5
04	What a "match" can't tell you	6
05	Layer 2: company checks	7
06	When to check, and how to decide	8
07	The payee verification checklist	9
08	Running KYP at scale	10
09	What a check looks like	11
10	Know Your Payee by Global Database	12

Three things to take away

1. A name match is not a safe payee.

Confirmation of Payee and Verification of Payee confirm that a name fits an account. They don't tell you whether the company is real, active, or the one you contracted with.

2. Businesses carry the loss.

UK mandatory reimbursement covers consumers, micro-enterprises and charities. Larger businesses that pay a fraudster generally absorb the loss themselves.

3. The fix is a process, not a tool.

Check at onboarding, at every bank-detail change and before payment runs, then monitor. Each check ends in Proceed, Review or Hold.

Payment fraud is growing, and it **targets businesses.**

76%

of US organisations faced attempted or actual payments fraud in 2025

AFP, 2026 survey

74%

of organisations were affected by business email compromise in 2025

AFP, 2026 survey

+19%

rise in UK APP fraud losses in 2025, across 248,070 cases

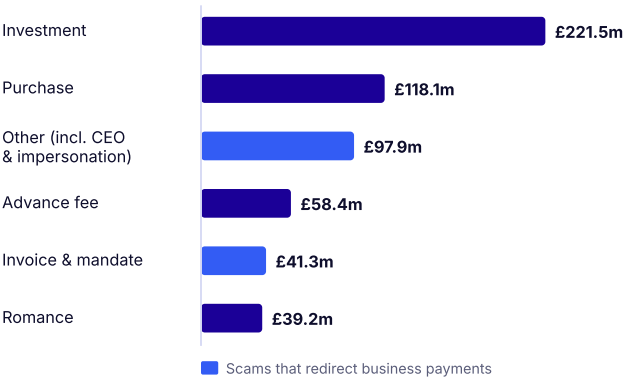
UK Finance, 2026

\$123k

average reported loss per BEC complaint in the US in 2025

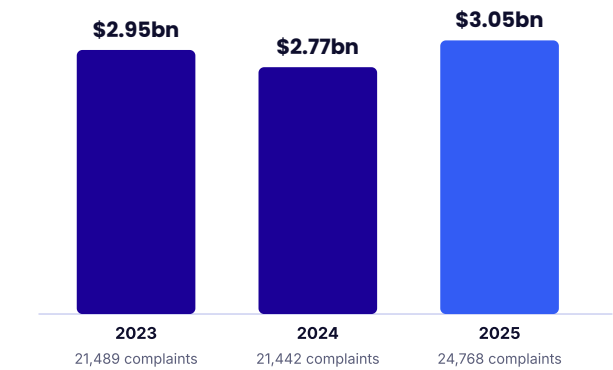
FBI IC3, 2025

UK APP fraud losses by scam type, 2025



Source: UK Finance Annual Fraud Report 2026. "Other" is the remainder of the £576.4m total.

