

# NEW

## APPROACHES



# IN TACKLING TENANCY FRAUD

Supporting organisations to pioneer new ways of working and review current and emerging practice

WHY NOW?  
WHAT ARE  
OTHERS DOING?  
GETTING IT RIGHT

 housingpartners

MAY 2014

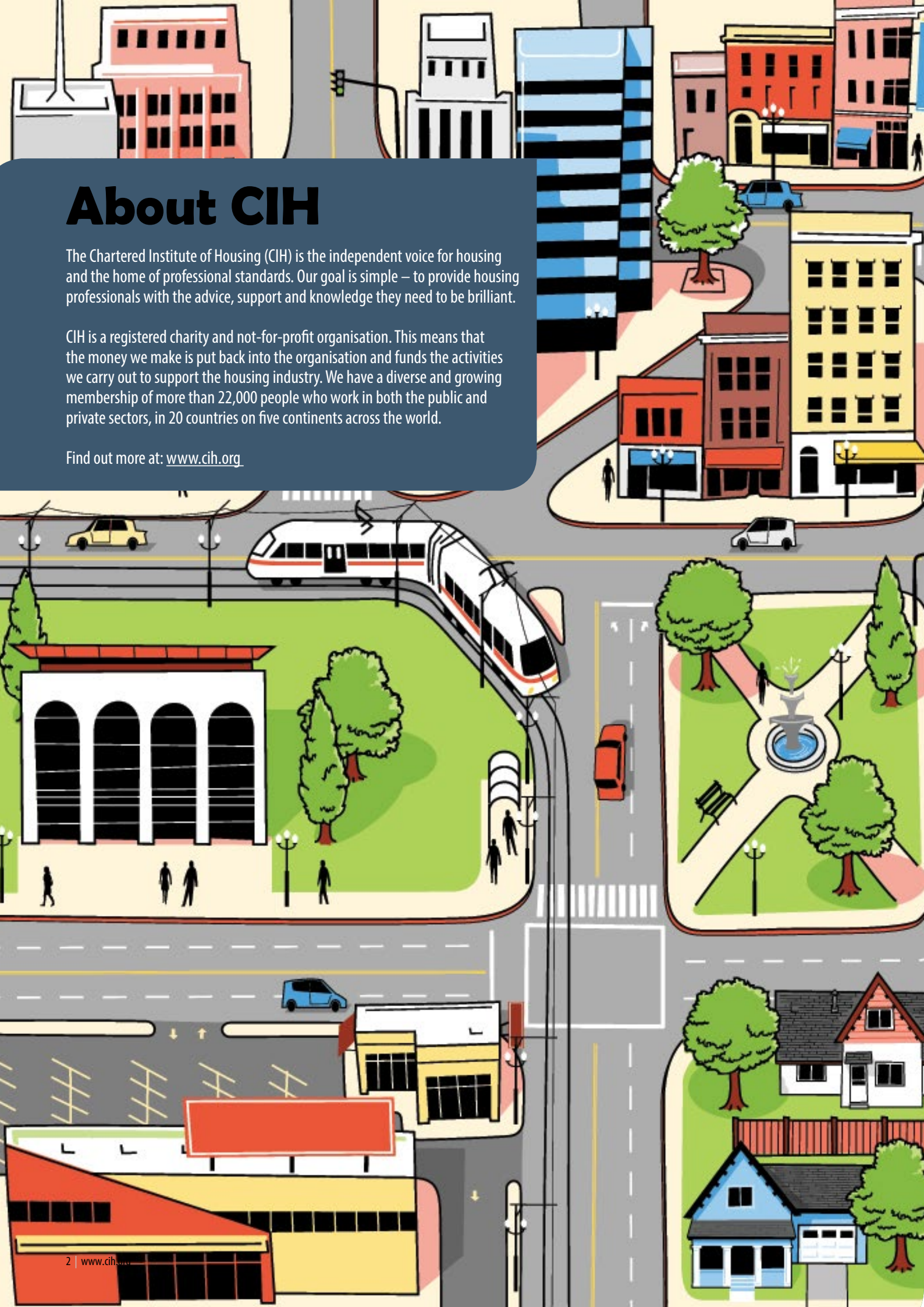


# About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant.

CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing industry. We have a diverse and growing membership of more than 22,000 people who work in both the public and private sectors, in 20 countries on five continents across the world.

