



DEALING WITH PROPERTY FRAUD

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Land Registry

- ❖ Our principal aims are to :
- ❖ Maintain and develop a stable and effective land registration system throughout England and Wales
- ❖ Guarantee title to registered estates and interests in land for the whole of England and Wales

Land Registry Offices and Sub Offices

- ❖ Currently 21 offices and 2 sub-offices
- ❖ 5 offices in the process of being merged. 2 offices will close in 2010
- ❖ London based Head Office
- ❖ Workforce of 6658 (6030, full time equivalents) June 2009
- ❖ Down from 8177 (7350 full time equivalents) Oct 2008, following the mergers and offers of voluntary redundancy
- ❖ The credit crunch has had a major effect on our income which was down from £483m in 2007/8 to £308 in 2008/9
- ❖ Wholly self financing.No call on public funds, even under the current abnormal market conditions
- ❖ We have around 22 million titles which equates to 70% of England and Wales being registered

Land Registry Management

Lord Chancellor and Minister for Justice

Land Registry Board

Executive Board

Indemnity Board

Registration Fraud Unit

Registration fraud



Voluntary registration

Registration fraud

- ❖ Fraud costs the UK economy an enormous amount
- ❖ In a report commissioned by the Association of Chief Police Officers (ACPO) it was estimated that the cost of fraud to the UK is at least £13.9bn a year
- ❖ One type of fraud is registration fraud. This is where a fraudster succeeds in changing our register to make financial gain.
- ❖ The legitimate owner and HM Land Registry are then left to pick up the pieces

Fraud – Why are we interested ?

- ❖ State Guarantee of Title
- ❖ Maintaining the Integrity of the Register
- ❖ Limit Indemnity costs
- ❖ Protecting our customers
- ❖ Protecting a stable economy

Inter-family frauds

- ❖ Before 2005 most frauds were inter-family frauds.
- ❖ Single properties
- ❖ Usually low value
- ❖ Often husband/wife fraud following a break up
- ❖ All frauds reported to the police

Fraud rings

- ❖ Increase in fraud rings/organised crime
- ❖ Attempts getting more sophisticated
- ❖ Prevention tactics within anti-fraud strategy

Indemnity claims, a brief history -1925 to 2003

- ❖ Land and Charge Certificates abolished 2003
- ❖ 1990 to 2003 total fraud payments - £8 million
- ❖ Biggest payout was over £6m – one large case