US business email compromise losses

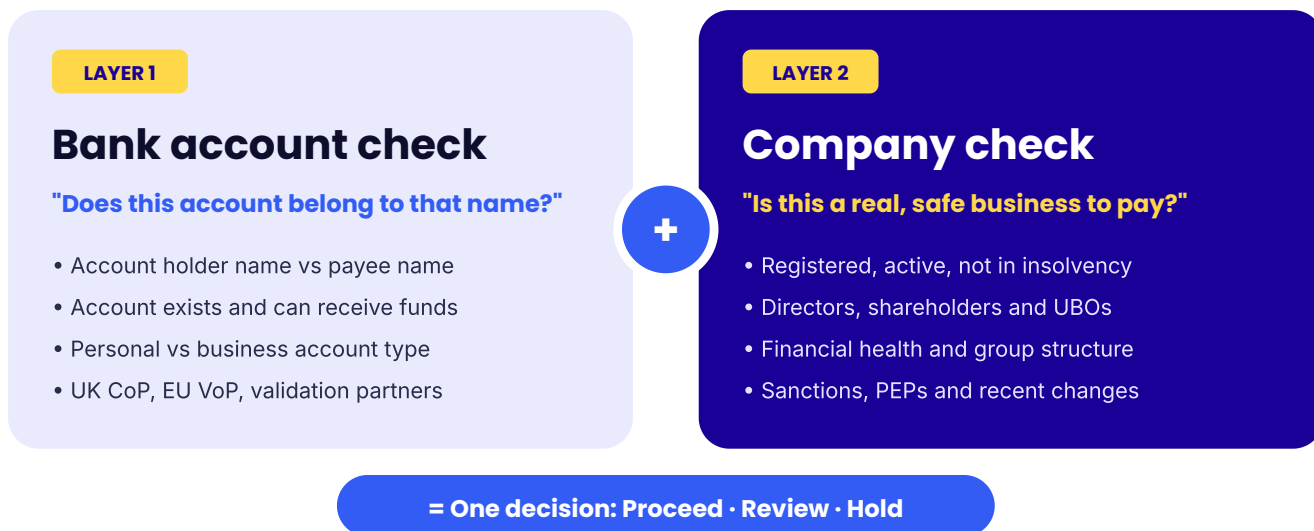


Source: FBI Internet Crime Complaint Center annual reports. Reported losses only.

Read the trend carefully. UK invoice and mandate scam losses fell to £41.3m in 2025, the lowest UK Finance has reported, after name-checking became standard across UK payment providers. Name checks work against crude redirection. Fraud hasn't gone away; it has moved to what a name check can't see: cross-border payments, lookalike companies and accounts opened in a name that matches.

Know Your Payee has **two layers**.

Know Your Payee (KYP) is the practice of verifying the recipient of a payment before you pay them. A complete check answers two separate questions, and you need both answers.



Why one layer isn't enough

A bank account check proves a link between a name and an account. A company check proves facts about the entity behind the name. Fraudsters beat each layer separately: a lookalike company can pass a registry search, and an account opened in the right name can pass a name check.

Combining both, against the supplier record you hold, closes the gap between "this account says ACME Ltd" and "this is the ACME Ltd we contracted with".

Who should own KYP

Team	Role in KYP
Procurement	Runs company checks when a supplier is onboarded
Accounts payable	Verifies bank details and every change request
Treasury	Screens payment runs before release
Compliance	Sets risk rules, owns sanctions and audit trail

Bank account checks: CoP and VoP explained.

Before a transfer is sent, the payer's bank asks the payee's bank whether the name entered matches the name on the account. The UK and the euro area both run this check as standard.

The four outcomes, and what to do with each

Match

Name and account agree. Necessary, but not on its own proof that the payee is safe. Continue to the company check.

Close match

Small difference, often a trading name or typo. The real account name is shown. Compare it with your supplier record, never with the invoice.

No match

The name does not belong to the account. Hold the payment and verify through a contact you sourced independently.

Not possible

The receiving bank couldn't run the check. Treat it as unverified, not as a pass.

UK Confirmation of Payee vs EU Verification of Payee

	UK Confirmation of Payee (CoP)	EU Verification of Payee (VoP)
Legal basis	Payment Systems Regulator directions; Pay.UK scheme	Instant Payments Regulation (EU) 2024/886; EPC VoP rulebook
Live since	2020 at the largest banks, extended across UK providers since	9 Oct 2025 in the euro area; 9 Jan 2027 for non-euro EU states
Payments covered	Faster Payments and CHAPS to UK accounts	Every SEPA credit transfer, standard and instant
Account type flag	Yes: flags a business name sent to a personal account, and vice versa	Not part of the standard response
Bulk payments	Varies by bank channel	Business payers sending batch files can opt out of the check
If you ignore a warning	Weakens your position in any reimbursement claim	Your bank is not liable for paying the wrong person

The bulk opt-out trap. Under VoP, a business sending payment files can waive the check. Many treasury teams do, to avoid holding a whole salary or supplier run for one close match. That moves the burden back to your own pre-payment controls.

Outside UK and SEPA. There is no single name-check scheme in most markets, including the US. Teams rely on account-validation services, bank letters and micro-deposits, so coverage varies by country.

What a "match" **can't** tell you.

A name check answers one narrow question. These are the questions it leaves open, and they're exactly the ones fraudsters plan around.

