Homeppl

UK tenancy fraud: data & 2023 trends

Essential fraud trends that **letting agents**, **landlords** & **BTRs** must understand to protect their businesses during the ongoing cost of living crisis.

New data, January 2022 - January 2023

Introduction

2022 saw unprecedented mortgage rate increases for landlords; an increase in inflation to above 10% for the first time since the early 80s and a stark rise in energy bills driven by war in Europe. As a result of this unfortunate whirlwind of economic hardship, the cost of rent also skyrocketed. Across the UK, rents have increased by 10.8% since December 2021. In London, they've increased by 14.8%, with the average rent now sitting at over £2,000 a month.

When economic conditions are tough fraud increases. When access to rental properties becomes harder, people are more likely to lie on their applications to gain priority access. **The average cost to a landlord of evicting a tenant in default is now £65,000**. Tenants who conceal their true financial and residential history are significantly more likely to default.

Between January 2022 and January 2023, we **detected an increase of 120%** in tenancy fraud. In this report, we share the numbers, the cases, and top tips to protect your agency and your landlords for the coming 12 months.
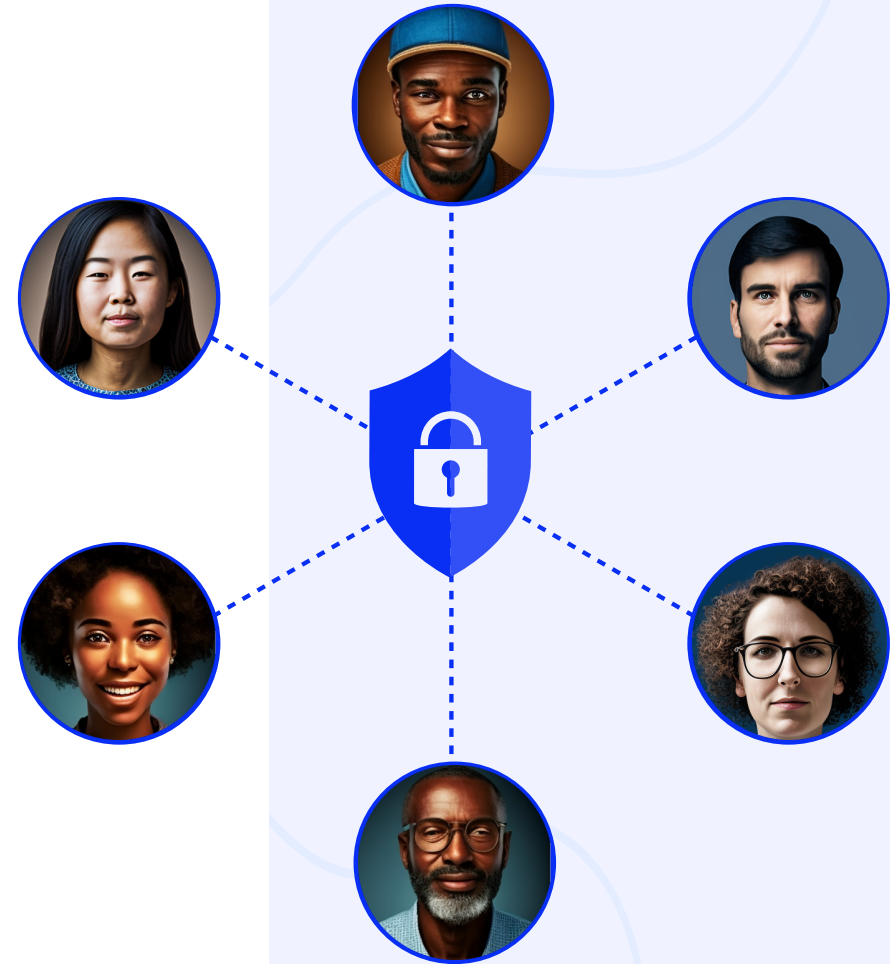
120%