Find out more at: [www.cih.org](http://www.cih.org)





# What is this all about?

**This briefing will explore how housing providers across England have approached the fraudulent use of social housing, including preventing and detecting a range of fraudulent activities. It will highlight emerging issues and risks in tackling tenancy fraud and establish good practice from providers in how to meet these new challenges.**

The briefing is divided into three main sections:

- the first section asks **why should you be tackling tenancy fraud now?** It looks at the wider policy influences and recent research findings
- the second asks **what are others doing?** It explores emerging good practice in preventing and detecting fraud
- the final section asks **how do you make sure you get it right?** It sets out some key questions that you should consider when planning your organisation's approach to tackling tenancy fraud

It is aimed at organisations that are looking to step-up their approach to preventing tenancy fraud, or who may be looking to prepare for future challenges.

It will be useful for both local authorities and registered providers, and for anyone with an interest in, or responsibility for, tackling tenancy fraud.

## How have we developed this briefing?

We have spoken to housing and fraud professionals from across England, including local authorities, arms length management organisations (ALMOs) and registered providers, and captured their experiences and predictions for the future of tenancy fraud, all of which are presented in this briefing.

We collected information from a range of sources, including:

- attending tenancy fraud partnership meetings across the country, collecting evidence of the most significant challenges faced by both local authorities and registered providers in preventing and detecting fraud
- a series of roundtable discussions with some of the local authorities who received funding to tackle tenancy fraud from the Department for Communities and Local Government (DCLG) in 2013
- one-to-one interviews with providers to capture the details of how individual local authorities and housing providers are addressing the issues within their own organisation

Participants that we would like to thank who were included in our research are as follows:

|                                     |   |
|-------------------------------------|---|
| Crawley Borough Council             | LB Lewisham                                     |
| Dudley Metropolitan Borough Council | LB Newham                                       |
| LB Barking & Dagenham               | LB Redbridge                                    |
| LB Brent                            | LB Southwark                                    |
| LB Camden                           | LB Waltham Forest                               |
| LB Enfield                          | LB Wandsworth                                   |
| LB Greenwich                        | LB Harrow                                       |
| LB Haringey                         | Hull City Council                               |
| LB Harrow                           | Manchester Tenancy Fraud Initiative Partnership |
| LB Havering                         | Stoke-on-Trent City Council                     |
| LB Hillingdon                       | Stockport Homes                                 |
| LB Hounslow                         | Sussex Tenancy Fraud Forum                      |
| LB Islington                        | Thames Valley Tenancy Fraud Forum               |
| LB Kensington & Chelsea             | Yorkshire and Humberside Tenancy Fraud Forum    |
| LB Lambeth                          |   |

# Why should we be tackling tenancy fraud now?

Over the last two years approaches and attitudes towards tenancy fraud have changed, as interest in the subject has increased. In a time of economic austerity, increased pressure on local government budgets and an acute housing crisis there has been a shift in focus on to making the best use of a limited supply of housing, including recovering fraudulently used properties.

The increased focus on tenancy fraud has been expedited by new legislation, the Prevention of Social Housing Fraud Act 2013, which created a new criminal offence of subletting or parting with possession of a socially rented home.

In conjunction with this, in 2013 the DCLG made £19m in funding available to local authorities to help fund initiatives in tenancy fraud. Funding was awarded via a bidding round to 49 local authorities.

## Rising recoveries

The Audit Commission's annual survey into the level of fraud in the public sector provides further evidence of the increased focus on recovering fraudulently used properties, the results of which are published in their report Protecting the Public Purse 2013 (PPP).