✓ A match confirms

- The account exists at that bank
- The bank holds it under that name, or one very close to it
- In the UK, whether it's a personal or business account

✗ A match does not confirm

- The company is still active and not dissolved or in liquidation
- It's the same company you contracted with, not a lookalike
- Who controls it, or whether that changed last week
- It isn't owned by a sanctioned person or a PEP
- It's financially able to deliver what you're paying for

Three frauds that pass a name check

SCENARIO A

The lookalike company

A fraudster registers "Northbridge Logistics Ltd" to impersonate your supplier "Northbridge Logistics Limited", then opens an account in that name. VoP returns a match.

Caught by: company number and incorporation date that don't match your supplier record.

SCENARIO B

The hijacked supplier

A real but dormant company's directors are replaced and a new account is opened under its genuine name. Every name check passes.

Caught by: recent director and ownership changes, registered office moves.

SCENARIO C

The failing payee

The supplier is genuine and the account matches, but the company entered administration last month. Your prepayment joins the creditor queue.

Caught by: insolvency notices, overdue filings and financial distress signals.

Who pays when it goes wrong? Since October 2024, UK payment providers must reimburse eligible APP fraud victims up to £85,000 per claim. The rules cover consumers, micro-enterprises and small charities. Most mid-sized and large businesses fall outside them, so for those firms, prevention is the only protection.

Company checks: the **signals** that matter.

Official company registries hold most of what you need to confirm a payee is real and safe. The work is in pulling it together, across countries, at the moment you need it.

Signal	What it catches	Red flag
Registration & number	Fake or lookalike entities	Number or legal name differs from your supplier record
Company status	Paying a business that no longer exists	Dissolved, struck off, dormant or in liquidation
Incorporation date	Newly created shells	Formed weeks before the first invoice
Registered address	Mass-registration addresses and moves	Recent change; address shared by hundreds of firms
Directors & officers	Takeovers of genuine companies	Board replaced recently; disqualified directors
Shareholders & UBOs	Hidden control and conflicts of interest	Ownership change, opaque layers, links to your own staff
Sanctions & PEPs	Regulatory breaches	Owner or director on a sanctions list or politically exposed
Insolvency events	Losing prepayments and deposits	Administration, winding-up petitions, CVAs
Filing behaviour	Companies in trouble or abandoned	Overdue accounts or confirmation statements
Financials	Inability to deliver	Negative net assets, falling revenue, sharp liquidity drop
Group structure	Who stands behind the supplier	Parent in distress or in a high-risk jurisdiction
Tax / VAT number	Invented invoice details	Number invalid or registered to another entity

Where the data comes from

National business registers (such as Companies House in the UK), insolvency gazettes, beneficial ownership registers, sanctions lists published by the UN, EU, UK and US, and tax authority validation services such as the EU's VIES for VAT numbers.

Why it's hard to do by hand

Every country publishes different fields, in a different format, at a different speed, and often in a different language. Some registers don't show owners at all. A supplier base spread across 20 countries means 20 different searches for each payee, repeated every time something changes.

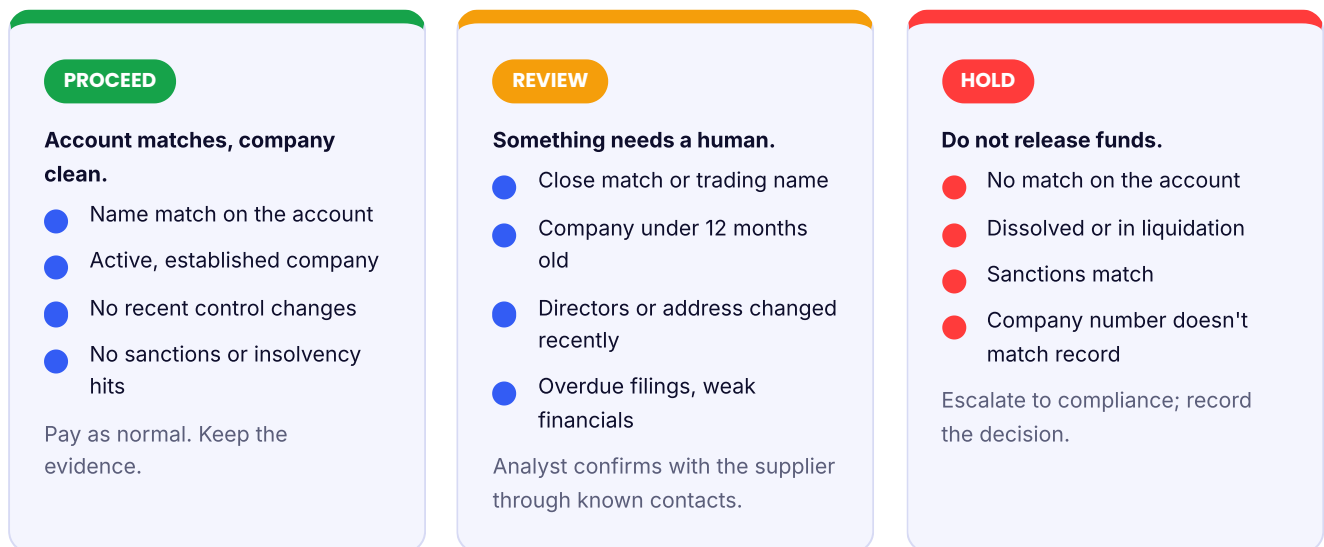
When to check, and how to decide.