Increase in tenancy fraud between January 2022 and January 2023

> "Homeppl are our safety net"
> Head of Operations,
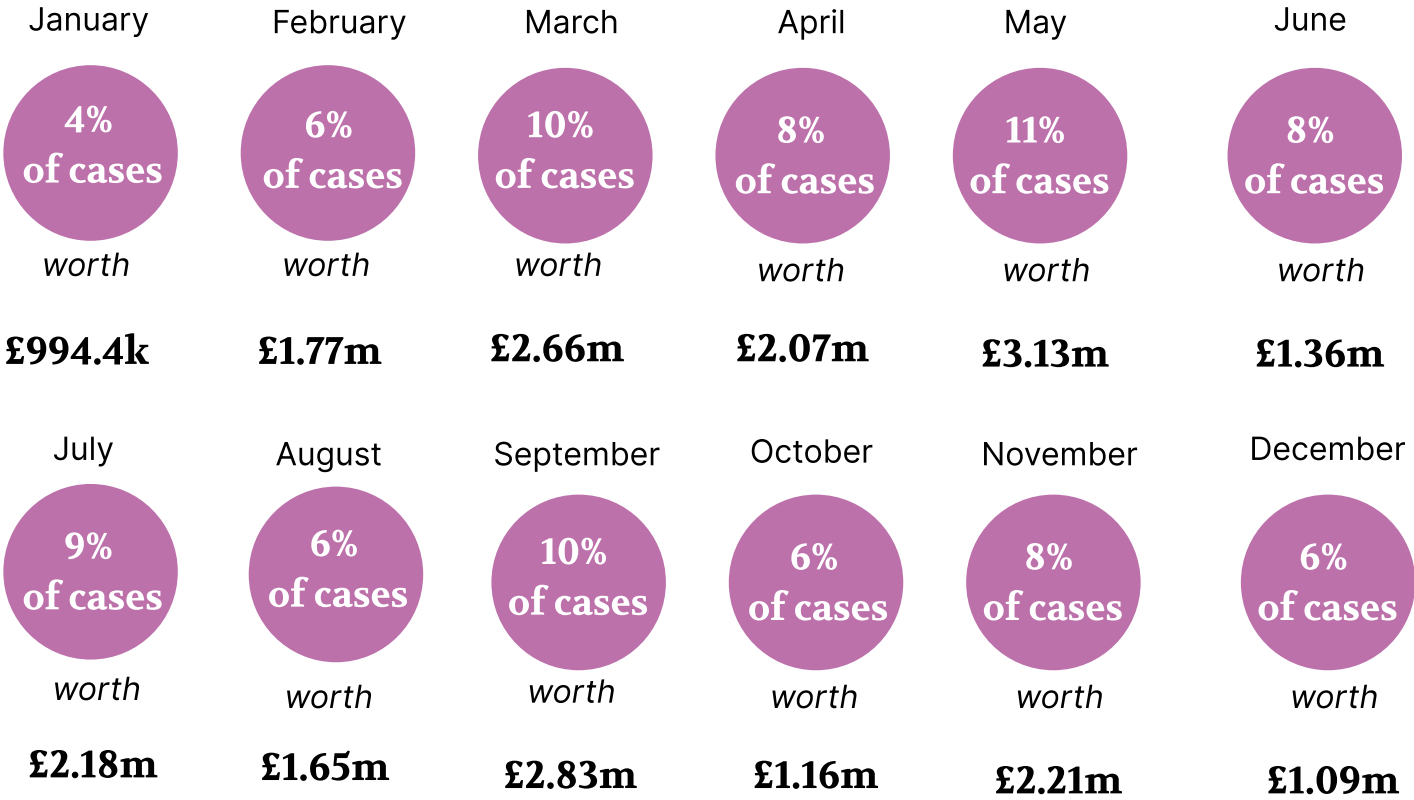> Quintain Living

Contents

1 Total value of fraud caught

Jan 2022 - Jan 20223

The cost of living crisis has caused a stark increase in fake documents and false applications in the UK rental market since January 2022. Including the total cost of fraudulent rental contracts, approximated costs of legal fees, evictions and damages associated with fraudulent tenants in default, **we've saved our clients a total of £25.26m between January 2022 and January 2023.**

January	February	March	April	May	June
4% of cases	6% of cases	10% of cases	8% of cases	11% of cases	8% of cases
worth	worth	worth	worth	worth	worth
£994.4k	**£1.77m**	**£2.66m**	**£2.07m**	**£3.13m**	**£1.36m**

July	August	September	October	November	December
9% of cases	6% of cases	10% of cases	6% of cases	8% of cases	6% of cases
worth	worth	worth	worth	worth	worth
£2.18m	**£1.65m**	**£2.83m**	**£1.16m**	**£2.21m**	**£1.09m**

