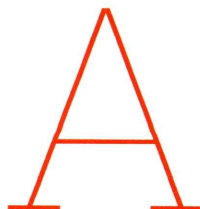


Protecting your property from **fraud**

With property fraud increasing by 84 per cent in just five years, here's what you need to know about how to spot it – and what you can do to protect your properties

WORDS BY CHARLOTTE DUCK





As an experienced landlord and a member of the National Residential Landlords Association (NRLA), Simon (not his real name) thought he was pretty clued up when it came to protecting his properties from fraud.

“[It] has certainly come up on my radar – it’s big elsewhere, such as in the US, and the UK isn’t far behind, especially with subtleties,” he tells *Property*.

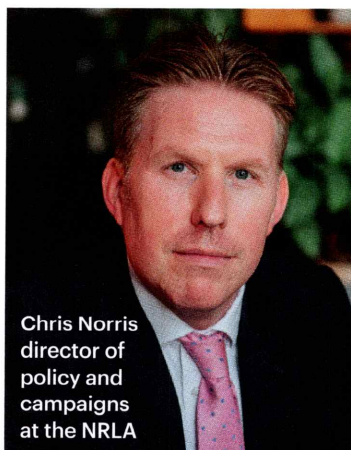
He had, he thought, peace of mind in that he’d signed up to HM Land Registry’s free property alerts service. This is designed to notify an owner if there is a significant change to a monitored property, for example, a new mortgage having been taken out, a lease extension agreed or a change of title.

So, when he decided to take up an NRLA offer to try out a new app through association partner Title Guardian, he was horrified to discover that a number of his properties were in fact at high risk of falling prey to fraudsters.

Title Guardian allows for as many properties as a landlord wishes to be protected. It monitors – and alerts the owners – much earlier in the potential fraud cycle. For example, if a property has been listed for sale, if home-buyer searches are being conducted or if a bogus company has been registered to the property, as well as (like HM Land Registry) if a new title application is being registered.

It was bogus company fraud that Simon was at risk of falling prey to. “It [the app] flagged up three properties I’d owned for 15 years and had no issues with. I got 19 alerts, which is crazy and felt very scary,” he says. “There were people and companies registered to the properties I’d never heard of. Letters addressed to various companies had been coming to the properties. The tenants, who of course didn’t know anything about them, had either redirected or returned them or put them in the bin.”

Simon was lucky in that he incurred no direct financial damage and was able to sort out the companies ‘squatting’ on his properties through alerting Companies House. But property fraud against landlords is becoming a growing problem – and a growing concern.



Chris Norris
director of
policy and
campaigns
at the NRLA

ILLEGAL BEHAVIOUR

In 2022, for example, HM Land Registry warned it had seen property fraud increase by 84 per cent in the previous five years, with

44 fraudulent applications worth a total of £31m taking place in that one year alone.

While, thankfully, the number of actual cases remains low – just 0.001 per cent of applications in 2020–21 were fraudulent according to HM Land Registry – the value of a property makes this type of fraud, if successful, extremely lucrative for the criminal and equally extremely devastating for the property owner.

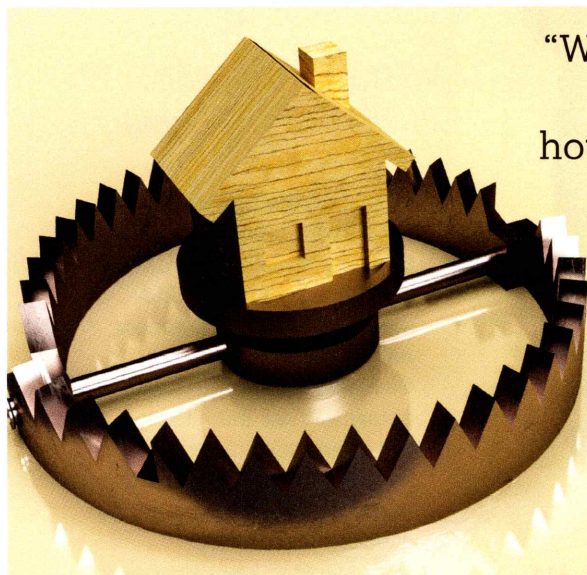
The Chartered Institute of Public Finance and Accountancy claims that housing fraud accounted for more