One check at onboarding protects you on day one. Fraud tends to arrive later, in a bank-detail change request or after a supplier has changed hands.

The four moments to verify a payee



Turn every check into one of three decisions



The callback rule. When a Review or Hold involves a bank-detail change, confirm it by phone using a number from your own records or the official registry. Never use the phone number, email or link in the request: if the request is fraudulent, so is every contact detail in it.

Thresholds above are a starting point. Calibrate them to payment value, country risk and how long you've traded with the supplier.

The payee verification checklist.

Print it, adapt it, add it to your AP procedure. Each item maps to a check in this guide.

New supplier onboarding

- ☐ Legal name and company number taken from the official registry, not the invoice
- ☐ Company status is active; no insolvency proceedings
- ☐ Incorporation date is plausible for the relationship
- ☐ Directors, shareholders and UBOs recorded
- ☐ Company, directors and owners screened against sanctions and PEP lists
- ☐ VAT or tax number validated against the same entity
- ☐ Latest financials reviewed for prepayment exposure
- ☐ Bank account verified: Match result recorded
- ☐ Decision logged as Proceed, Review or Hold, with evidence

Bank detail change request

- ☐ Request received through an agreed channel, never email alone
- ☐ Called back on a number from your records or the registry, not the request
- ☐ New account name checked against the registered legal name
- ☐ Company re-checked for recent director, owner or address changes
- ☐ New account in the same country as the supplier, or the change explained
- ☐ Second approver signs off before the change is saved

Warning signs in the request itself

- Urgency, secrecy or pressure from a "senior" contact
- Email domain one character off the real one
- Account in a personal name or a different country
- Change arrives just before a large invoice is due

NEW RISK: AI

\$893m

reported US losses to AI-linked fraud in 2025, the first year the FBI tracked it

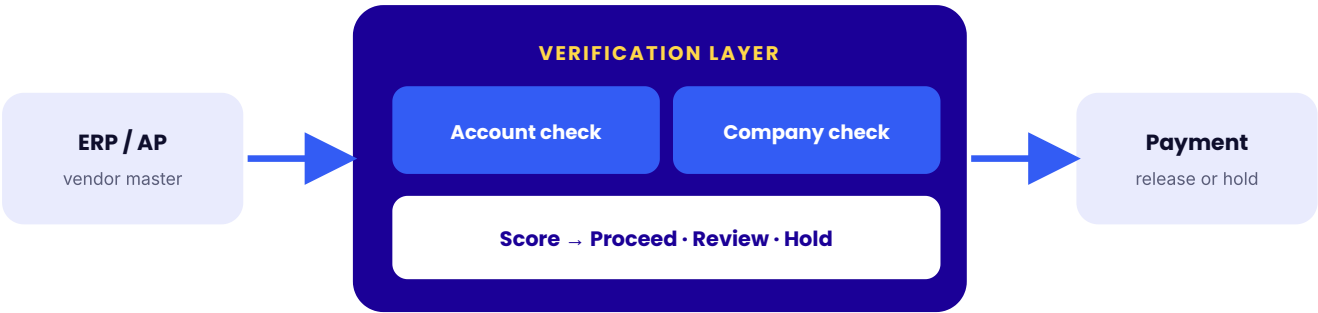
When the email, the invoice and the voice all look real

AI writes flawless supplier emails, generates convincing invoices and can clone a voice for a callback. Checks that rely on spotting something "off" are losing their edge. Only 17% of organisations use AI to fight payments fraud (AFP, 2026).