January 2023 — 8% of cases — worth **£2.16m**

Report

- Identity — Verified
- Right to Rent — Verified
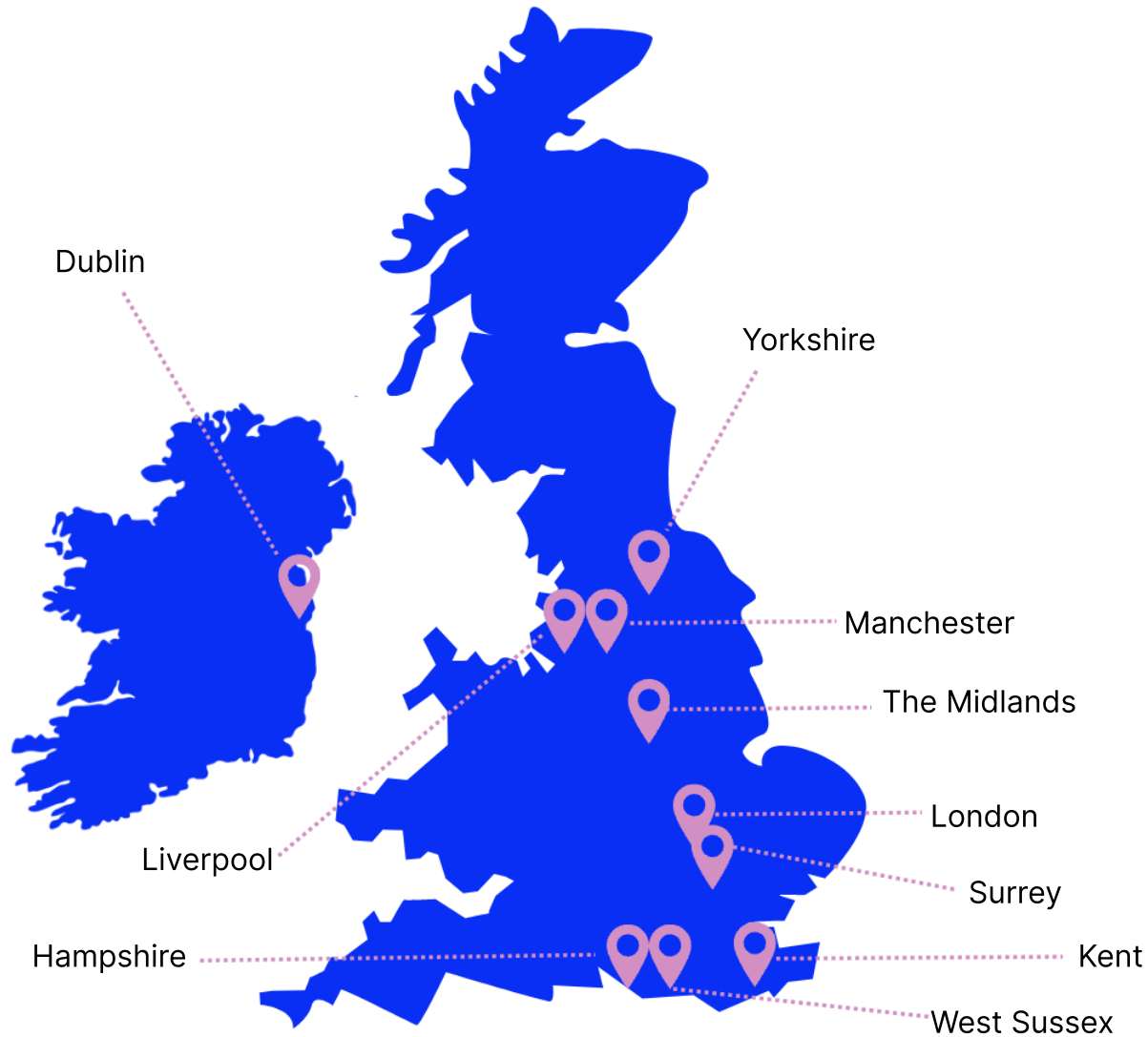- Affordability — Verified
- Residence — Verified

UK fraud map

High-value fraud typically takes place in large UK cities. London is the most common hotspot for fraudulent activity and accounts for 77% of the fraud we've caught Jan 22 - Jan 23. The Midlands, Surrey and Kent all account for 2% each.

Other UK areas in which tenancy fraud has been identified are:

The last 100 frauds that Homeppl have identified mapped out around the UK...

