



GILSON GRAY

LAW • PROPERTY • FINANCE

Preventing Property Fraud

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Property Fraud

Following several high-profile Court cases, it is clear there is an increasing risk of property fraud affecting conveyancing transactions. Whilst this can take many forms, there is a particular trend of fraudsters impersonating the true owner of a property in order to sell a property to an unsuspecting buyer. The completion funds are transferred and spirited away before the fraud is revealed, leaving the buyer without a property and little prospect of recovering the sums paid.

When acting for a buyer, we are limited in the checks that we can make to identify such fraud. We cannot communicate directly with the seller and rely on the seller's conveyancer to verify their identity in accordance with their professional obligations. However, they do not owe a duty of care to either you or us to perform these obligations competently; if the seller is revealed to be fraudulent, action against their conveyancer is unlikely to succeed.

What We Can Do

In the course of acting for a buyer, we are able to:

- Check, as far as we are able, that a Seller's conveyancer is regulated by an appropriate body;
- Check, using the Lender Exchange Search Facility, that the completion funds are transferred to a recognised client account for any firm registered with the scheme;

What You Can Do

Although any property can be at risk, fraudsters tend to target specific types of properties and transactions. These include;

- Property not occupied by the seller;
- Unmortgaged properties;
- High Value properties;
- Properties specifically marketed at investment buyers;
- The seller stipulating a very short exchange and completion timescale;

Please consider these points in your dealings with the seller and any selling agent. If you have any suspicions about the transaction, or that the seller may not be who you believe them to be, please let me know immediately.

Should you wish, some insurers may offer an insurance policy to protect you in the event you are the victim of a fraudulent seller. If you require such a policy, please contact your insurer to ascertain whether they offer cover in such circumstances.

If you instruct us to exchange contracts and complete on your behalf, you are instructing us to transfer the completion funds to the seller's conveyancer in full knowledge and acceptance of these risks.

Preventing Future Fraud

I strongly recommend you read the Land Registry guide, found at <https://www.gov.uk/protect-land-property-from-fraud>, to learn of the ways you may protect properties you own against fraud in the future.

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