

Property Hijack Case Study

Background

Hijacked property was unencumbered, unoccupied and part of a deceased estate.

Mortgage application made by 31 year old FTB to purchase the property was received by Halifax, declared income was confirmed as sufficient to support the loan requested.

Fraud identified when beneficiary visited property and found Halifax mortgage welcome pack confirming completion of the mortgage.

Warning signs of Mortgage Fraud

There was no obvious reason why the borrower chose to instruct the firm, the borrower did not live in the locality of the firm and was not introduced to them by someone known to them.

The borrower did not meet with the conveyancer and dealt with them entirely by post/E mail.

The property was unencumbered.

Conveyancer Failings

Identity

Copy of photo page of passport, not certified by a regulated body, was accepted as identification.

All identity documents were certified by a signatory unknown to the firm, there was no evidence that the firm carried out any checks to validate the certifier as acceptable. Later checks performed by bank confirmed the certifier was not regulated and therefore not suitable to certify the documents.

As transaction was none face to face additional due diligence should have been carried out. The additional documents accepted by the conveyancer were not acceptable for identification purposes.

Source of Deposit

An E mailed PDF building society statement was accepted as evidence of deposit, this statement showed one large recent credit. There was no evidence that any checks had been carried out by the conveyancer to confirm the source of these funds was savings.

PDF documents can be easily doctored and later checks by the bank confirmed this statement was fraudulent.

The deposit funds were paid into the conveyancers client account in 3 tranches, none of which originated from the building society account the statement related to. This

disparity was not queried by the conveyancer and there was no evidence that the source of these 3 tranches was checked to be from a legitimate source.

Deduction of Title

The official copies for the property showed the real owners (deceased individual) address was the property being purchased. However the address for the vendor in the draft sale contract was different. The Memorandum of Sale also confirmed another address for the vendor which matched the address provided by the witness to the borrower's signature on the mortgage deed. There is no evidence that any of these address discrepancies were investigated.

Given the vendor address discrepancies the banks conveyancer should have taken steps to satisfy themselves that the vendor's conveyancer had adequately verified the vendor's identity. There is no evidence that they did so.

Variation in Vendors Signatures

The vendor's conveyancer provided three protocol documents that were apparently signed by the vendor. These were;

- Property Information Form
- Overriding Interest Questionnaire
- Fixture & Fittings Form

Each document was signed on different dates (which is unusual) and the vendor's purported signature varied significantly on each document. This was not queried by the banks conveyancer and the documents accepted.

Opinion

It is our opinion that given the clear warning signs present on this transaction and the significant failings in the due diligence checks carried out by the bank's conveyancer that these contributed to the successful perpetration of the fraud.