

Experian reveals surge in mortgage and savings fraud

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Experian, the global information services company, has revealed that the mortgage industry saw a 23 per cent jump in attempted fraud rates between April and June 2012. In the meantime, Experian's latest Fraud Index shows that fraud fell by three per cent year-on-year across financial services products with automotive finance and insurance providers witnessing the biggest decreases during the period.

A total of 39 in every 10,000 mortgage applications were identified as fraudulent between April and June 2012, up from 32 in during the same period in 2011. Experian's fraud analysis also revealed that the majority of attacks on mortgage products continue to come from first party fraudsters, individuals misrepresenting their own circumstances. Almost a quarter (24 per cent) of attempted mortgage fraud was due to individuals hiding adverse credit information and a further one in five (21 per cent) applicants providing misleading employment histories.

Savings accounts saw a 109 per cent uplift in fraud rates over during the period also. A total of 13 fraudulent applications in every 10,000 were detected, up from 6 in every 10,000 a year ago. Third party identity fraudsters were responsible for the vast majority (88 per cent) of fraudulent activity in this sector. 11 in every 10,000 falsified savings account applications were down to unrelated third parties. This kind of identity fraud is often perpetrated for money laundering or sleeper fraud purposes.

Nick Mothershaw, Director of Identity & Fraud Services at Experian in the UK and Ireland, commented: "Over the course of the last year, we have seen mortgages continue to be targeted at a high rate, with more people trying to misrepresent their personal, employment and credit information on applications to get properties out of their reach. At the same time, we have also seen an increase in the number of properties where the use of the property is misdeclared, such as applying for a regular residential mortgage on a buy-to-let property.

"Meanwhile, deposit taking products - such as current and savings accounts - continue to be heavily targeted by third party identity fraudsters for money laundering purposes and as a sleeper platform from which to target more lucrative credit products.

"Robust fraud prevention relies on thorough and efficient validation of customers' identities and the information presented on the application form. It is vital that finance providers share comprehensive and timely information about finance applications and known frauds to help combat this common threat to the industry."

The automotive finance industry saw a decrease of 32 per cent in Q2. 16 in every 10,000 applications were discovered to be fraudulent, down from 24 in every 10,000 applications last year. Attempts at hiding adverse credit (64 per cent) were still the most common method when applying for automotive finance.

About Experian:

Experian is the leading global information services company, providing data and analytical tools to

clients in more than 80 countries. The company provides payment software (<http://www.experian.co.uk/payments/home-page/index.html>), helps businesses to manage credit risk, prevent fraud through its fraud management system (<http://www.experian.co.uk/business-services/fraud-prevention.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.

Experian plc is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE 100 index. Total revenue for the year ended 31 March 2011 was US\$4.2 billion. Experian employs approximately 15,000 people in 41 countries and has its corporate headquarters in Dublin, Ireland, with operational headquarters in Nottingham, UK; California, US; and São Paulo, Brazil.

PR Contact:

Chantal Heckford
Lansons Communications
24a St John Street
London
EC1M 4AY
020 7490 8828
www.experian.co.uk