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CHRIS NORRIS, NRLA

SHUTTERSTOCK



“We were astounded to discover that a house could be ‘sold’ without physical possession of the deeds”

SIR MAX HASTINGS

than half of the value of fraud it managed to detect and prevent in 2020. Examples included illegal subletting, which accounted for £31.6m in 2019/20.

“Landlords are obvious, and sometimes quite easy, targets because of the visibility of their assets and the fact that they very often operate as a private individual and use their home address for correspondence. This can leave them vulnerable to a variety of types of fraud,” emphasises Chris Norris, policy and campaigns director at the NRLA.

“The types of fraud a landlord might encounter can vary. Most common is probably applicants providing false references or pretending to be somebody else entirely to obtain a tenancy. It is not uncommon for a let to be arranged with

a seemingly verified and reliable tenant only to discover that they are a front for some form of illegal activity or unauthorised subletting.”

Increasingly common frauds include identity theft, title deed fraud and fake tenancy ads, among others (see below panel for more on these).

DUBIOUS TACTICS

High-profile cases include that of Angus Penfound, a landlord in Southampton who discovered the three-bedroom Victorian terraced property he was letting had been sold without his knowledge.

“It wasn’t until Southampton Council phoned me to tell me that someone else was living there and was I aware of this,” he told the BBC.

In another case in Cambridge, a “brazen” tenant, as the *Metro* newspaper reported it, tried to sell his landlord’s house for more than £400,000 by listing it for sale online via a fake estate agent.

The historian and journalist Sir Max Hastings also told of his near miss after an identity fraudster attempted to sell his wife’s property in Fulham, which was being rented out. Luckily, HM Land Registry became suspicious and declined to register the sale, although the potential buyer lost out to the tune of £1.35m.

“We were astounded to discover that a house could be ‘sold’ without physical possession of the deeds,” Sir Max wrote in the *Daily Mail* newspaper.

Even when not the direct victim, if fraud involves a tenant and/or a property, it is the landlord who can often find themselves bearing the financial brunt. For example, one letting agent told *Property* of how he had been duped by an office manager who forged a tenancy agreement and then changed key details.

“He persuaded a non-English-speaking tenant to meet him under a bridge and pay him the deposit and first month’s rent in cash. There was no trace of it, and it didn’t appear on any of the office systems. We were only notified of this when the landlord started asking where the rent was,” he said. ➤

KEEP A LOOKOUT FOR THESE COMMON RENTAL SCAMS

- **Identity theft.** This can see bogus companies registered to an address that’s not associated with them and can, as we have seen, put that property potentially in breach of its insurance and/or mortgage terms.
- **Title deed fraud.** An example of this could be a tenant changing their name by deed poll to that of the landlord. They can then secure a new passport, driving licence, bank statements, utility bills and so on, all sent to that property address in their ‘new’ name. This, in turn, can allow them to pass ID checks to permit them to potentially put the property on the market and cash in.
- **‘Gumtree’ fraud.** This is where a person gets hold of the keys to a property they don’t own and advertises

it for let (for example, on a site such as Gumtree). They then either charge for viewings or pretend to let the property to everyone that views it, taking their deposits and running. Sometimes these tenants will only find out they have been victims of a scam when they attempt to move in.

- **‘Western Union’ scam.** In this scam, a tenant asks to pay a deposit via Western Union or a similar service. They pay too much ‘by mistake’ and then ask the landlord to send the extra funds back. By the time the landlord makes the payment, the original payment has bounced, leaving the landlord out of pocket and the tenant, normally, nowhere to be seen.

