

# Type of real estate fraud known as ‘title fraud’ on the rise since the pandemic

CONTENT FROM: FRAUD PREVENTION REPORT  
PUBLISHED MARCH 1, 2022



A homeowner may learn they have been defrauded when their lender unexpectedly informs them their mortgage is in arrears.

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Canadians have long viewed their homes as their most secure and, in most cases, largest financial investment. Yet few homeowners consider the risk they face from fraudsters intent on stealing one of their most valuable assets, not to mention the place where they've built their lives and families.

“Fraud involving real estate is a very real threat, and like other types of fraud, it’s one that has been getting worse during the pandemic,” says Marie Taylor, Director, National Underwriter and Certified Fraud Examiner at FCT, a leading national service

provider of real estate technology and title insurance. “A lot of people think it can’t happen to them – until it does. Older people are common targets.”

One of the most common types of fraud against homeowners involves stealing the homeowner’s identity to take out a mortgage against the property (impersonation), and the other is the theft of their property title – the document that lists the legal owner of a real estate asset – to sell the property. With title fraud, thieves typically begin by stealing the homeowner’s identity and forging documents that allow them to register the deed in the fraudster’s name and then fraudulently mortgage the property.

“And how homeowners usually find out is they get a letter from the lender telling them their mortgage is in arrears, and the lender is threatening to start a power of sale so they can sell the home to pay for the mortgage,” explains Ms. Taylor. “By this time, the people who committed the fraud have already taken the money and disappeared.

“While most of the country’s land-title divisions are likely to overturn mortgages obtained through fraud, the onus is on homeowners to prove that fraud has been committed,” says Ms. Taylor. They’ll need to report the crime to police and hire an investigator, as well as a lawyer, to help them defend their title.

“It can take months to resolve and it can be very expensive,” she says. “It’s also extremely stressful for the homeowners – most of them don’t even know how and where to start.”

There are a number of steps that homeowners, and all Canadians in general, can and should take to prevent fraud. These include securing their personal and financial data through safe practices such as using strong computer passwords, shredding papers that contain personal data, ignoring phishing emails and protecting their social insurance number.

“Even with these preventive measures, however, homeowners should ensure they’re protected in the event they do become victims of title fraud.” says Ms. Taylor. One of the best protections available to homeowners is title insurance.

“When homeowners who have title insurance from FCT experience title fraud, we do everything that’s needed to resolve the problem: we hire the investigator, we hire the

lawyer and we plead your case in court if we have to,” she says. “We’ve got the experts and the experience, and that allows us to work efficiently.”

Buying title insurance from a provider with deep expertise is more important than ever, as fraudsters become more sophisticated and desperate. In 2021, with COVID in full swing, FCT saw claims on owner title insurance policies increase.

“Sold for a one-time premium based on the value of the property, title insurance is a cost-effective way for homeowners to protect their most significant asset,” says Ms. Taylor. “Today, most lenders mandate title insurance when they approve a mortgage, but that doesn’t mean the owner has title insurance. They are two separate policies.

“If you’re purchasing property and not getting title insurance, you really need to ask yourself why not,” says Ms. Taylor. “You’ve worked so hard so you can buy your home – make sure you don’t lose it to fraud.”

*Advertising feature produced by Randall Anthony Communications. The Globe’s editorial department was not involved.*