



## The Safe Buyer Scheme Reports Sharp Increase In Buyer Deposit Redirection Fraud Crime Figures

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Following the Safe Buyer Scheme's release of the first set of buyer deposit redirection fraud figures in January 2016, the Safe Buyer Scheme has obtained new figures from the City of London Police which show a significant increase in these fraud attacks. This is worrying news for consumers, conveyancers and lenders involved in property transactions.

The previous set of figures, which ran up to September 2015, highlighted September 2015 as the month when most fraud attacks were reported, 9 frauds representing £1.01m\* losses.

In the latest figures, which run up to April 2016, March stands out with 28 frauds representing £2.87m\* losses. This is a 311% increase from the previous highest month in frauds committed and a 284% increase in money stolen. The combined losses figure now stands at £19,080,670 across a total of 186 buyer deposit redirection fraud cases.

This data is particularly concerning for conveyancing firms in light of the Law Society's Professional

Indemnity Insurance survey 2015-16 which stated "Almost a quarter of firms reported being targeted by scammers in the last year... Insurers paid up in full or in part in around one-third of cases". The Law Society commented "In the worst-case scenario, a scam can result in a firm having to close and partner bankruptcy, if the firm cannot meet its regulatory obligation to make good the client account within a short period of time".

The society said there were "isolated incidences" following a scam, where an insurer raised a firm's premium on renewal and raised the cost of its run-off cover. The report also stated "There are also indications that some insurers, when setting premiums at renewal, will now ask firms what preventative measures they have taken to protect against criminals targeting client accounts, including what security and IT systems they have in place".



The good news for conveyancing firms is that they can now use the Safe Buyer Scheme to discharge their duty of care covering buyer deposit redirection fraud. Ed Powell, Director of BE Consultancy the company behind the Safe Buyer Scheme, said "We have introduced a new indicator on all Safe Buyer Scheme transactions to show the conveyancer whether their client has accepted or declined the risk management advice given to them via the Safe Buyer Scheme. Every client decision is recorded on the Safe Buyer Scheme for firms' future reference if they need evidence at a later date that their duty of care was discharged".

The Safe Buyer Scheme is proven as an effective tool to prevent buyer deposit redirection fraud and reported its first prevention case to the police in February 2016. The Safe Buyer Scheme is used by hundreds of conveyancing firms and is also used by mortgage lenders to protect customers and themselves from fraud.

Paul Crilly, Account Director at Howdens Insurance Brokers said "The Safe Buyer Scheme is a valuable weapon in the conveyancer's risk management armoury. Those firms which can demonstrate that they are going above and beyond their counterparts, when it comes to managing risk are likely to find it easier to secure competitively priced PI insurance and should, over time, see a reduction in PI notifications. Fraud remains one of the PI insurers' biggest concerns so we applaud the introduction of schemes such as the Safe Buyer Scheme which enhance a firms approach to risk management and protect the insurer's position".

A recent Howdens statement reads "Howdens provide PI broking and risk management services to over 1,000 legal services firms. They are the recommended insurance broker to The Society of Licensed Conveyancers and a partner to the Conveyancing Association. The Safe Buyer Scheme reduces fraud risk in property transactions through the proactive detection of unauthorised parties.

It provides extra security to members of the public whilst allowing the conveyancer to discharge their duty of care to protect their clients from fraud."

If you would like any further information for firms using the Safe Buyer Scheme please contact The Safe Buyer Scheme on 020 3598 0141