Indemnity claims - recent history, 2005 - 2009

❖ 2006 – 2007

- 24 claims
- cost LR £2.1 million
- 40% of indemnity claims

❖ 2007 – 2008

- 60 claims
- cost LR £3.9 million
- 43% of indemnity claims

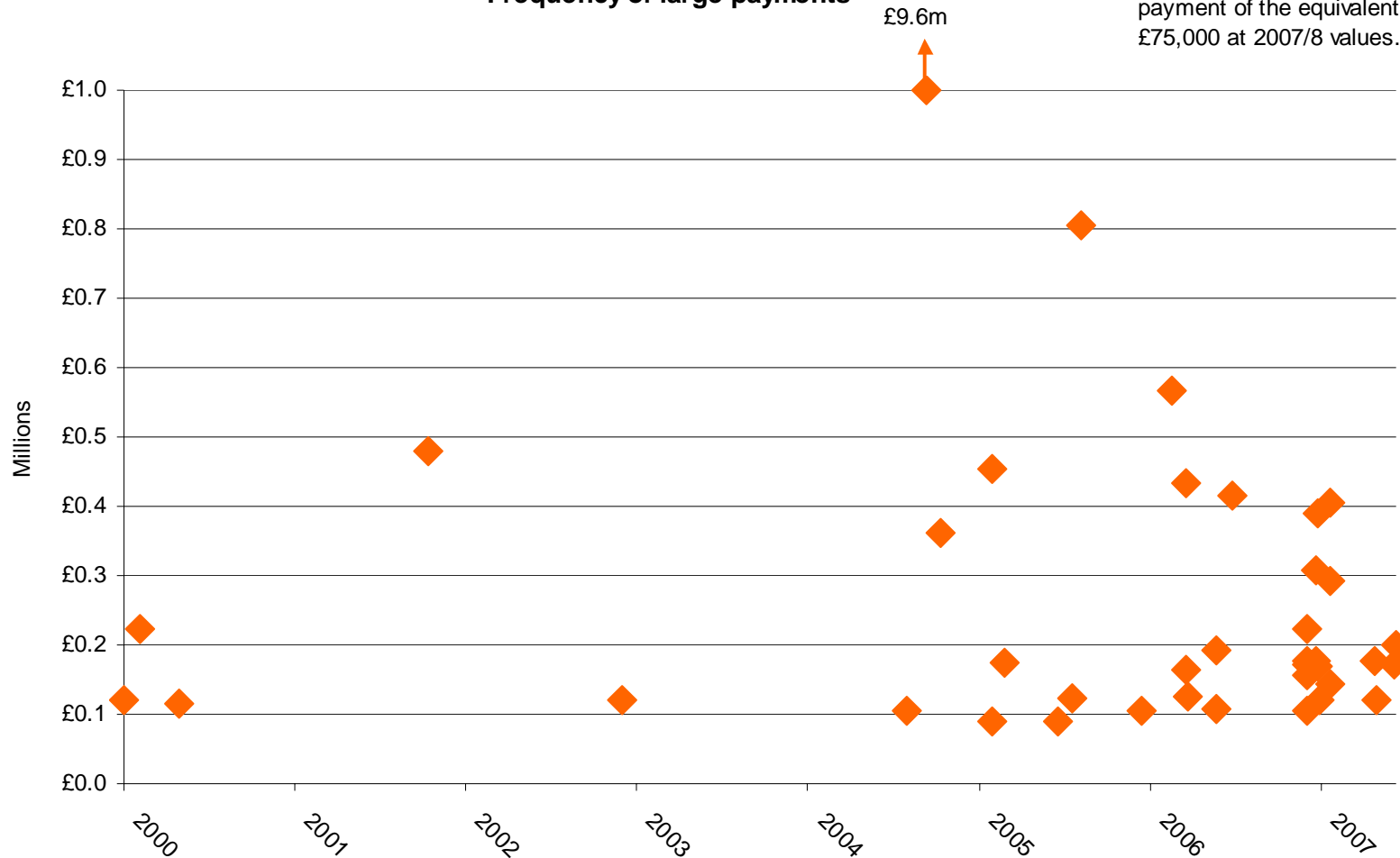
❖ 2008 – 2009

- 62 claims
- cost LR £5.07 million
- 50% of indemnity claims

Large indemnity claims 2000 - 2008

Frequency of large payments*

* A large payment is any payment of the equivalent of £75,000 at 2007/8 values.