According to the PPP 2013 report:

- social housing fraud costs £845m to local authorities every year - this is the cost of keeping people in temporary accommodation when they could be housed properly
- the cost associated with tenancy fraud in housing association properties is around £955m. In total this kind of fraud represents a loss of £1.8b to the public purse
- social housing fraud costs nearly five times as much as benefit fraud to the public purse

The report also provided some encouraging statistics about the impact of housing providers taking effective counter tenancy fraud action. According to the Audit Commission more than 2600 homes were recovered from fraudsters by local authorities last year - an increase of 51 per cent compared to 2011/12.

The report attributes the rising number of fraud recoveries on three principal factors:

1. the provision of funding made available by the DCLG to local authorities to tackle tenancy fraud
2. the expansion of the national Tenancy Fraud Forum Network, which CIH was instrumental in establishing
3. the work of the making best use of stock team who provide advice and guidance on tenancy fraud, hosted by CIH

The PPP report also highlights the significant positive impact that partnership working between local authorities and housing providers has had on levels of fraud detection and prevention.

## Emerging challenges

In addition to highlighting positive practice in tackling tenancy fraud, the PPP report also provided evidence of emerging fraud risks for social housing providers. We used some of its findings in our research to explore the challenges and risks facing providers regarding tenancy fraud.

Through our research with providers we identified the following additional emerging objectives and challenges that organisations should be proactively tackling:

- prevent fraudulent applications for housing
- assess the impact of welfare reform as a motivational factor in committing fraud
- understand the prevalence of non-occupation of temporary accommodation
- prevent fraudulent right to buy and right to acquire purchases
- detect and tackle fraud associated with mutual exchange

The next section will examine these five key objectives and consider what action providers have taken to address them, using case studies and good practice examples.

# What are others doing?

This section sets out what other providers are doing to tackle tenancy fraud, focussing on each of the five identified objectives.

## Objective 1: Prevent fraudulent applications for housing

For many of the providers the effort to tackle tenancy fraud has been a reactive approach, focused on responding to reports of potential fraud as they arise. However, our research suggests the most effective way to tackle tenancy fraud is to take a proactive approach and prevent fraud from entering the housing stock in the first place.

Providers told us that the move by some local authorities to an online application process has removed the risk of 'human error' or complicity in fraudulent applications; however it has exposed opportunities for fraudsters to take advantage of sub-standard fraud verification checks.

### Pre-allocation

Though some organisations may not have the resources to make detailed verification checks at the point of application for housing, the ones who were most successful in tackling tenancy fraud did make initial checks, including:

- using a data warehouse to verify the information provided in the application matched with information the local authority held, for example benefit claims and council tax discounts
- using Credit Referencing Agencies to match waiting list data with financial footprint data to verify the applicant's last known address or whether the applicant owns property elsewhere
- carrying out interviews and home visits
- using document scanners to verify ID provided as part of the application

### Learning from others

**Southwark Council** recently introduced additional checks on people making housing applications, and other applications for council services. With increasing pressure on council resources, including its housing stock for which there is a waiting list of 20,000, the council needs to ensure that only those in genuine need have access to its services.

The checks include identity document scanners and a credit checking system, both of which are used twice in the process - once to verify someone's right to be on the waiting list, and once at the point of allocation, in case their circumstances have changed in the meantime. Individuals will not receive services until proof can be provided that they are in genuine need. Any cases of concern are referred directly to the police and the Home Office.

The credit checks were introduced in August 2013 and have been hugely successful in flagging up potential anomalies to be followed up. So far, at the point of applying to go on the waiting list, 20 per cent of applicants have been flagged for further investigation. At the allocation stage, 12 per cent of cases have triggered an alert. Anyone in this situation is asked to provide further documentation before their application can proceed.

Contact: Michael Pinder, [Michael.Pinder@southwark.gov.uk](mailto:Michael.Pinder@southwark.gov.uk).

**Stockport Housing Partnership** (SHP) work with its homechoice team to identify early indicators of potential fraud by looking at their housing register.

