

Rental fraud: Make sure your checks and balances are in place

Even seasoned landlords can fall victim to rental fraud if the right checks and balances aren't in place, says Catherine de Villiers, rental consultant at Jawitz Properties. One way in which a landlord may be defrauded, she explains, is when a potential tenant deliberately misrepresents themselves financially with the view of moving into a property and then not paying rental.



Source: scyther5@123RF.com

Tenants offering to pay a few months' rental upfront and then the balance monthly is also a potential opportunity for fraud. It is important to be able to 'read between the lines' when assessing a rental application, and there is value in using a reputable estate agency that has experience and expertise in assessing tenants beyond what you see on paper.

"Estate agencies use credit bureaus and the Tenant Profile Network (TPN) to evaluate potential tenants, with the permission of the tenant as required by PoPIA. Most agencies are listed on the TPN, where tenant-specific profiles linked to rental payments are created so that agents can access data to see if they have been flagged for non- or erratic payment. It also links to their payment profile on other loans, such as clothing accounts, credit cards, car repayments, etc. This then gives us a good holistic view of the person's financial character and a credit score is allocated to them based on their previous payment history," says De Villiers.



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16 Sep 2021



Ascertain the calibre of tenant

The vetting process should not stop there. It is vital to directly appraise employer and salary records and speak to

references provided to fully ascertain the calibre of tenant; a good paying tenant that does not look after your asset can also cost you dearly.

“A good credit report, sufficient affordability, and good references are absolutely non-negotiable. Using a reputable agency will minimise the risk of falling victim to fraudsters, loss of rental and the unpleasant experience and costs associated with trying to evict a defaulting tenant,” says De Villiers

There are also documented incidents of fraudsters sending through falsified bank statements, payslips, IDs, as well as proof of payments. “As an additional precaution, we get a bank code on the potential tenant’s account that verifies that the bank account belongs to the applicant in question so we know we are looking at the correct bank statements.”

“If landlords choose to rent their properties out privately, as an added safeguard, I would advise that a tenant only be allowed to move into the property once the deposit and the first month’s rental reflect in their bank account. Do not rely on a proof of payment being sent through as it is very easy for fraudsters to produce false proof of payments,” concludes De Villiers.

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