

Fraud Flags



FCT's extensive experience detecting fraud has identified the following fraud flags to look out for when processing a mortgage transaction.



Purchase Transactions

- Private Agreement of Purchase and Sale
- High Ratio mortgages
- Equity gifts
- Further deposits
- Power of Attorney
- Recent activity on title
- Property free and clear



Refinance Transactions

- Funds are being used to pay off a loan or other debt not associated with the transaction
- Recent Transfers of Title or immediately prior to the mortgage.
- Equity gifts
- Power of Attorney
- Investment properties
- Property free and clear

Fraud not covered by Title Insurance

- Application Fraud
- Value Fraud
- Straw Buyer Fraud

For more information on how you can protect yourself and your clients, visit fct.ca



Credit Bureau

- SIN discrepancies within the mortgage file
- Address discrepancies within the loan file
- Liabilities on credit report that are not on mortgage application
- No credit history or "thin" credit files
- Length of established credit not consistent with applicant's age
- All trade lines are opened at the same time
- Numerous recent inquiries
- Employment discrepancies



Mortgage Application

- Employer's address shown only as a post-office box or is difficult to verify
- Mortgage is an equity take out on a recently purchased mortgage free property
- Buyer currently resides at the property he/she is purchasing
- Purchase of an investment property when buyers don't own a residence
- Length of established credit not consistent with applicant's age
- Age and income of borrower
- Significant variations in the handwriting of the borrower



Assets

- Down payment is other than deposits
- Has a pattern of loyalty to other financial institutions.
- Date of bank statements are unusual or out of sequence
- Buyer currently resides at the property he/she is purchasing
- Bank statements do not show deposits consistent with reported income
- Length of established credit not consistent with applicant's age