In order to prevent delays at sign-up, which increase property void periods, SHP has introduced a series of verification checks for applicants on the housing register. These include checks on households who are awarded high priority for rehousing, cases where an applicant has presented as homeless, pre-allocation checks for households making successful bids on properties in the choice-based lettings system and, where needed, carrying out interviews with prospective tenants prior to sign up.

Since introducing this system, SHP has found just under one third of cases checked have shown that the information provided by the applicant does not reflect their current circumstances.

Contact: Tracy Nield, [tracy.nield@stockporthomes.org](mailto:tracy.nield@stockporthomes.org).

**Hull City Council** housing services worked with the audit and fraud team in the local authority to carry out a verification exercise on applications for housing.

The exercise focused on 1065 recent applications made to the local authority where the applicant had indicated they had 'no fixed abode'. The checks included internal data verification using information already held by the council, and where there were indications that details provided on the application may be incorrect, further checks were carried out using the National Anti Fraud Network database. The checks were also followed up with visits and interviews where necessary.

Of the 1065 cases that were checked, more than 128 were removed from the register as a result of the investigations. There were a further 149 cases that were reviewed, and in light of new information, received lower priority banding in the choice-based lettings system.

Hull City Council has now revised its communications with applicants to include more information about fraud and the applicants' obligation to notify the local authority if there is a change in their circumstances.

Contact: Kerrie Lammiman, [Kerrie.Lammiman@hullcc.gov.uk](mailto:Kerrie.Lammiman@hullcc.gov.uk).

## Objective 2: Assess the impact of welfare reform as a motivational factor in committing fraud

The social sector size criteria came into force in April 2013. Where a tenant is deemed to have a spare room, according to guidance issued by the Department for Work and Pensions (DWP), they will have a percentage of their housing benefit deducted (14 per cent of eligible rent for one spare bedroom, 25 per cent for two or more).

To avoid being penalised for having 'spare rooms', some housing providers that we spoke to have reported a rise in the number of tenants claiming to have additional household members or lodgers. They have raised concerns around the potential for fraudulent behaviour associated with this, for example subletting the whole of the property.

Another reform to the welfare system which providers told us is having an impact on levels of tenancy fraud is the introduction of the benefit cap.

The benefit cap puts a limit on how much welfare payment a household can receive in total. It only applies to households in receipt of out-of-work benefit, and housing benefit will be reduced to ensure the claimant falls under the limits of the cap.

The total amount of benefit a household can claim is:

- £500 per week for single parents and couples with children
- £350 per week for single people

The potential for fraudulent activity to occur, according to organisations that we spoke to, is increased when individuals experience additional pressure, for example financial pressure as a result of having their housing benefit reduced, or their total benefit capped.

Providers told us that since the introduction of welfare reform, they have seen a rise in the number of their properties being abandoned. It was suggested that this was because the tenants cannot afford to pay the additional rent, and so leave the property. Abandonment is considered by many local authorities to be tenancy fraud because the tenant has parted with possession of the whole of the property, and thereby ceasing to use it as their principal home, without informing the landlord.

## Learning from others

A London local authority recently publicised its intention to investigate 200 households affected by the benefit cap, who have experienced a reduction in their benefit of up to £1500 per week, but are still, somehow, able to remain in their properties. There are currently 30 of these cases with the local authority's fraud investigations team.

The indication is that there may be either housing benefit fraud, or tenancy fraud or both, occurring in these households.







### Objective 3: Understand the prevalence of non-occupation of temporary accommodation

According to statistics published by the DCLG, the number of households in temporary accommodation has been steadily rising over the last two years ([www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness](http://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness)).

Providers, especially those we spoke to in London, have noted the impact of the benefit cap has meant that households who have had their housing benefit reduced can no longer afford to live in their rented properties and, after being made homeless, have been moved into temporary accommodation.

Local authorities that we spoke to provided anecdotal evidence that some households who had been placed in bed-and-breakfast type accommodation were often not living there, and instead were residing with friends or family. It was suggested that these households were not informing the local authority of their alternative accommodation arrangements in order to retain their priority in the choice-based lettings scheme for rehousing.

