

A. L. HUGHES & CO.

SOLICITORS

FRAUD INFORMATION LEAFLET

What this is about

Fraud and scams, swindles and deception. You read a great deal about it in the papers and see reports on the television. Wherever there is money, in the shadows lie those who are seeking to induce others to part with it. This is not a new phenomenon. There are examples of frauds reported in Greek and Norse legends and in Biblical texts!

But with the speeding up of communications, new opportunities have arisen for fraudsters. This leaflet concentrates on the things that you can do to minimise the risk of fraud, and it sets out our position on those risks. There is advice, and warnings, and also clarity on what steps we take and why we take them. We also set out our obligations and the limits on those obligations.

As such this is an important leaflet – it's not just small print, so please read it.

Identity fraud.

When someone is involved in a property transaction, one of the key things is to find out who they are, and whether they are entitled to do what they say they are. The first thing to say is that proving identity conclusively is almost impossible. So everyone involved in establishing identity has to fall back on paperwork, and on the traces people leave in the world around us.

So when we are instructed, we ask for evidence of identity, and we expect clients to cooperate in providing it. We also conduct other checks, and we ask questions. We have uncovered dodgy people in the past. We think we are pretty careful, but we are not complacent enough to believe that our checks are foolproof. We also see as many of our clients as possible.

The important point to note from this is that it is certain that others' systems of checking ID are also not going to catch every fraudster, and there will be people out there pretending to be others who they are not.

Seller ID Fraud

There have been a number of cases where people have pretended to own properties, which were vacant, have persuaded solicitors that they are the owners of those properties, and then sold them to unsuspecting buyers, who find that they don't get the property.

In most of these cases there is nothing that the buyer or their Solicitor could have done to find out what was going on.

What you can do?

It is not possible to generalise about what sort of property or seller might be involved in fraud. That genial granny might be the next Moriarty.

It is sensible to find out why the seller is selling. What's their story? Does it make sense? These are indications of increased risk and if you think any of them apply, then please tell us.

- Properties that are empty.
- Inconsistencies. An example might be a property which is furnished as if occupied by an elderly person, but is being sold by a young one.
- Where the seller knows little or nothing about the property.

What we do?

Our investigation of ID stops with you. The system depends on all professionals doing their best to verify identity. We are alert to the possibility of fraud, but seller identity fraud is most unlikely to be picked up by any buyer's solicitor.

Our position

You will appreciate from the above that we cannot give you a total assurance that when money is paid to another firm of solicitors they will not have been duped into paying it to fraudster. Terrible as it may seem, you have usually no redress against the seller's solicitor, and we are obliged to make it clear to you that if this happens, we cannot accept liability either unless we have been careless or negligent.

As such, our terms and conditions provide that we hold the funds you pay us upon trust, but that you authorise us on completion of a transaction to pay those funds to the solicitor or conveyancer acting for the person claiming to be the seller.

You may be able to obtain insurance against the risk of Seller Identity Fraud.

E-mail Fraud

This is a variation on ID fraud which is much easier to carry out. All that is needed is to masquerade as another person and use their email address. Typically, messages will tell you that bank account details have changed. The victim pays funds into the villain's bank. Result, happy villain.

What you can do?

If you are paying money to us, just bear in mind that we are not going to change our bank during your transaction. We have banked with National Westminster Bank plc since 2010 and have no plans to change that. Nor will our account numbers or sorting code alter.

What can we do?

We can insist on you producing a copy of your bank statement for every payment. Please supply this. If you do not, we do not accept any responsibility for mispayments.

Money-laundering.

We ask you to prove to us the source of your funds. This is because we have a responsibility to take proper care to ensure that money is not being laundered through us as professional people.

Other frauds

We could write a book on the frauds and scams we have come across over the years – we may still do that.

But nearly all of them are based on the fraudster persuading the victim that they need to pay money for something that will lead to big returns. Certainly bigger returns than you can get from the bank.

So when someone tells you of “a fantastic opportunity”, just stop a second, and ask:

- Why have they asked me – if it’s such a good deal why not keep it for themselves?
- Does it make sense? Big returns from investments are impossible to guarantee.
- Does it involve lending money to someone? If so, then why are they not borrowing money from a bank? Is it because they are a bad credit risk?
- Does it involve things happening which are unlikely, such as planning permission being granted for turning a nature reserve into a housing estate?

Examples:

- People who offer you shares or securities
- Land Plot sale scams
- Buying into blocks of property in far away places
- Time shares
- Anything unregulated by the Financial Conduct Authority

If it is too good to be true, then it almost certainly isn’t!