Financial crime prevention

A brief overview of mortgage fraud and how you can help to prevent it.

This information is for use by FCA authorised intermediaries only and must not be distributed to potential borrowers.

Leeds Building Society

What is mortgage fraud?

Common typologies

- Scheme abuse
- False employment / Inflated income
- B2B transactions
- BMV transactions
- Identity fraud/theft
- Hidden adverse
- Source of deposit
- Tax credit / benefit fraud
- Tax evasion

Fraud indicators

What brokers can look out for

- Developers selling own properties
- Distance between parties on mortgage
- Customer profile – fact find inconsistencies
- False employment – quality of documents, copies not originals, inconsistent figures, payment method
- Self employed – remote accountants, use of PO Box, recently established business
- BMV transactions – speed of transaction, 20%-30% discount, cash buyer
- Scheme abuse – property profile
- Client reluctant to provide information

How to protect you and your client

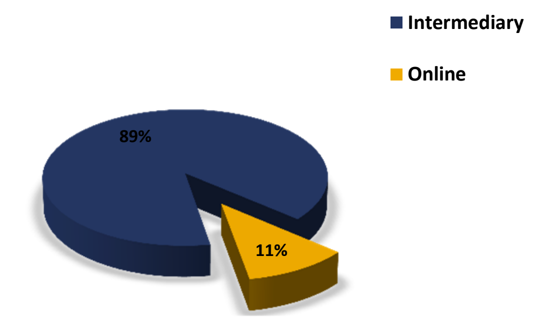
- Take the threat of fraud seriously
- Further KYC / CDD checks
- Report suspicions to lender / network
- Perform your own investigations using publicly available information
- If you are not happy then protect yourself by cancelling the application & terminate the relationship with client

Latest trends

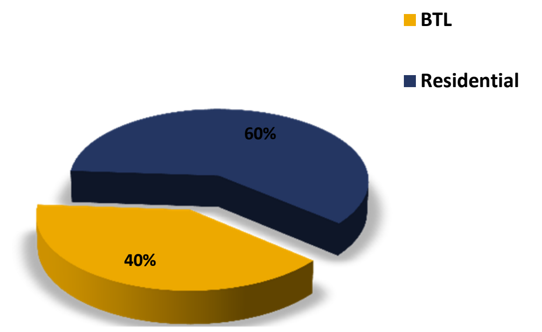
- Individuals bending the truth to try to get a mortgage
- Affordability rules have made it harder for certain types of borrower, mainly self-employed individuals to get a mortgage
- This has resulted in a rise in the number sole traders who have suggested they're an employee of a business rather than the owner-manager
- Scheme abuse

Q3 2015 – CIFAS Stats*

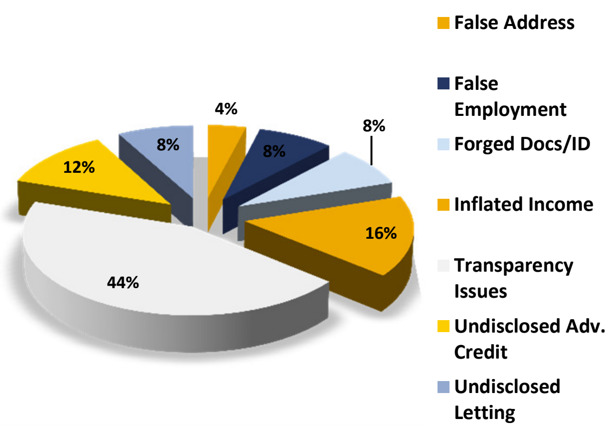
Channel



Mortgage type



Fraud typologies



* CIFAS Statistical Update Q3 2015