Fraud Flags

At FCT, we're here to support your business by providing you with more than a policy. When you choose FCT, you get more protection, more solutions, and more experience.

With our extensive experience detecting fraud, we've identified the following fraud flags when processing a real estate transaction.

Purchase Transactions

- Private Agreement of Purchase and Sale
- High ratio mortgages
- Equity gifts
- Further deposits
- Power of attorney
- Recent activity on title

Credit Bureau

- SIN discrepancies within the mortgage file
- Address discrepancies within the loan file
- Liabilities on credit report that are not on mortgage application
- No credit history or "thin" credit files
- Length of established credit not consistent with applicant's age
- All trade lines are opened at the same time
- Numerous recent inquiries
- Employment discrepancies
- Property has existing institutional mortgage on title and the balance owing is much lower than the registered amount

Refinance Transactions

- Funds are being used to pay off a loan or other debt not associated with the transaction
- Recent transfers of title or immediately prior to the mortgage
- Equity gifts
- Power of attorney
- Investment properties

Mortgage Application

- Employer's address shown only as a post-office box or is difficult to verify
- Mortgage is an equity take out on a recently purchased mortgage free property
- Buyer currently resides at the property he/she is purchasing
- Purchase of an investment property when buyers don't own a residence
- Length of established credit not consistent with applicant's age
- Age and income of borrower
- Significant variations in the handwriting of the borrower

Private Lender Deals

- Rush transactions
- Funds transferred outside of Canada
- High interest rate private mortgage registered on a mortgage free property
- Property has existing institutional mortgage on title and the balance owing is much lower than the registered amount
- Client cannot meet in person/not willing to verify ID
- ID and documentation doesn't appear clear
- Large number of referrals from a new source
- Only text/email communication
- The lender seems informal on aspects of

Assets

- Down payment is other than deposits
- Has a pattern of loyalty to other financial institutions
- Date of bank statements are unusual or out of sequence
- Buyer currently resides at the property he/she is purchasing
- Bank statements do not show deposits consistent with reported income
- Length of established credit not consistent with applicant's age

Fraud not covered by title insurance

- Application fraud
- Value fraud
- Straw buyer fraud

For more information on how you can protect yourself and your clients, visit **fct.ca**

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