Dublin

Yorkshire

Manchester

The Midlands

London

Surrey

Liverpool

Kent

Hampshire

West Sussex

3 London fraud map

When it comes to London specifically, postcodes that cover West, South West and Central West London were the hardest hit areas with regards to fraud, accounting for 41% of all London fraud. West London is one of the most luxurious areas in the entire country and as such, it is no surprise over the 13 months that this is the epicentre of tenancy fraud. East London was the next most fraud-prolific postcode with 23.36%.
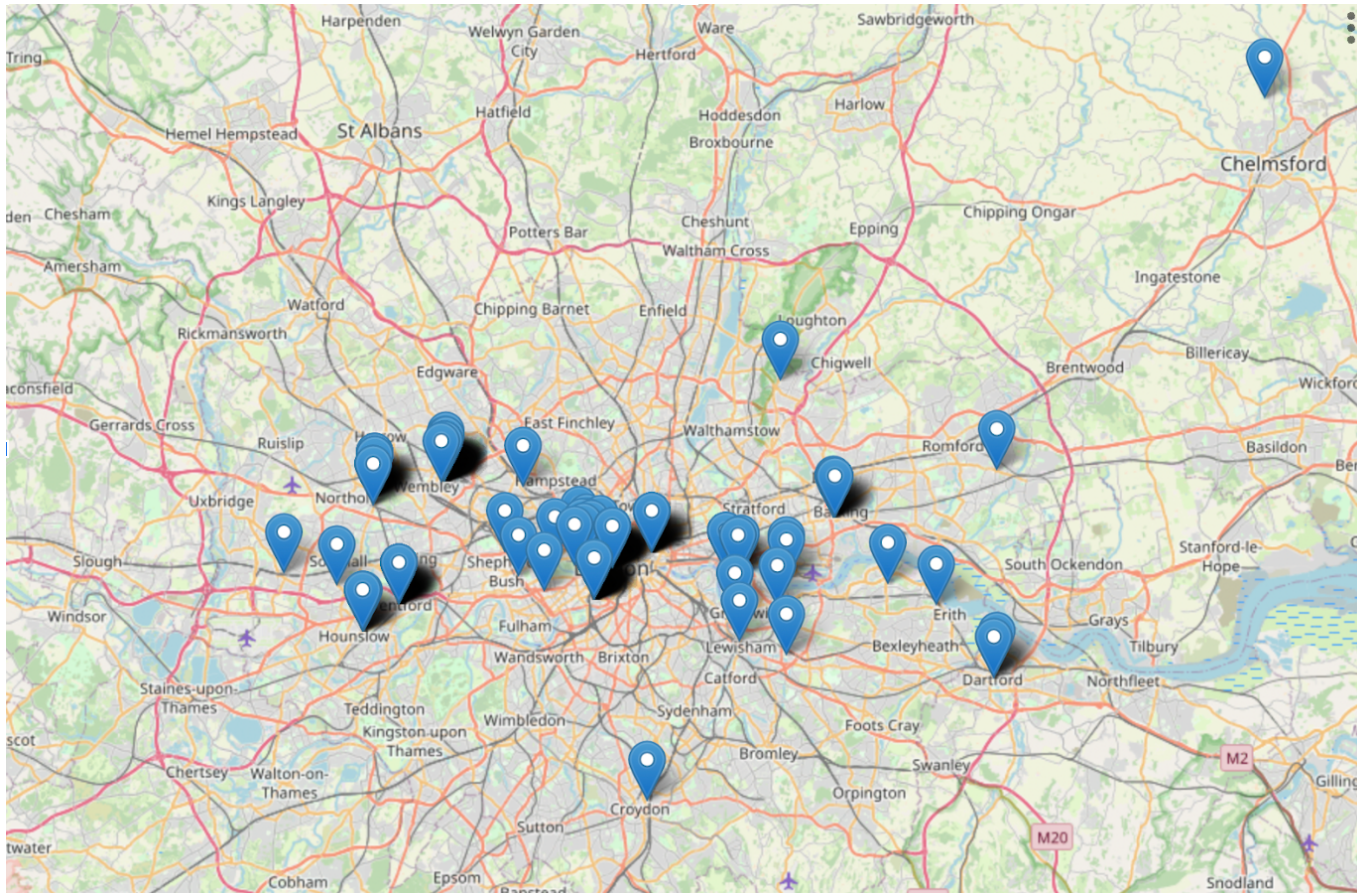
The last 100 frauds that Homeppl have identified mapped out around London...