#### Learning from others

One local authority that spent £4m annually on temporary accommodation considered temporary accommodation fraud to be such a significant financial risk that it proactively audited both its waiting list and temporary accommodation cases. Home visits were carried out for every household on the waiting list, and to every temporary accommodation dwelling. As a result of the audit, 3000 cases for rehousing were removed from the waiting list.

In addition to this, the property visits also identified that 11 per cent of all of the temporary accommodation paid for by the local authority was found to be for properties that were not being occupied.

## Objective 4: Prevent fraudulent right to buy and right to acquire purchases

As of April 2012 the discount available for tenants intending to buy their socially rented property was increased to up to £75,000 off the purchase price, and, in March 2013, the level of discount rose to £100,000 for properties in London.

Tenants who are not eligible for the right to buy discount scheme may still be able to access right to acquire discounts when purchasing their property. These are typically between £9,000 and £16,000 depending on the location.

Aside from encouraging many tenants to consider buying their home, providers suggested to us during our research that the level of discount available may well motivate fraudulent applicants to try and purchase properties by claiming a discount they are not entitled to.

This was borne out in the findings from the Audit Commission, which showed detection of fraudulent right to buy cases rose by 392 per cent between 2011/12 and 2012/13 (Protecting the Public Purse 2013).

Fraudulent right to buy and right to acquire applications have been recognised by CIH as a risk to housing providers, and we have produced comprehensive guidance on the topic which can be found on our website ([www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/How\\_to\\_prevent\\_right\\_to\\_buy\\_and\\_right\\_to\\_acquire\\_fraud\\_-\\_November\\_2013](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/How_to_prevent_right_to_buy_and_right_to_acquire_fraud_-_November_2013)).

### Learning from others

As part of the right to buy process at **Barking and Dagenham Council**, a surveyor visited to complete a valuation of a one bed flat. The tenant was not at the property and he was met by someone claiming to be the tenant's uncle. He also noted that an unidentified teenager entered the property using a key, suggesting they were resident there. The surveyor's concerns were raised with the housing investigation team (HIT).

The HIT carried out preliminary checks and quickly established that the tenant had purchased two properties after obtaining her council tenancy. Electoral registration and council tax records indicated that she lived at these properties at different times over a number of years. The tenant also gave a further different home address on the birth certificate of one of her two children.

A cold call visit established sub-tenants in occupation who claimed the tenant was out of the country. At an arranged interview with the tenant the next month, she claimed that her children were living elsewhere under the care of relatives, but would not provide specific details, and she denied living elsewhere. It was explained further checks would be completed to establish where the children were residing but shortly after the interview the tenant handed in a notice to quit and returned the keys four weeks later.

Contact: Kevin Key, [Kevin.Key@lbbd.gov.uk](mailto:Kevin.Key@lbbd.gov.uk).





## Objective 5: Detect and tackle fraud associated with mutual exchange

Mutual exchange can be an important tool for housing providers to make the best use of their stock, and support tenants to move into properties more suited to their household needs. Particularly in light of the removal of the spare room subsidy mutual exchange can provide a simple way to move tenants affected by the changes into smaller properties.

However, providers told us that they have found that mutual exchange is open to abuse, and potentially fraud.

One way abuse could happen would be if there is an offer of payment of some kind, whereby a tenant was paid to exchange into a different property, perhaps in a less desirable area than where their current home is. According to local authorities we spoke to, this is often the first step in arranging an organised sublet.

Some providers mentioned that their properties in the most desirable areas in their boroughs were being targeted by criminals offering payments for mutual exchanges; so that once the criminals had control of the property they could illegally sublet it at much higher private sector rent.

### Learning from others

**Crawley Borough Council** received an application for a mutual exchange in October 2013. The mutual exchange form had been completed and signed by the registered tenant's husband. Housing officers in the council were already aware that the registered tenant was in Sri Lanka and had been for four months. Further background checks confirmed that the children of the family had been removed from school in July 2013 and the school advised they were not returning to the UK.