“Fraudsters see properties advertised online for sale or to rent and pull the photos off reputable sites”

JOHN DAW, TITLE GUARDIAN

PREVENTING FRAUDULENT APPLICATIONS

HM Land Registry emphasises it is doing its best. It told *Property* that, in the past five years, it has prevented 205 fraudulent applications being registered, representing properties valued in excess of £123.3m.

One example was an application it received to transfer the ownership of a bungalow for £360,000, which drew suspicions as it was well below the average for the area. HM Land Registry alerted the owners, who visited the rental property only to find the locks had been changed and a ‘For Sale’ sign had been placed outside. HM Land Registry promptly cancelled the application.

It also helped a Mr Mills who had rented out his property while living overseas. Through its property alerts service, the landlord received a notification informing him that someone had made an application for a mortgage worth more than £300,000 against the property. He alerted HM Land Registry which, just as with Sir Max Hastings, prevented the fraudulent application from being registered.

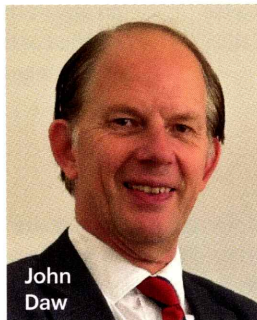
Yet, as Simon’s case has highlighted, it is not infallible. John Daw, chief executive of Title Guardian, worries about the ease by which identity fraud can be carried out nowadays, especially in an increasingly digital economy.

“This is a problem that many people don’t know exists. It’s not what is going on at the property, it’s what is going on in the online world,” he says.

“Property fraud is easy to execute, and the gains are huge,” he adds. “Subletting is a massive problem. If they sublet to a friend and it’s done privately, this is difficult to track and it won’t be picked up, but if they do it online to cover a period when they’re on holiday, then we will pick it up.”

He points to the example of a London estate agent which, even though it is normally vigilant about vetting tenants, was stung when the Title Guardian app flagged up an illegal sublet at a property and that two companies had been registered to the same address.

“Fraudsters see properties advertised online for sale or to rent and pull the photos off reputable sites. They advertise them on Airbnb to overseas students, taking their deposit and disappearing when they arrive,” John adds.



John
Daw

INSURANCE POLICIES

Fraud is also a notoriously tricky thing to insure yourself against. Online property fraud is not something landlords can currently protect themselves against with insurance, unless they are the victim of identity

fraud, which will normally be covered as part of home insurance policies.

Moreover, while having a company set up at an address you own – as Simon had – might not feel as dramatic as someone stealing your identity and trying to sell your property or take out a mortgage against it, it can have serious mortgage and insurance implications.

WHAT YOU CAN DO TO PROTECT YOURSELF

- Sign up to the free HM Land Registry Property Alert service
- Consider registering properties with Title Guardian – NRLA members can get a discount on this
- Give neighbours your contact details and ask them to alert you to any suspicious activity
- Keep in regular contact with your tenants and carry out periodic checks of properties
- Ask tenants to keep any post that isn’t in their name and pass it on to you
- Use a correspondence address to add a layer of security
- If you feel like your property is particularly at risk, put a restriction on your property title. This will mean HM Land Registry won’t be able to register a sale or mortgage unless a conveyancer certifies that the application has been made by you.

“If there’s been a company registered and then there’s a flood or fire [at the property], you might not be covered as it’s deemed a breach of the mortgage and insurance conditions. Also, if it’s leasehold, it might be in breach of the head lease,” says John.

Finally, the overarching message here? There are tools you can use to help protect yourself from property fraud, including signing up to HM Land Registry’s Property Alerts and Title Guardian’s app.

But the key, as with most things security-related, is simply to remain vigilant, be proactive and ask questions – and simply to recognise that criminals are operating out there and are only too ready to take advantage if you’re not careful. Especially when we’re talking about a valuable asset such as a property.

So, keep in regular contact with your tenants and neighbours, visit your properties regularly, and be alert for any unusual activity.