Fraudster profile, Jan 22-23

We've analysed all the fraudsters we've caught to build a 'most common' profile for agencies to have the latest trends and data at their disposal. Here's a breakdown of the 'stated details' the fraudsters used to apply for rental property in an attempt to slip through the referencing net...

36 different applicant nations

£67,540.75

55% said they were from the UK
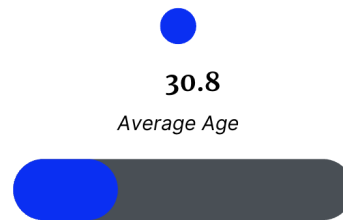
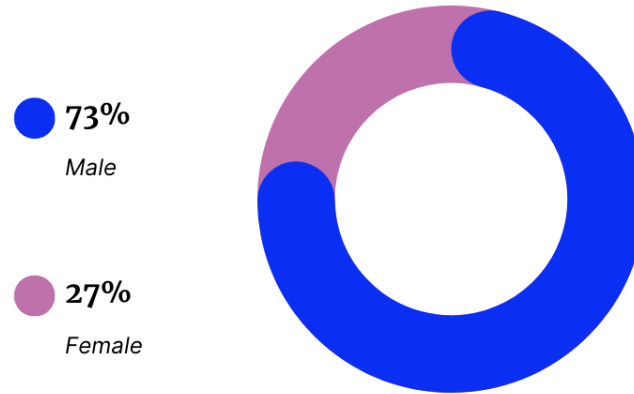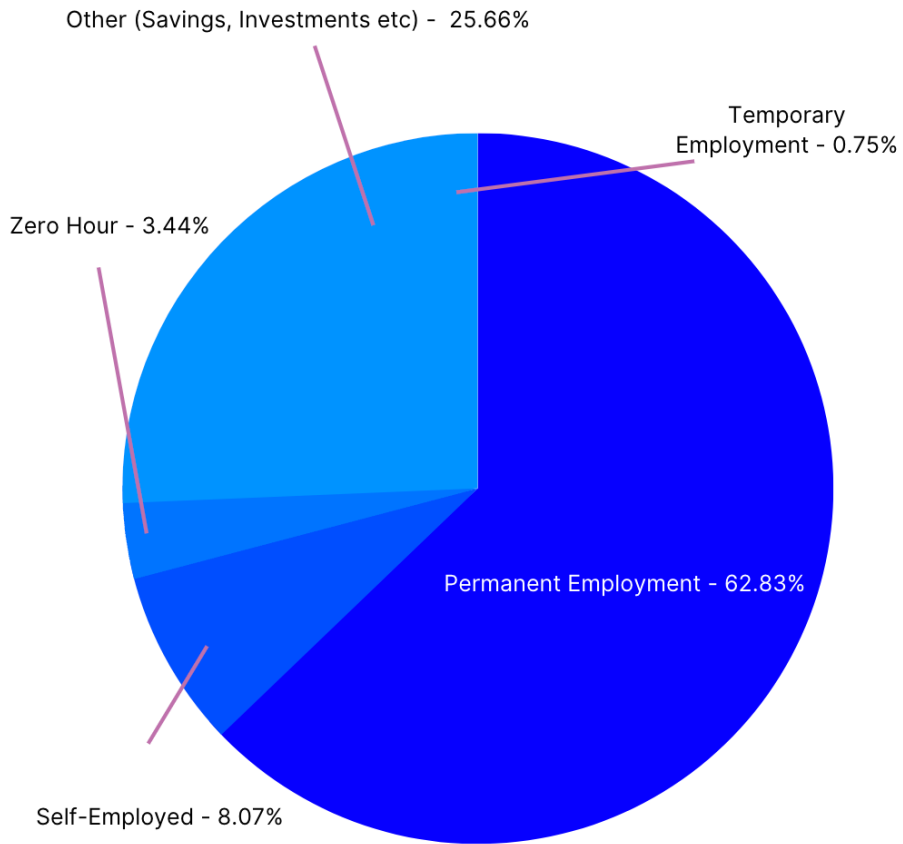*Average stated income*

£2,449.96

Average monthly rental value

Fraudster profile, Jan 22-23

62.83% claimed to be employed

The majority of the fraudsters we've caught are men

Other (Savings, Investments etc) - 25.66%

Temporary Employment - 0.75%

Zero Hour - 3.44%

Permanent Employment - 62.83%

Self-Employed - 8.07%

73%
Male

27%
Female

30.8
Average Age

The average age of fraudsters was 30.8

Types of fraud committed

Did you know 5% of rental properties in the UK are rented to fraudsters? Throughout the cost of Living crisis, Homeppl has found that in some cases, up to 10% of rental applications contain some sort of fraud. The submission of fake documents is by far the most common.

