



How to...
tackle tenancy fraud



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Tenancy fraud presents a significant challenge to providers of social housing. Preventing the fraudulent misuse of socially rented properties is a priority for housing associations and local authorities alike, but concerns about where to start and how to make an impact without unnecessary expense can be a challenge.

This guide will provide an overview of the most effective counter-tenancy fraud measures based on good practice collected from providers across England.

What is tenancy fraud?

Tenancy fraud refers to a situation where a tenant has breached certain terms of their tenancy agreement. It has been dealt with as both a civil and criminal matter by different housing associations and local authorities.

Tenancy fraud generally falls into three categories:

1. Not using the property as the 'sole or principal home'. This includes:
 - abandoning the property
 - succeeding to or assigning the tenancy, without the landlord's permission, after the legal tenant has moved out or died
 - unlawfully subletting the entire property.
2. Attempting to obtain a property using false statements, for example, falsely claiming to be homeless
3. Attempting to obtain a property by using false documents, for example, using a forged passport or claiming to be someone else in order to access social housing.

Why tackle tenancy fraud?

Taking effective measures against tenancy fraud is important in terms of providing an effective housing management service, complying with the Homes and Communities Agency's Regulatory Framework, and safeguarding the public purse.

Housing management

When properties are used fraudulently, either sublet to unauthorised tenants, or left empty, it means that the housing provider has little or no control in terms of managing the property. If a landlord is unaware of who is living in their property, they jeopardise their ability to respond effectively to cases of anti-social behaviour, repairs issues and general neighbourhood sustainability.

Social housing is a public asset and ensuring that it is used appropriately is the responsibility of all housing providers. The fraudulent misuse of social housing is not only a waste of an important resource but it prevents landlords from offering suitable accommodation to those in most need.

Recovering a property lost to tenancy fraud means it can be re-let to another household, providing a secure home for a family. Housing associations who are demonstrating a real commitment to tackling tenancy fraud have said they feel it is their duty as a social landlord to protect their stock and to ensure its use for those who are genuinely in need.

The Regulatory Framework

The Homes and Communities Agency's [Regulatory Framework for Social Housing in England 2012](#) includes a direction to registered providers that they should 'publish clear and accessible policies which outline their approach to... tackling tenancy fraud'.

The Public Purse

Properties used fraudulently are not available for those in genuine need. This means that homeless families and individuals are often placed in temporary accommodation whilst they wait for an appropriate home to become available. On average, the cost of temporary accommodation for a household is £18,000 each year.

The National Fraud Authority (NFA) has identified tenancy fraud as the largest area of fraud loss across local government, at a cost to the public purse of an estimated £900 million each year in temporary accommodation charges.

How to tackle tenancy fraud?

The NFA has published a strategy for local authorities to better protect themselves from fraud, including tenancy fraud. The strategy, [Fighting Fraud Locally](#), outlines three strands of a successful counter-fraud approach: acknowledge, detect and pursue.

Effective counter-tenancy fraud measures can be adopted by housing providers with minimum financial outlay and based on good practice from across the sector, guided by the three strands of the NFA strategy.

Acknowledge

Acknowledging the risk of tenancy fraud within an organisation providing social housing is the first step in effectively addressing it.

Tenancy fraud can occur wherever social housing is provided and, according to estimates from the Audit Commission, affects one per cent of all socially rented properties. Examples from providers have shown that, once an organisation initiates counter-tenancy fraud measures, they see an increase in the number of reports of fraud.

Acknowledging the risk of tenancy fraud can be demonstrated by a formal recognition of the potential for fraudulent activity within the housing stock, and the commitment of resources to address it, including a corporate policy.

Prevent and detect

Measures to prevent tenancy fraud from entering the system in the first place are by far the most cost-effective way of tackling tenancy fraud.

Preventative measures are focused around verifying information provided by the tenant on applying for social housing, or when signing up to a new tenancy. The majority of applicants are in genuine housing need, however, occasionally individuals will use false documents to attempt to access social housing, will neglect to inform the local authority of a change in their circumstances whilst on the waiting list, or will make false statements on their application.