The housing officer made contact with the registered tenant in Sri Lanka to tell her that for the exchange to proceed she must be resident in the property, and an inspection was arranged with a housing officer at the property.

On arriving at the property, the housing officer saw all the white goods in the kitchen disconnected and that the living room furniture, as well as other household items, had been shrink-wrapped. The tenant's husband was present and insisted that the furniture and belongings were packed ready for the mutual exchange move (which was to property less than a mile away).

The registered tenant was contacted again and was advised that if she didn't re-occupy the property the council would serve notice to quit. The tenant did not return to the UK and after being interviewed by fraud investigators, the husband surrendered the keys to the property.

Although unable to prove any collusion between the assignees, the concern was that the registered tenant had received a sum of money as payment for agreeing to the exchange. The other party in the mutual exchange was moving from a two bed flat into the subject's three bedroom house. It is believed the two bed flat would then either be abandoned or sub let by the subject's husband with the tenant's knowledge.

Contact: Mark Avery, [mark.avery@crawley.gov.uk](mailto:mark.avery@crawley.gov.uk).



# How do you make sure you get it right?

For some organisations tackling tenancy fraud is part of their every day work, but for others it might be a brand new project. However long you have been tackling tenancy fraud for, it is always a good idea to review your approach and policies to ensure you are up to speed with good practice and new ideas.

To help make sure you are getting it right, this section sets out some of the key things you need to think about. It is based on five key questions you need to ask of your organisation:

- is tackling tenancy fraud a strategic priority for your organisation?
- do you understand the new opportunities presented by the Prevention of Social Housing Fraud Act 2013 and have you explored what it means for your organisation?
- do you have robust checks at application and allocation stages?
- are you using information effectively to verify circumstances for right to buy/right to acquire, mutual exchange and benefit changes?
- are you working in partnership?

## Is tackling tenancy fraud a strategic priority for your organisation?

Tenancy fraud not only represents a waste of a valuable asset, but it prevents a household in need from accessing housing.

Of the providers that we spoke to, those who were most successful in tackling tenancy fraud were those who had recognised the risk it poses at the highest level of their organisation. For local authorities this not only meant the directors of services, but also elected local councillors and members of parliament.

All of the local authorities in the research had bid for, and won, funding from the DCLG which they were using to fund their counter tenancy fraud work. Some local authorities, particularly in London, were looking at how their work will be funded in the future, when the funding runs out.

A number of authorities had made the case that the savings represented by each recovered property, in terms of temporary accommodation costs and the cost of building new stock, should be used to fund efforts to prevent and detect tenancy fraud. As tenancy fraud was recognised as a strategic priority across the local authority, including in the departments responsible for housing and audit and fraud investigations, these authorities were able to make a business case for funding future counter fraud work using the income from the Housing Revenue Account (HRA).

CIH has published guidance on how to make a business case for investing resources in tackling tenancy fraud which is available on our website ([www.cih.org/publication-free/display/vpathDCR//templatedata/cih/publication-free/data/How\\_to\\_make\\_the\\_case\\_for\\_tackling\\_tenancy\\_fraud](http://www.cih.org/publication-free/display/vpathDCR//templatedata/cih/publication-free/data/How_to_make_the_case_for_tackling_tenancy_fraud)).



## Do you understand the new opportunities presented by new legislation and have you explored what it means for your organisation?

The Prevention of Social Housing Fraud Act 2013 is a new piece of legislation which makes it a criminal offence for tenants to sub-let or part with possession of their socially rented home. The penalties for committing social housing fraud, if convicted, range from a £5,000 fine to up to two years imprisonment and fine of £50,000.

The Act gives the power to prosecute for this new offence to local authorities. Local authorities may prosecute on behalf of social housing providers, both in their area and from other local authority areas.

There is no obligation to bring criminal prosecutions in cases of social housing fraud, and providers may decide that recovering the property is the priority either through surrender or court-ordered possession.

