

Conveyancing fraud seminar reveals increases

Senior members of the banking industry and the legal fraternity, recently came together to discuss fraud in the South African mortgage lending industry, which was co-hosted by Korbitec Property Division and GlenRand MIB.

Dawie Verryne, GM of Korbitec Property Division, comments that banks and attorneys alike have experienced a drastic increase in fraudulent home loan applications in the last year. “Fraudsters are becoming more organised and sophisticated and often include syndicates. This is in line with trends that have been observed in the UK.”

In the seminar, expert speakers from the Law Society of South Africa (LSSA), Absa, Nedbank and Sabric, addressed 120 delegates, representing senior managers from all four of the big South African banks and directors and partners of leading law firms in the industry.

Vincent Faris, auditor and consultant of LSSA, argues that lack of proper supervision and management are the most significant contributors to conveyancing fraud. “Fraud in conveyancing matters has risen tenfold in the last six years,” says Faris, pointing to 30 fraudulent matters in 2003 vs. over 290 matters in 2008.

Lack of proper practice causes problems

According to Leo Swart, auditor for the Law Society of the Northern Provinces, the lack of proper practice management tools and systems causes major problems for attorney trust accounts. Swart warned attorneys that touting falls well within the definition of the Corruption Act of 2004. “It is important that the industry gets this under control. The LSSA, law firms, banks and other accountable institutions and persons have a duty to report touting to the police,” he concluded.

Pieter Vorster, GM for Absa Home Loan Operations, estimates that over R300 million fraudulent home loan applications have been blocked by banks. “Losses from fraud in the home loan industry are often added to bad debt that has increased significantly over the last 18 months,” he added.

Mortgage fraud seminar a milestone

Nedbank Home Loans GM for Special Projects, Risk and Compliance, Greg Salter, said that extremely organised syndicates who use advanced technology to carry out their criminal activities often perpetrate mortgage fraud.

Susan Coetzee, Sabric GM for Commercial Crimes Office, demonstrated to delegates how networked criminal activities and international fraud tends are perpetrated in South Africa. “Unfortunately, the risk of mortgage fraud is far less than the risks involved in robbing a bank and the proceeds can be much larger.” Coetzee felt that the mortgage fraud seminar was a new milestone on the road to creating an industry that does not tolerate fraud. Participants and speakers encouraged the

organisers to hold similar events nationally, pledging their full support for these events.

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