Identity verification

To effectively prevent tenancy fraud at the point of sign-up to a new tenancy, succession or transfer, housing providers should make additional checks to verify the applicant's details.

Verification checks should include checking forms of identification provided by the applicant, their tenancy history and their household circumstances.

This can include actions like running a credit reference check on an individual to verify their tenancy history or matching data with the local authority or other housing providers.

Staff with responsibility for lettings and transfers may benefit from training focusing on ID verification and identifying forged documents.

In some cases it may be necessary to conduct a home visit to the applicant's property to establish the size of the household and any other details provided in the application.

Further guidance on how to prevent tenancy fraud, including details on acceptable forms of identification and appropriate verification checks, can be found via the Making Best Use of Stock website www.cih.org/mbus

Data Sharing

Data sharing refers to the process where housing providers share information about their tenants with external credit referencing agencies, local authorities or other housing providers in order to detect fraud. Data sharing can be used to identify where an individual has provided different and even conflicting information about themselves to different organisations, for example claiming the Single Person Discount for council tax, but applying for rehousing on the grounds of overcrowding.

Further information on data sharing can be found in the MBUS guide 'Tenancy Fraud and Data Sharing' available from the MBUS website www.cih.org/mbus

Taking photographs

Increasingly, providers are taking digital photographs of tenants as part of the sign-up process. Linking photographs to tenant records is a good way of quickly checking during a visit that the person living in the property is the same person who signed up to the tenancy. Some providers have extended this to include photographing their tenants during tenancy audits to capture images of all existing tenants. Despite concerns from providers that tenants would object to having their photograph taken, in practice they have reported very low levels of resistance once the purpose of the exercise has been explained.

Tenancy audits

Tenancy audits can be a high-impact method for detecting and deterring tenancy fraud. Visiting tenants in their homes will allow the landlord to verify who is living there and can enable household data to be collected for effective housing management and to identify additional support needs.

Learning from others

Peabody Housing Association carries out unannounced estate 'blitzes' targeting homes in neighbourhoods where there are concerns about fraudulent behaviour for intensive tenancy audits. The housing officers wear high visibility vests throughout the exercise and will usually receive a number of 'tip-offs' from residents which are then followed up. According to Joe Joseph, Director of Neighbourhoods at Peabody "Legal residents love our high profile approach as it demonstrates our commitment to housing those in need".

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Guidance on how to conduct effective tenancy audits is available from www.cih.org/mbus

Involving customers

Local residents will often be aware of fraudulent activity taking place before it comes to the housing provider's attention. Housing providers which have promoted their counter-tenancy fraud approach to their tenants report much higher numbers of referrals of potentially misused properties.

Housing providers have benefitted from making it easy for their customers to report their suspicions of fraud by providing either a reporting 'hotline' or an online form.

Promoting the message that tenancy fraud can have serious consequences can also act as a deterrent for those who may have considered illegally subletting their property or not using it as their sole or principal home.

Learning from others

As part of the **Manchester Tenancy Fraud Initiative**, the 18 largest providers of social housing in Manchester set up a shared tenancy fraud hotline as part of their wider approach to tackling tenancy fraud in the city. This was accompanied by a publicity campaign with the tag line 'stop tenancy cheats taking our homes'.

Over 12 months, 76 individual reports were made to the hotline resulting in seven properties being recovered almost immediately and 35 separate fraud investigations launched.

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Using publicity

In addition to providing reporting facilities and information aimed directly at customers, an effective method for both deterring and detecting tenancy fraud is to maximise publicity. Housing providers have reported that running articles on tenancy fraud in their tenant newsletters or on their websites results in higher numbers of referrals of potential fraudulent activity.

Other sources of publicity which housing providers have used include local radio stations, news channels and newspapers which are interested in running stories about tenancy fraud.

More generally, providers have found simple measures like providing leaflets and displaying posters are effective in raising awareness of tenancy fraud.