That act also includes some new powers for housing providers:

- **Restitutionary Payments:** the Act introduces a new procedure for the court to award payment to the social housing provider in the form of an 'unlawful profit order'. The award can be made by either the civil or criminal court and would be valid along side any other sanctions, including a fine, imprisonment or eviction. The order can be made for any profit gained by the tenant from subletting the property, to be paid to the social housing provider.
- **Security of tenure:** the Act makes an amendment to the Housing Act 1988 to bring parity between assured and secure tenants, in terms of security of tenure. If a tenant parts with possession of their property, or sub-lets the whole of the property, they will lose their 'assured' status and security of tenure. This cannot be regained by returning to the property. This measure will make it easier for social housing providers to recover the properties as the tenancy can be ended using a notice to quit.
- **Data sharing and investigations:** associated with the Act are new powers for local authorities to access information about an individual including their bank account, data from utility companies and telecommunication companies to detect tenancy fraud.

## Learning from others

**Viridian Housing**, a housing association with 16,000 homes, has secured what is believed to be one of the first unlawful profit orders under section 5 of the Prevention of Social Housing Fraud Act 2013 (PSHFA).

After an extensive investigation, Viridian was able to prove one of its properties had been illegally sublet for two years and seven months, though it suspects it might have been going on for longer.

At the hearing the district judge calculated the sum of money in the unlawful profit order by using the figure quoted in an advert the tenant had placed on Gumtree for the rooms he was letting out. Viridian had no direct proof of the amounts of rent the sub-tenants were paying to Viridian's tenant, who was living in Spain.

Section 5 (6) of the PSHF Act which covers the calculation of unlawful profits, suggests that monies "paid by the tenant as rent to the landlord" should be deducted when calculating the amount payable under an unlawful profit order. Although Viridian had received housing benefit throughout the period of the sublet, they were able to persuade the district judge to disregard it as it was not paid by the tenant and it was likely to be clawed back by the local authority as an overpayment in the near future.

In total Viridian was awarded an unlawful profit order of £31,000, as well as costs, and achieved outright possession of the property.

Contact: Steve Scully, [Steve.Scully@viridianhousing.org.uk](mailto:Steve.Scully@viridianhousing.org.uk).

## Do you have robust checks at application and allocation stages?

For many organisations, verification checks will happen most conveniently at the point of making an offer of accommodation, after the prospective tenant has viewed the property, but well in advance of sign-up. It is important, then, that tenancy fraud-specific checks are factored into the procedure for making an offer of accommodation, so as not to hold up the process and affect the void period for the property.

At this stage, verification checks should be thorough and include specialised identity checks.

Providers that we spoke to recommended a number of online guides which they have found useful in verifying ID documents presented to them. These include briefings from the Home Office and from the Centre for the Protection of National Infrastructure (links to both can be found in the 'useful links' section).



## Using technology

Some of the providers we spoke to felt that training front-line staff in how to verify ID documents was sufficient for them to feel confident they were preventing housing applications made using fraudulent documents.

On the other hand, some providers have decided to invest in document scanners, which capture an image of the ID provided and match it against an ID database. These scanners can also verify security features, for example water marks, magnetic strips and holograms, to establish whether the document is genuine.

This equipment can be expensive and providers who are using it explained that they have offset the initial cost of procuring the technology, against the expected savings made by refusing fraudulent housing applications.

## Learning from others

**Southwark Council** introduced document scanners to check the validity of ID documents presented by individuals who access its services, including housing.

Since April 2013 when the document scanners were rolled out across council offices, 6,000 documents have been scanned. Of these around five per cent have failed the scan. Those individuals are unable to access services unless they can provide genuine proof of identity.

Contact: Michael Pinder, [Michael.Pinder@southwark.gov.uk](mailto:Michael.Pinder@southwark.gov.uk).

## Data Protection - How long is too long?

Whenever an organisation processes personal data they must adhere to the Data Protection Act 1998. The fifth principle of the Act says that:

Personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes. Personal data in this instance could be, for example, copies of ID documents or proof of residency documents.

