

## Experian reveals mortgage fraud increases for fifth successive year

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Experian Identity & Fraud has revealed that fraudulent applications for mortgages increased by eight per cent in 2011, marking the fifth consecutive year in which the rate of mortgage fraud has increased.

Around 34 in every 10,000 applications for mortgages were found to be fraudulent in 2011, compared to just 15 in every 10,000 in 2006.

The overall rate of fraud at the point of application across the UK's financial services sector increased by four per cent in 2011 to just over 17 in every 10,000 applications. In addition to record mortgage fraud (<http://www.experian.co.uk/identity-and-fraud/fraud-prevention-and-detection.html>) figures, this overall increase was also driven by growth in insurance and current account fraud.

More than 90 per cent of attempted mortgage fraud in 2011 was down to individuals misrepresenting their personal information on applications. Typically, these first party frauds involved falsifying employment status or financial information, and, most commonly, attempting to hide an adverse credit history.

Experian's demographic insight revealed that Mosaic groups, the Terraced Melting Pot - young, poorly educated individuals living in small towns - and the Suburban Mindsets - predominantly middle aged, middle and skilled working class individuals - were both responsible for around 15 per cent of first party mortgage fraud cases in 2011. The young, well educated professionals of the Liberal Opinions were also prone to attempting first party mortgage fraud, being responsible for 13 per cent of cases.

Nick Mothershaw, UK&I director of Identity & Fraud at Experian said: "About 70 per cent of financial services application fraud in the UK fraud is down to first parties misrepresenting their circumstances, and the products such as mortgages and insurance that have seen fraud soar over the last year have a significant first party fraud element to them. This kind of fraud tends to originate from financially stressed segments of society."

Looking at other financial products, Experian found that insurance fraud UK (<http://www.experian.co.uk/business-services/fraud-prevention.html>) rates reached 11 in every 10,000 applications and claims in 2011, an increase of 23 per cent over the last year. 89 per cent of insurance fraud was first-party led with the Terraced Melting Pot, Suburban Mindsets and Liberal Opinions demographics responsible for the most instances. Combined they accounted for 43 per cent of cases.

Current account fraud increased to 36 frauds in every 10,000 applications in 2011, up from 23 in every 10,000 in 2010. 60 per cent of current account fraud in 2011 was committed by first-parties, almost a quarter (23 per cent) of which was down to the Terraced Melting Pot demographic. The remaining 40 per cent of current account fraud attempts were down to third-party identity fraudsters seeking to open accounts as a springboard to obtain other credit products or for money laundering purposes.

Not all financial products saw fraud rates increase in 2011. Credit card fraud continued to fall, from 19 in every 10,000 applications in 2010 to 12 in every 10,000 in 2011. Automotive finance providers have also seen fraud rates fall. 23 in every 10,000 applications were found to be fraudulent in 2011, down

from 38 in every 10,000 during 2010. 85 per cent of these frauds were first party.

Experian's Fraud Index utilises data from the National Hunter and Insurance Hunter fraud prevention systems, which Experian manages on behalf of its clients. These systems enable financial companies to analyse applications alongside previous ones and highlight inconsistencies which may be indicative of fraud.

About Experian:

Experian is the leading global information services company, providing data and analytical tools to clients in more than 80 countries. The company helps businesses to manage credit risk, prevent fraud and banking fraud (<http://www.experian.co.uk/identity-and-fraud/industry-sectors/retail-banking.html>), target marketing offers and automate decision making. Experian also helps individuals to check their credit report and credit score, and protect against identity theft.

For more information, visit [www.experianplc.com](http://www.experianplc.com).

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