

Don't be a professional enabler

A report from Thirdfort

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Introduction

Property firms such as conveyancers and estate agents often rely on their people to complete Know Your Client (KYC) and Anti-Money Laundering (AML) checks, where staff manually verify identity documents.

But people make mistakes, increasing the risk that they may unknowingly enable fraud and money laundering. The Estate Agents of the Future report found that 58% of agents still believe that existing processes are 'prone to human error'.

To avoid lawyers and agents from becoming un-witting professional enablers, staff must be trained effectively, and need the right tools at hand to verify documents.



Why this matters?

Data from Cifas, the UK's fraud prevention community, shows that identity fraud remains a key threat and the number of cases recorded has grown by 22% to 226,000 in 2021.

Identity fraud now accounts for 61% of all cases recorded to Cifas' National Fraud Database.

Cifas analysis of identity fraud found:

- Smishing, phishing and vishing campaigns remain very effective in harvesting personal information
- False documentation and identity packages are becoming increasingly sophisticated

What is the issue?

Fraud and fake ID documents are on the rise. Criminals will stop at nothing to bypass controls and use many methods to engage in fraud.


These include obtaining fake IDs, changing their name to a property owner's name, and illegally obtaining genuine documents to open a bank account.

Property lawyers and agents are particularly vulnerable and often most at risk of being targeted.

Property lawyers and agents working on any of the following eight types of property transactions should be extra vigilant.

The 8 Property Types Most At Risk

	RISK	REASON
1	Sole or long-established owners	If there is only one or a sole owner of a property, it makes it easier for the criminal to steal or fake an ID and impersonate the owner.
2	Mortgage-free properties	Often, there are fewer checks and hoops to jump through with mortgage-free properties, so criminals see them as easier targets.
3	Rented property	A tenant may be able to impersonate the owner. They have access to the property and can obtain identification at the address.
4	Absent landlords	Absent landlords make it easier for fraudsters to obtain the post and impersonate the landlords without their knowledge.
5	HMLR unregistered properties	There is no registered title and no official record of the legal owners.
6	Residents in a care home or hospital	Property fraud is easier to commit as the property may be vacant or its owners are preoccupied with their health or other concerns.
7	Deceased property owners	If an individual is deceased, it is easier to obtain their identity by impersonating an owner using false or stolen ID.
8	Property for sale	Fraudsters can pose as potential buyers to enable them to collect information on a property and a seller to facilitate fraud.



Many real-life examples highlight the risk that estate agents and property lawyers face. And data breaches can increase this risk. For instance, a recent incident in Australia highlights the threat.

Australian telecoms giant Optus revealed that criminals stole the personal data of around 10 million customers. For 2.8 million people, this included passport and driving licence numbers putting them at significant risk of identity theft and fraud.

What's more, new technology means that forgeries are getting more realistic. In the most sophisticated cases, these can be almost impossible to spot manually. And this extends beyond passports and driving licences to bank statements, utility bills, credit reports and payslips.

A warning to absent landlords: properties most at risk

Highlighting the risk of absent landlords, Reverend Mike Hall, who had been working away from his Luton house, returned to find his house had been sold to a new owner for £131,000.

The reverend had been working in North Wales when he received a call from his Luton neighbour who informed him someone was in his house.

After driving back to his house, he found a builder completing works inside his home.

His house had been stripped of plaster, electrical wiring had been removed and a bedroom ceiling had been pulled down.

After investigation he found his identity had been stolen by a criminal using a fake driving license and new bank account. They used these details to fraudulently sell his house.

What are the red flags?

While spotting forgeries is difficult, there are some key points property professionals should look for.

These include:

- secretive clients
- clients who are unwilling to meet in person, over video or engage in technology control to mitigate risk
- recently issued IDs
- lack of knowledge about the transaction or the property itself
- cash transactions
- documents that appear to be tampered with or altered
- if a third-party is acting on behalf of a seller

How Thirdfort works

Verifying ID, AML and Source of Funds (SOF) checks with Thirdfort couldn't be simpler. For checks on individuals, professionals choose which checks they need and add their client's name and phone number. Thirdfort then texts the client asking them to download the app.

The client can then start their ID check instantly, wherever they are. To conduct the ID check, the user takes a photo of their identity document, a selfie and a short video.

By incorporating passport chip reading, facial recognition, and liveness checks, Thirdfort then verifies their identity, matches that person to the document shared, and makes sure the documents are genuine.

Thirdfort harnesses the latest developments in biometric and cryptographic verification, incorporating technology from the pioneers of NFC chip-verification technology and technology used by the NHS and Home Office.

To conduct AML and Source of Funds checks, Thirdfort connects the client's bank accounts to obtain digital bank statements in seconds. Alongside real-time and ongoing PEPs and sanctions monitoring, an in-app source of funds questionnaire provides extra information for a complete AML check.

For company checks, Thirdfort also provides real-time access to company filings from government registers around the world, alongside sanctions, adverse media screening, and Ultimate Beneficial Owner (UBO) discovery, all in line with 6th EU AML directive.

Once the checks are complete, Thirdfort guides the professional through the results, and enables them to download a PDF report.

What is the solution?

While individual lawyers and agents can be seen as a firm's biggest risk, they are also the best line of defence.

Property firms should regularly update staff training on the risks around identifying fraud and the red flags of which they should be aware. It is also worth becoming familiar with [government guidance](#) on how to examine ID documents.

Alongside such training, modern digital verification tools can also help reduce the burden on staff when checking and verifying ID documents.

With the right technology, documents can be identified as fraudulent in minutes, giving lawyers and agents time to focus on looking for red flags that may be more difficult for technology to spot.

Thirdfort accesses real-time police databases, meaning lawyers and agents will know instantly whether a document they check has been reported lost or stolen or previously involved in fraud.

That's why more than 1000 lawyers, estate agents and finance firms trust us to conduct Know Your Client, Anti-Money Laundering and Source-of-Funds verification.

Such checks take just minutes to complete, saving property professionals time while reducing the risk of fraud and money laundering.

How can we help?

If you'd like to understand how Thirdfort could help your firm save time on KYC, AML and SoF verification please email: contact@thirdfort.com or request a demo at: <https://www.thirdfort.com/request-demo>.

