

**OFFICIAL**

## Fraud Threat Alert: **House Purchase Scams**

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### **Nature of Threat**

Fraudsters are duping solicitors, house purchasers and vendors, in order to divert payments to accounts under their control. This Alert enables organisations that have contact with solicitors, house purchasers and vendors (e.g. mortgage providers), to share information on the threat and how it can be prevented, with those potential victims.

In most instances the fraudsters will:

A) Contact the solicitors – purporting to be the genuine vendor – and request that sale proceeds are paid to a different account than previously specified.

**OR**

B) Contact the house purchaser purporting to be their solicitor, and instruct them to send a payment relating to the property purchase (e.g. deposit) to a different account than previously specified.

### **Case Study – scammed house purchasers**

1. A couple engaged a solicitors firm for their house purchase, and paid deposit funds to the solicitor's genuine bank account.
2. Shortly before completing the purchase, the couple received an email purporting to be from their solicitors; claiming that their main bank account was being audited, and requesting that house completion funds be paid to a different account.
3. In an effort to confirm that the email was genuine, the couple replied to the email and requested their unique client ID number. The ID number was duly supplied by the fraudsters, who had obtained this information by hacking the genuine solicitors.
4. The couple transferred house completion funds to the specified bank account, unaware that they were transferring funds to criminals, and not their solicitors.

### **Prevention Measures**

1. The process for changing bank account details for payments/sale funds should be agreed between purchasers/vendors and their solicitors at the beginning of the house purchase process. For example, emphasising that bank account details will only be changed if instruction is provided face to face, or a phone conversation takes place between known contacts.
2. The authenticity of a request to change account details can not and should not be confirmed by replying to an email, or by using any contact details contained within that request to change account details. Instead use known contact details and speak to existing contacts, to verify that the request is genuine.
3. Solicitors should consider the security measures and encryption they have in place to protect their email and other company systems from hackers.
4. Both solicitors and purchasers/vendors should keep their anti-virus software up-to-date and regularly install system updates.