

# SOCA ALERT

Alert A0A328N

## False Property Valuation Reports

This Amber Alert is issued by the Industry Exchange and Alerts Branch of the Serious Organised Crime Agency (SOCA). It is based on assessed intelligence and warns of dangers and threats from serious organised criminality. It is devised with the aim of bringing about preventative or remedial action. We recommend you use this Alert to complement existing knowledge and support ongoing improvements to your business processes and procedures.



SOCA is a Home Office Non-Departmental Governmental Body



**Property Forum**  
Acting for Safe Transactions

**SOCA**  
SERIOUS ORGANISED CRIME AGENCY



October 2010

## False Property Valuation Reports

### Overview

SOCA has been made aware of the continued use of false property valuation reports by fraudsters to secure funds from banks and other financial institutions.

### What we would like you to do

We would like to raise awareness of this type of fraud and in the event any fraudulent valuation reports are identified, consider the following:

- subject any suspicious activity to closer scrutiny
- report your suspicions using the usual reporting mechanism as explained in the 'what else to consider' section on page 5
- take further action (e.g. decline business, freeze associated accounts<sup>1</sup>, commence internal investigations and/or refer the matter to the police) in accordance with your current guidelines and procedures, and
- report back to us about any preventative methods you have found effective in combating this type of fraud or have been introduced to as a result of this Alert.

The Alerts process is the way in which SOCA provides information to the private sector. To help us to improve this service, we would welcome any feedback you have on both the Alert itself and the information provided to you. Please email all feedback to [alerts@soca.x.gsi.gov.uk](mailto:alerts@soca.x.gsi.gov.uk) and include the reference **AA328AA** in the subject line.

<sup>1</sup> Please note that freezing or closing accounts of innocent parties may lead to a breach of article 8 in Schedule 1 Part 1 of the Human Rights Act 1988.

## Information Report

Recent investigations have shown a reported increase in fraudsters attempting to use false property valuation reports to secure mortgages on high value residential and commercial properties.

Members of the Mortgage Fraud Forum (MFF) and the Property Forum Acting for Safe Transactions (PFAST)<sup>2</sup> have reported that fraudsters have targeted high value residential and commercial properties. Further details are provided in the case studies below.

There have been no reported losses to date, however, MFF and PFAST members are concerned about the potential reputational damage to their businesses and believe it is only a matter of time before criminals will be successful in securing a fraudulent mortgage.

The level of organisation coupled with the apparent knowledge of the mortgage industry may suggest the use of corrupt professionals. It has also been identified that some of the mortgage funds are being sourced from secondary UK and foreign lenders.

As a result of this particular fraud, the Metropolitan Police Service's (MPS) Operation Sterling has been requested to investigate this matter. All enquiries should be directed to DC Nick Holmshaw; e-mail: [nicholas.holmshaw@met.police.uk](mailto:nicholas.holmshaw@met.police.uk).

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<sup>2</sup> PFAST (Property Forum Acting for Safe Transactions) is an industry led group of major stakeholders in the property sector coming together to educate the industry about the pitfalls of fraud and to strengthen its anti-fraud measures.

**Case Study One**

In early 2010, MPS Operation Sterling was contacted by a national estate agency group over concerns that fraudsters were using its company headed paper to create false property valuation reports. The company reported that a number of high value London properties had fraudulent valuation reports completed against them, some of which doubled the properties' actual market value.

In one case, the elderly owners of a property received an offer from an individual who used an intermediary to finance the purchase and who made an offer without viewing the property. Investigations revealed that the individual was not financially capable of purchasing the property and he subsequently claimed that his identity had been compromised.

In addition to high value residential properties, fraudsters are also targeting commercial properties.

**Case Study Two**

In May 2010, a commercial property in Billingham came to the attention of the Metropolitan Police, as it was discovered that two fraudulent valuation reports were in circulation for the same property. Both valuation reports were printed on headed paper from two major national estate agents. Once again the chartered surveyor's details used on the document were taken from an actual employee of one of the companies whose identity had been compromised.

On this occasion there were two reported attempts at raising finances against these valuations with two low level finance intermediaries.

**Case Study Three**

In another example, fraudsters attempted to raise finance against a commercial property, which they claimed to own. During the negotiations with a prospective purchaser, the fraudsters stopped en route to the meeting outside a major estate agent and chartered surveyor to 'collect' the property's valuation report. One of them emerged from the office with an envelope which he claimed contained the full report, but which in fact contained only part of a genuine valuation report with substituted pages.

Luckily, the victim spotted the fraud due to the spelling and grammatical mistakes in the substituted pages.

The following are a number of common mistakes which have been identified with these false valuation reports, namely:

- Reports often contain poor grammar and spelling.
- Reports show inconsistent use of fonts and style throughout the document.
- Reports often use poor quality printing materials and photos of the property.
- The postcode is often omitted and replaced with the words 'United Kingdom'.
- Genuine valuation reports for high value properties are usually professionally produced and bound documents, with a picture of the property on the front cover.
- The telephone number does not relate to a genuine business.