Here's a breakdown of the types of fraud committed in the last 13 months:

Fake Documents: 91%

- ✗ Statements, payslips
- ✗ Utility bills
- ✗ Identification

Fail References: 46%

- ✗ Device footprint
- ✗ IP match
- ✗ Employment reference
- ✗ Rental reference

False Domains: 36%

- ✗ Similar domains
- ✗ Recently created
- ✗ Data enrichment

£82bn in UK rental properties are occupied by fraudsters & criminals

🏛 **Bank Statement**

Full Name
Thomas Smith

Affordability Threshold
£243,800

Income
£73,000 (Annual)

Employer
Uber Eats

Employment
Permanent

Homeppl technology

We've changed tenant referencing for the better. Our fraud tech catches 100% of fraud. Our technology stack includes:

Behavioural Analysis

Document Analysis

Open Banking Data

Data Enrichment

Each applicant goes through

150+

fraud detection tests

Our letting agents and landlords benefit from

Approval Rates

We accept **more tenants** because we go go beyond the limitations of assessment that restrict traditional credit referencing agencies. More approvals = more revenue.

Fraud

100% fraud detection rate to date. This protects landlords from considerable exposure to financial risk.

Default rate

Before our products, clients saw an average default rate of 8%. **After partnering with us? 0%**. We qualify more reliable tenants, including internationals, the thin-filed and the self-employed.

🏦 Bank Statement
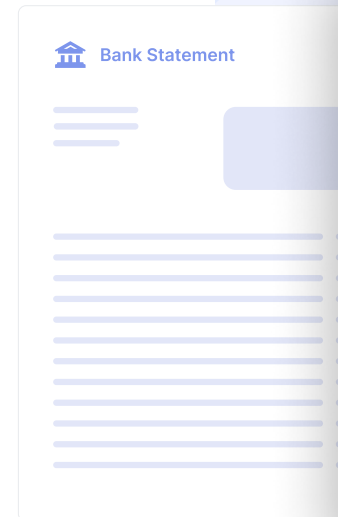
```
"balance":

{

    "currency": "GBP",
    "current": 0,
    "update_timestamp"

}

"transactions": [

{

    "timestamp": "2022"
    "description": A/C 81104499
    "transaction_type": "CREDIT",

"currency": "GBP", "transaction_id": "NA",
"amount": "100.00", "running_balance":

{

"amount": "122.62", "currency": "GBP" } },
```

8 Fraud Finder: Advanced document analysis

91% of all tenancy fraud stems from people faking financial documents. Using the Fraud Finder web app or API takes seconds and saves £000s. Instant tests include:

- **Font analysis** - discover any irregular fonts that shouldn't be there

- **Versions history** - see every version of an edited document side by side

- **Meta data extraction** - detect which software was used to create the document

- **Barcode & QR Decoder** - validates the original source of your document through the QR code
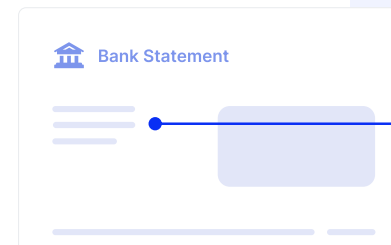
Click here to book a demo >

Click **here** to see the tool in action
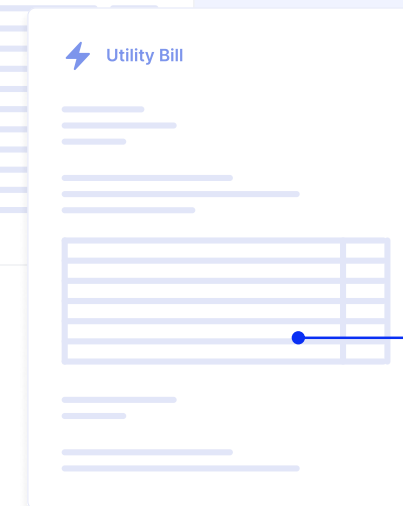
Bank Statement

Font Analysis

Font issues detected and highlighted

Letter of Employment

Utility Bill

Metadata Analysis

File modifications detected and highlighted

File History

Previous versions detected and restored

9 Fraud Finder: Affordability re-imagined

By turning any bank statement into standardised code, a user can gain an in-depth understanding of each tenant's financial behaviour and affordability for unparalleled risk insights based on facts and data.