Dedicated officers

Employing a dedicated fraud investigator may not be a financially viable option for all housing providers. However, a specific resource with a specialism in tenancy fraud relieves the duty for fraud investigation from front-line housing officers which can lead to more thorough processes and more successful outcomes. Housing providers which have a dedicated counter-fraud post have reported higher levels of recovered properties than those who use their generic housing officers.

It may be useful to store the details of a referral, or an investigation, using a case management tool. Most existing local authority fraud investigation teams employ a software product of some kind to assist.

Training

Regardless of whether a dedicated fraud investigator post is an available option, all customer-facing staff would benefit from tenancy fraud awareness training. Basic training should cover issues like what to look for as indicators of fraud and how to progress reports of fraud. More advanced training for those staff members with specific responsibility for investigating tenancy fraud is advisable, and should cover topics like the surrounding legal implications of tenancy fraud, and how to collect and record evidence.

Pursuing cases

Civil cases

Once an instance of tenancy fraud is uncovered and the tenant has been approached with the evidence against them, the tenant tends to return the keys with no further need for court action. Returning the property is usually the main aim of counter-tenancy fraud action and many housing providers welcome the surrender of the tenancy without the need for potentially costly eviction procedures.

For tenants who do not surrender the tenancy, landlords should recover the property through civil action in the courts, serving Notices to Quit and Notices of Seeking Possession where appropriate.

Criminal cases

Occasionally the scale of the fraud uncovered, or level of deception involved, has prompted some housing providers to work with a local authority to bring a case for criminal prosecution against a tenant.

The most commonly used legislation in cases of tenancy fraud is the Fraud Act 2006 and the Forgery and Counterfeiting Act 1981. Whilst the level of resources required to bring criminal charges against an individual may be seen as prohibitive by some organisations, there is an increasing trend for providers who have employed these measures to win their cases.

Learning from others

On discovering that a tenant had used fraudulent documentation to acquire social housing, **Phoenix Community Housing Association** and **Lewisham Council** launched a joint investigation which resulted in the defendant being sentenced to eight months in prison under the Forgery and Counterfeiting Act 1981 in April 2012.

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Next Steps

The Prevention of Social Housing Fraud Bill intends to create a new criminal offence of subletting a social tenancy, or 'parting with possession' of a socially rented property. The potential penalties for the new offences includes up to two years' imprisonment and a fine of up to £50,000.

Housing providers will be required to work closely with their local authority to bring prosecutions under this new legislation which also has the potential to allow for enhanced data sharing to detect tenancy fraud.

The Bill also includes new measures for housing providers to make claims for any profit made by tenants who sublet their properties

At the time of writing the Bill is currently at the committee stage in the House of Commons.

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incase intelligence and tenancy fraud

InCase is an established case management system used by more than 20 London authorities for fraud investigations. Used by organisations nationally, InCase has been the tool of choice for fraud teams who are looking to profile, risk assess and investigate claims of fraud within their establishment.

The InCase software allows referrals to be imported from pro-active exercises, such as data matching and profiling. Results from credit reference agencies are imported and generated as cases for review and investigation. The software will manage and audit all information and activity related to investigations, allowing the details of the case to be produced for evidentiary purposes. Documents are produced and any returned literature, images or recordings are stored and available for review at any time. Reports of all information are available, and all required statistics and returns can be produced with ease.

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- Assistant Director of Finance (LB Greenwich)

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Useful resources and information

The Making Best Use of Stock Team
www.cih.org/mbus

The Tenancy Fraud Forum
www.tenancyfraudforum.org.uk

Tacking Unlawful Subletting and Occupancy: Good Practice Guidance for Social Landlords (date), CIH
www.communities.gov.uk/publications/housing/housingfraudguidance

Protecting the Public Purse 2011 report (2011), Audit Commission
www.audit-commission.gov.uk/localgov/nationalstudies/Pages/ppp2011_copy.aspx

National Fraud Initiative
www.audit-commission.gov.uk/fraud/nfi/pages/default.aspx

Fighting Fraud Locally
www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/fighting-fraud-locally-strategy/



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