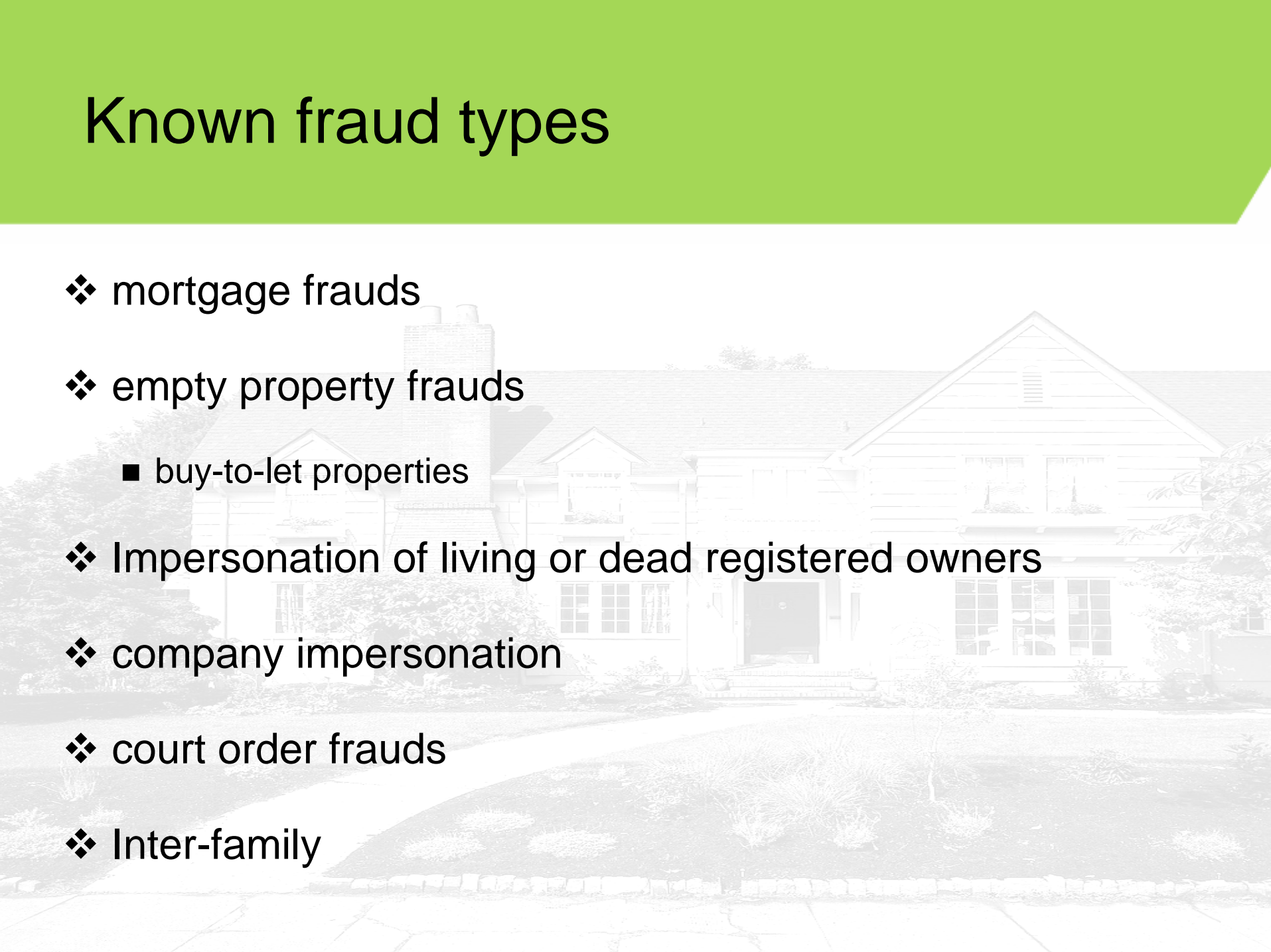
Types of property fraud



Types of property fraud

- ❖ We have gathered evidence of fraud techniques
- ❖ Some favoured methods have been identified via court cases
- ❖ These have involved, selling a house using a forged transfer and disappearing with the proceeds
- ❖ Taking out a mortgage or secured loan and disappearing with the cash

Known fraud types

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- ❖ mortgage frauds
 - ❖ empty property frauds
 - buy-to-let properties
 - ❖ Impersonation of living or dead registered owners
 - ❖ company impersonation
 - ❖ court order frauds
 - ❖ Inter-family

Mortgage frauds

- ❖ Registered owners impersonated to get mortgage or charge monies



- ❖ Lender's impersonated to forged releases of charges

Empty properties

- ❖ Fraudsters often target empty properties
- ❖ If charge registered might redeem and get new one and abscond with loan money
- ❖ If no charge – sell or get lending

Impersonation of owners, or deceased owners

- ❖ Property owners impersonated using forged documents
- ❖ Deceased owners also at risk either -
 - Fraudster pose as beneficiary; or
 - Impersonates deceased

Company related frauds

- ❖ Impersonation of companies.
- ❖ Some companies do hold two companies of the same name in different jurisdictions and may effect nil value transfers between them.
- ❖ Foreign company note on register.

Court orders

- ❖ Fraudster finds empty property
- ❖ Goes to court for Court judgment for non-existent debt against owner
- ❖ Court issues charging order
- ❖ Court orders a sale

Common themes

- ❖ Address for service on the register
- ❖ Lawyer / Licensed conveyancer
- ❖ Properties often empty or buy-to let
- ❖ Forged paper releases of charges

HMLR Strategy



HMLR Strategic objective



- ❖ Manage the risk posed by increases in registration fraud
- ❖ Preserve the integrity of the register
- ❖ Reduce the impact on our customers
- ❖ Reduce the direct cost of registration fraud to HM Land Registry

HMLR Anti-fraud strategy



Strategy defined in 3 categories

- ❖ Prevention
- ❖ Detection and investigation
- ❖ Case management and recovery

Fraud counter measures

- ❖ Co-operation with others
- ❖ Removed documents from on-line access
- ❖ ID checks
- ❖ Public guides
- ❖ Staff awareness and training

Working together



Voluntary registration

Working together

- ❖ No organisation can tackle fraud alone
- ❖ We all need to engage in this to prevent fraud in our individual countries
- ❖ We need to share experiences and consider together the tools and options needed to deal with this growing problem
- ❖ We believe the WPLA provides a unique and very important opportunity to collaborate on matters of mutual concern

WPLA

- ❖ I welcome WPLA's study to identify best practice in the detection and prevention of fraud in land registration systems
- ❖ I would also like to commend the survey that will be distributed to you all, and which my colleague, Jon Atkey, will describe in more detail. This will provide an up-to-date view across the ECE Region to inform the WPLA's study
- ❖ More information available from www.landregistry.gov.uk
- ❖ Any questions?