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## Another attempted property fraud

The Department reminds settlement agents that fraudsters continue to target property transactions after another attempted property scam was recently thwarted.

While the recent scam attempt involved a seller acting on his own behalf, the fraudster's methods are a timely reminder of the need for settlement agents to remain vigilant.

In the recent fraud attempt, the seller received an email with an expression of interest for a property he was selling. He forwarded an offer and acceptance form which the potential buyer subsequently signed and returned.

After further interaction, the seller contacted the Department as the potential buyer had asked for his banking details in order to send a deposit via electronic transfer. The seller became concerned as the buyer had a copy of his name and signature from the offer and acceptance form. He therefore decided not to send his banking details and instead requested a cheque.

The fraudster subsequently forwarded a cheque to the seller's settlement agent to support the purchase. However, the cheque was not in the buyer's name and was for an amount in excess of the purchase price. The cheque also came in an envelope from Nigeria.

The matter was referred to the Western Australian police who contacted the entity whose business name was on the cheque. The entity stated the cheque had not been stolen, but had been counterfeited (ie copied and printed). The same cheque details had also been used in a previous scam attempt in the United Kingdom.

Overpayment cheque scams are quite common. A seller usually receives a generous offer from a potential buyer (or a potential tenant) and, if accepted, the fraudster sends a cheque for more money than the agreed price.

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The fraudster will often invent an excuse for the overpayment (eg the extra money was to cover the agent fees). They will then ask the seller to refund the excess amount - usually through an online banking transfer or a wire transfer (such as Western Union). The fraudster is hoping the seller will do this before they discover the cheque has bounced.

This recent attempted fraud highlights the need for settlement agents to follow the Guidance Notes issued by the Commissioner for Consumer Protection in November 2011. The notes are available on the Department's website:

[www.commerce.wa.gov.au/ConsumerProtection/Content/Licences/Settlement\\_Industry/Guidance\\_Notes\\_Code\\_of\\_Conduct.html](http://www.commerce.wa.gov.au/ConsumerProtection/Content/Licences/Settlement_Industry/Guidance_Notes_Code_of_Conduct.html)

It is important that settlement agents and their employees independently confirm the identity of their clients prior to forwarding any banking or trust account details, as fraudsters may use fake real estate transactions as a front to obtain sensitive financial information.

Agents should exercise caution when dealing with absentee buyers and sellers. All communications (ie phone, fax, email, SMS) should be thoroughly scrutinised as should requests for urgent purchases or sales (especially if they include promises of future purchases/sales).

Agents put their licence at risk if they fail to follow the *Settlement Agents Code of Conduct 1982* (the Code), which incorporates identity verification measures to help prevent fraud. Even if the fraud attempts are unsuccessful, agents could still be breaching the Code and this leaves them open to disciplinary action by the Department.