Turn bank transactions into affordability insights

We turn any bank statement into unified code and create a financial report packed with useful payments, income, spending & saving analyses.
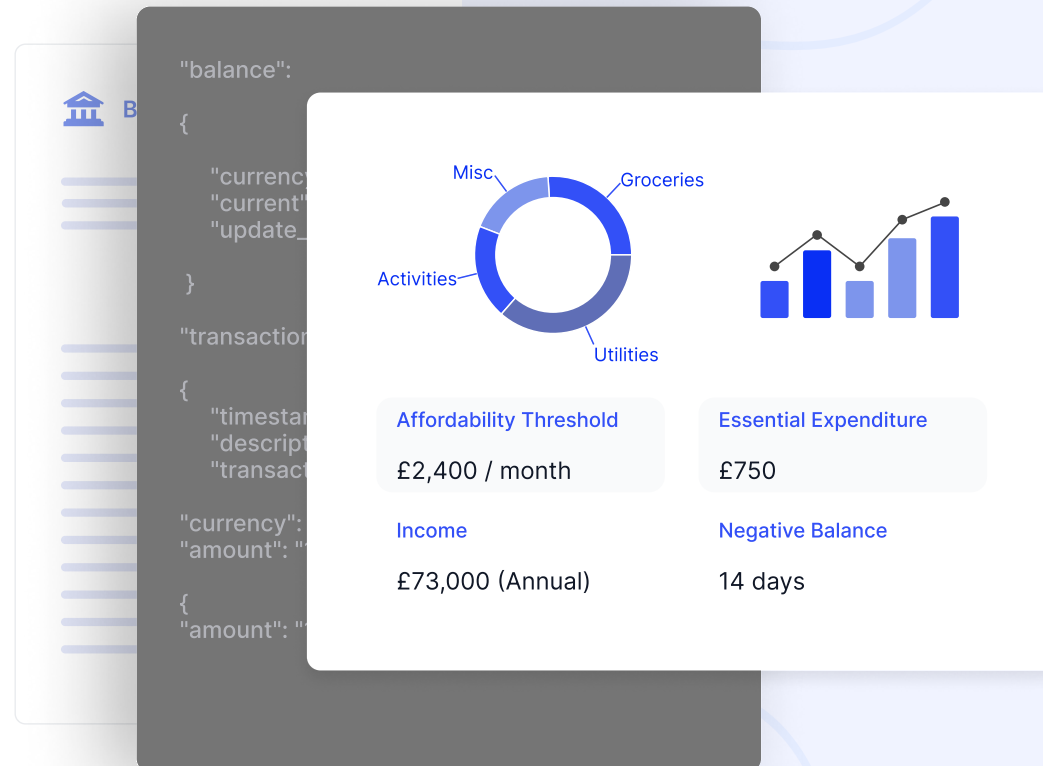
Identify common risk patterns

We've assessed the financial statements of countless applicants. Flag financial behaviour that has led to risky outcomes before.

Benefit from Open Banking algorithms

Open Banking is now widely considered the most secure, efficient and accurate form of financial assessment.

Identify false information... quickly

Cross-examine income sources, bank balances and payment activity with employment information declared in an application.

Click **here** to see the tool in action

Click here to book a demo >

"balance":

{

    "currency"
    "current"
    "update_

}

"transaction

{

    "timesta
    "descript
    "transact

"currency"
"amount":

{
"amount": "

Misc   Groceries

Activities

Utilities

Affordability Threshold

£2,400 / month

Essential Expenditure

£750

Income

£73,000 (Annual)

Negative Balance

14 days

10 Common agency challenges in 2023

In 2023, we predict that letting and estate agencies will struggle with the following challenges: ensuring compliance, the increasing chance of arrears due to affordability, and low inventory.