It is recommended that any telephone numbers on the report are checked and the surveyor should be contacted personally to ensure that the report is genuine.

## Additional Information – Money laundering

Money laundering offences are defined in Section 7 of the Proceeds of Crime Act (POCA) 2002. Offences include receiving, transferring or disguising the proceeds of crime. Criminals will seek to obtain assistance from otherwise legitimate businesses to distance themselves from the proceeds of crime, or to move the proceeds beyond the reach of UK law enforcement. If you think you are about to be or have been used to facilitate a crime, or as a vehicle for money laundering, then you should report it to the police as soon as possible.

Where businesses actively help criminals launder their proceeds, POCA allows for sentences of up to 14 years in jail. In addition, under certain circumstances, criminal confiscation and or civil recovery action can be taken following prosecution for money laundering offences. For more information visit [www.soca.gov.uk](http://www.soca.gov.uk)

More information about responsibilities associated with the reporting of money laundering can be obtained from business professionals who may be directly linked to your business. For instance you may be able to discuss this Alert with your company accountant, solicitor or a banking representative.

If, as a result of information provided to you by SOCA, you know or suspect that there has been money laundering or terrorist financing activity you can also make a report to SOCA under Part 7 Proceeds of Crime Act 2002 and the Terrorism Act 2000. Whilst this reporting method is mandatory to businesses that fall within the reporting sector<sup>3</sup>, it is also open to other businesses, outside of the financial sector, as a means of reporting suspicions about money laundering. If you decide to make a report in this way we request that you include the key word **AA328AA** within the text. This reference is specific to the Alerts process and helps us to manage similar topic reports. Guidance on making suspicious activity reports is available at [www.soca.gov.uk](http://www.soca.gov.uk).

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<sup>3</sup> Businesses that fall within the reporting sector are articulated within the Proceeds of Crime Act 2002

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### Alert Coloured Roundels

SOCA Alerts are marked with either a Red or Amber Roundel. This is designed to indicate the urgency of the warning. Red may indicate a more immediate or specific threat, whilst those marked Amber will provide more general information that may complement existing knowledge.

### SOCA Prevention and Alerts

Recognising that the private sector is often the victim of serious organised crime and is engaged in its own efforts to prevent, deter and frustrate criminal activity, SOCA Prevention and Alerts seeks to forge new relationships with business and commerce that will be to our mutual benefit – and to the criminal's cost. By issuing Alerts that warn of criminal dangers and threats, Prevention and Alerts seeks to arm the private sector with information and advice it can use to protect itself and the public. For further information about this Alert, please contact SOCA Industry Exchange and Alerts Branch by email [alerts@soca.x.gsi.gov.uk](mailto:alerts@soca.x.gsi.gov.uk) or by telephoning 020 7238 8541. For more information about the Serious Organised Crime Agency go to [www.soca.gov.uk](http://www.soca.gov.uk).

### Reducing harm – Providing information back to SOCA

We would like to remind you of the provisions contained in Section 34 Serious Organised Crime and Police Act 2005. These provisions say that any information provided by you to SOCA, in order to assist SOCA to discharge its functions which include the prevention and detection of crime, will not breach any obligation of confidence which you may owe to any third party or any other restriction on the disclosure of information. S34 requires that disclosures of personal information about living individuals by you to SOCA must still comply with the provisions of the Data Protection Act 1998 (DPA), but you may be satisfied that disclosure by you of such personal information to SOCA in order to assist SOCA to prevent and detect crime is permitted by the DPA. Please, therefore, submit all S34 information to [alerts@soca.x.gsi.gov.uk](mailto:alerts@soca.x.gsi.gov.uk).

### Handling advice – Legal information

*This information is supplied by SOCA under Section 33 of the Serious Organised Crime and Police Act 2005. It is exempt from disclosure under the Freedom of Information Act 2000. It may also be subject to exemption under other UK legislation. Except where permitted by any accompanying handling instructions, this information must not be further disclosed without reference to SOCA in accordance with Section 35(1) of the Serious Organised Crime and Police Act 2005.*

*This report may contain 'Sensitive Material' as defined in the Attorney General's guidelines for the disclosure of 'Unused Material' to the defence. Any sensitive material contained in this report may be subject to the concept of Public Interest Immunity. No part of this report should be disclosed to the defence without prior consultation with the originator.*

*Requests for further disclosure which are **not** permitted by any handling instructions or handling code must be referred to the SOCA originator from whom you received this information, save that requests for disclosure to third parties under the provisions of the Data Protection Act 1998 or the Freedom of Information Act 2000 and equivalent legislation must be referred to SOCA's Public Information Compliance Unit by e-mail on [picuquiries@soca.x.gsi.gov.uk](mailto:picuquiries@soca.x.gsi.gov.uk).*