What still works: data a fraudster can't fake. Registry facts, account ownership and independently sourced contact details don't change because a message sounds convincing.

Running KYP across thousands of payees.

Manual checks work for ten suppliers. With thousands, KYP has to live inside the systems where suppliers are created and payments are released.



Three ways to run it

Real-time API

Call the check when a supplier is created or a bank detail is edited. The ERP blocks the save until the result is Proceed or a reviewer signs off.

Batch file

Send the whole vendor master or a payment file, get every payee back scored. Ideal for a first clean-up and for payment runs where VoP is waived.

Continuous monitoring

Approved payees are watched for status, ownership, insolvency and sanctions changes, with an alert before the next payment, not after it.

Metrics worth tracking

Metric	Why it matters
Verified payees %	Coverage of your vendor master
Match rate	Low rates point to dirty master data
Review / Hold rate	Tunes your thresholds and staffing
Time to decision	Checks that slow payments get bypassed
Bank changes re-verified	Should be 100%
Monitoring alerts actioned	Proof the control works after onboarding

Start with a clean-up. A one-off batch check of your existing suppliers usually surfaces dissolved companies, duplicate records and stale bank details before any new fraud attempt does.

One payee. 22 signals. One decision.

A bank-detail change request for a long-standing supplier, checked before the change is saved. The account matches, so a name check alone would wave it through. The company signals tell a different story.

Payee · bank detail change request

Northbridge Logistics Limited

Company no. 0XXXXXX1 · England & Wales · Supplier since 2019 · Next payment £84,250

Recommendation

REVIEW

BANK ACCOUNT · 4

Name match (CoP) ✓

Account type: business ✓

Account country = supplier ✓

Differs from account on file !

FINANCIAL · 4

Accounts filed on time ✓

Net assets positive ✓

No insolvency notices ✓

No winding-up petition ✓

COMPANY · 5

Status: active ✓

Number matches record ✓

Incorporated 2011 ✓

Registered office moved 18 days ago !

VAT number valid ✓

GROUP · 1

Parent company active ✓

PEOPLE & OWNERSHIP · 4

Two directors appointed 12 days ago ✗

Long-serving director resigned !

UBO unchanged ✓

No disqualified directors ✓

COMPLIANCE · 4

Company sanctions clear ✓

Directors sanctions clear ✓

UBO sanctions clear ✓

No PEP matches ✓

✓ 18 clear ! 3 to review ✗ 1 high risk

Why Review, not Proceed

The new account sits in the supplier's own name, but the board changed 12 days ago, the registered office moved and a bank-detail change followed. That is the pattern of a hijacked company (Scenario B on page 6).

Recommended next step

Hold the change. Call the long-standing contact on the number in your records, confirm the new directors and the account change, then re-run the check. Approve only with a second sign-off.

Illustrative example with invented data. Company number is masked; any resemblance to a real company is coincidental. Signal names and layout in the live product may differ.

Both layers. One decision. Before you pay.

Know Your Payee by Global Database combines bank account verification with registry-sourced company intelligence and returns a clear Proceed, Review or Hold recommendation for every payee.

22

risk signals per payee

Account, company, ownership, financial and compliance signals in one result.

3

clear outcomes

Proceed, Review or Hold, with the evidence behind each decision for your audit trail.

~50

countries for account checks

UK CoP and EU VoP, extended through validation partners including Canada.

What each check covers

- Bank account name match and account validation
- Company status, dissolution and liquidation
- Directors, shareholders and ultimate beneficial owners
- Financials and financial distress indicators
- Group structure and parent companies
- Sanctions and PEP screening
- Ongoing monitoring after approval

Works where your team works

- **API** for ERP, AP and procurement systems
- **Batch files** for vendor master clean-ups and payment runs
- **Bulk data feeds** of global registry data
- **MCP server**, plus Claude and ChatGPT connectors
- **Microsoft 365 Copilot**, Outlook and Teams app
- **Web app** for one-off checks by AP and compliance

FREE FOR GUIDE READERS

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A free check of up to 50 payees from your vendor master, each scored Proceed / Review / Hold, with a report like the one on page 11 for every one.

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