

Property scams taking several forms as incidence continues to rise

New and increasingly sophisticated scams and incidence of fraud are on the rise according to Ryan Mer, CEO, eftsure Africa, affecting developers, buyers, sellers, estate agents, conveyancing attorneys, and other property professionals.



Ryan Mer, CEO, eftsure Africa

“As property transactions typically involve substantial sums of money, they are a natural target for fraudsters. Tactics range from impersonating estate agents to intercepting emails with instructions on where to make payment for transactions as well as notices of change of banking details instruction, says Mer.

While organisations like the South African Banking Risk Information Centre (SABRIC) have long warned consumers about various scams, Mer says they have been joined by leading South African estate agencies urging caution. “Criminal activity within the sector takes several forms. Individual con artists are nothing new, but with an increased reliance on electronic communication, for buyers, sellers, and property professionals alike, the prevalence of scams relying on technology has increased. This means implementing strict controls, especially when it comes to the electronic transfer of funds between bank accounts, is so crucial.”

Significant consequences

The consequences of falling victim to a property scam are significant and can put individuals and businesses at serious financial risk. “If a buyer or conveyancer are successfully deceived into paying money into a fraudulent account, they can be held liable for damages to the seller. The costs of trying to recover stolen money are as hefty, time-consuming, and potentially devastating for individuals or businesses who simply cannot absorb a substantial financial loss,” adds Mer.



Sexually Transmitted Debt the new scam

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Mer highlights a number of 'self-help' guidelines that he says everyone should have in place:

- Double-check and verify all email addresses involved in the property transaction.
- Approach all requests regarding payment instructions or amendment of banking details with caution and take steps to verify banking details by aligning with the party you are dealing with directly.
- Ignore and report any suspicious emails.
- As far as possible, request that important meetings take place face-to-face at a registered business address.

While FICA laws and recent amendments to the Property Practitioners Act have been introduced to better protect buyers, sellers as well as legitimate property practitioners, Mer says all parties involved in a property transaction should err on the side of caution during the exchange of funds.

“As a starting point, property professionals should re-evaluate the financial procedures in place for approving payments. Digital solutions are available that help reduce, and in many instances completely eliminate, human error. Where millions of rands are at stake, it pays to manage, control and secure the entire payments process.”

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