Here's how Homeppl's tech can help agencies get the best value out of every tenancy.
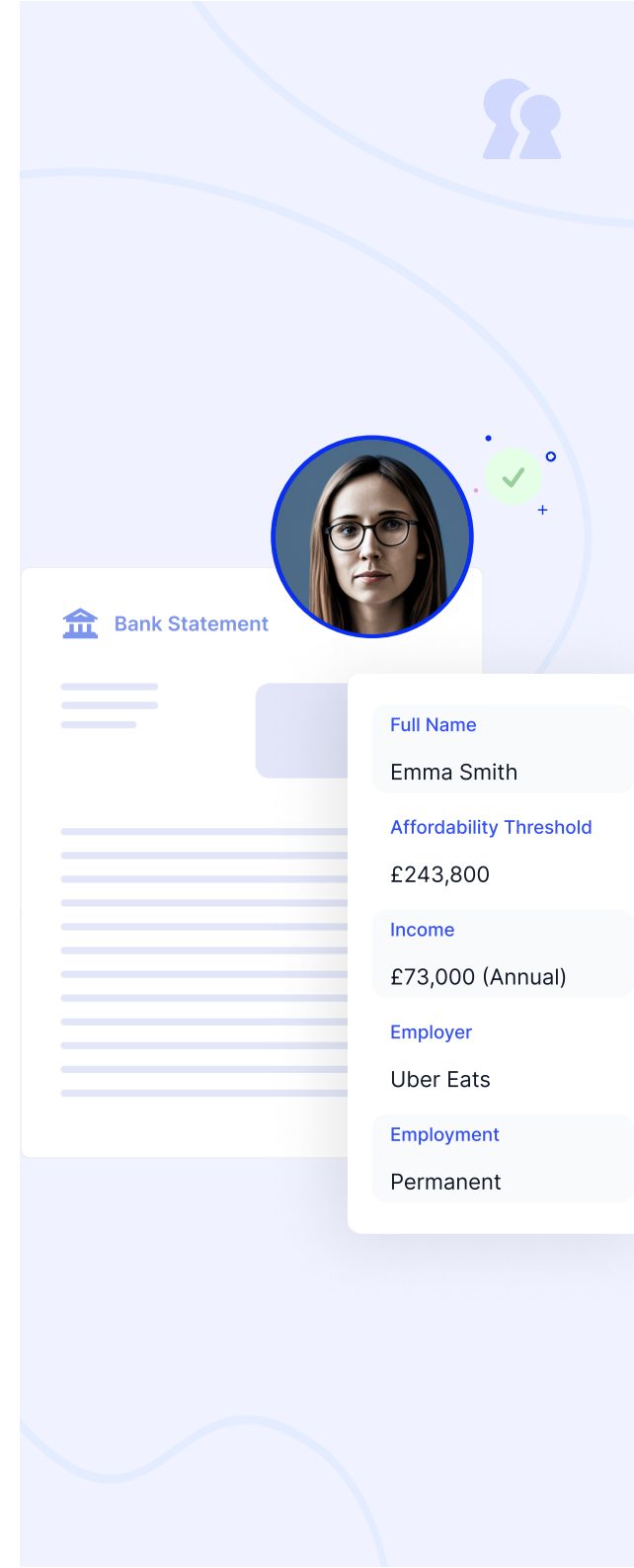
Ensuring compliance

✓ Digital R2R checks - Homeppl are one of the first to offer this legal requirement remotely

✓ AML checks - be rid of cumbersome and complex manual processes

✓ Avoid fines - we have the infrastructure in place to ensure no fines are levied on your agency

Increasing chance of arrears due to affordability

✓ Affordability insights - far more precise than credit checks, we offer unrivalled affordability insights in lettings. See income v expenditure, low balance levels, overdrafts etc

✓ Instant risk decisioning - get instant creditworthiness decision based on banking data

Low inventory

✓ Only approve great customers - approve based on precise, real-time data using Open Banking

✓ Reduce defaults - most advanced risk assessment and fraud prevention tech in lettings, significantly reducing the chance of default, eviction and lost rental income

🏛 Bank Statement

Full Name
Emma Smith

Affordability Threshold
£243,800

Income
£73,000 (Annual)

Employer
Uber Eats

Employment
Permanent

11 Demo & free trial

Book a demo and put our unique technology to the test yourself.

Join the likes of CBRE, Greystar, Knight Frank, JLL, Chestertons, Flatfair, Dexters and many more leading agents in combatting the rise of tenancy fraud during a worsening economic crisis. Trial our technology for free.

Click here to book a demo

As seen in