In practice, it means that you will need to:

- review the length of time you keep personal data;
- consider the purpose or purposes you hold the information for in deciding whether (and for how long) to retain it;
- securely delete information that is no longer needed for this purpose or these purposes; and
- update, archive or securely delete information if it goes out of date

When organisations collect data to verify the circumstances of an individual or household, in order to prevent tenancy fraud or detect it in the future, they will need to make a decision on how long it is necessary to retain that data, in order to comply with the Data Protection Act (DPA).

They will also need to ensure that the applicant has a clear understanding of what will happen to any information he/she gives in support of an application. The Information Commissioner's Office (ICO) Code of Practice on Privacy Notices can help in drafting the information offered to applicants

The ICO has produced guidance on data processing and complying with the DPA, and their Code of Practice on Privacy Notices which are both available on their website.



## Are you using information effectively to verify circumstances for right to buy, right to acquire, mutual exchange and benefit changes?

One clear way to prevent all kinds of attempts at tenancy fraud, including fraud associated with mutual exchange, right to buy fraud, succession fraud and application fraud is to check data supplied to you by the tenant matches data held by other organisations.

The Prevention of Social Housing Fraud Act 2013 (PSHFA) introduced new powers for local authorities to request information from certain bodies in order to detect tenancy fraud.

Previously, local authorities were only able to ask third parties for information they hold in relation to an individual suspected of tenancy fraud (such as an alternative address or contact details) but they had limited legal power to compel it to be provided to them. This often meant holders of key data would refuse such requests.

The new PSHFA legislation compels compliance with these requests, and social housing fraud investigators should be able to obtain information in a more routine way using these powers. This will include data from utility companies and telecommunication companies, for example about an individual holding an open account at another property, which may indicate non-occupation of their socially rented home.

Under this legislation, investigators will also be able to re-quest information from banks and building societies which could, for example, evidence any receipt of rent if the account holder was subletting their property.

The full regulations included in the PSHFA can be found in full on the [Legislation.gov](#) website. Additionally, the ICO has clear guidance on their website on disclosures of information required by law (see the useful links section at the end of this report).

Another effective way of using data to detect fraud is large-scale data matching. Data matching compares different sets of information held by different bodies, and highlights cases where there is a difference, for example where a person other than the registered tenant is claiming benefits at a property. Data matching can take place in various ways, for example:

- housing associations matching their data against records held by the local authority
- local authorities matching data held across different departments, for example housing benefit matched against parking permits
- regional data matching between all housing providers and local authorities in a specified area
- data matching with an external credit reference agency to highlight cases where financial data does not match with information held by the provider
- data matching using information collected as part of the national fraud initiative run by the audit commission

## Learning from others

**Trident Social** investment group manages over 3,500 social housing properties in the West Midlands. Recognising that it had gaps in its data and struggling to keep this information accurate and up to date, the group turned to Who's Home in February 2014.

This cloud-based profiling tool from Housing Partners, helps social housing providers keep track of exactly who is living in their properties. By searching national registers, credit records and other reliable sources Who's Home compiles a full profile of a property's occupants and highlights issues that require action.

When Trident's officers had suspicions that a resident was illegally subletting his flat they used Who's Home to profile the residents of the property. This confirmed the suspicions – Who's Home showed them that an individual other than the registered tenant living in the property, resulting in a potential housing benefit fraud of £35,000.

Using information gathered from the data matching exercise Trident was able to prove that its tenant had been illegally subletting the property for several years.

Contact: Sean Ranson, [SeanRanson@housingpartners.co.uk](mailto:SeanRanson@housingpartners.co.uk).

CIH has produced comprehensive guidance on data sharing and data matching, which is available from our website ([www.cih.org/resources/PDF/Policy free download pdfs/Tenancy fraud and data sharing.pdf](http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Tenancy%20fraud%20and%20data%20sharing.pdf)).

## Are you working in partnership?

The social housing stock in England is split across local authorities and registered providers and so, as research has shown, are instances of tenancy fraud. By working in partnership between local authorities and registered providers all parties can benefit from shared resources and shared knowledge.

There are various different models for working partnership, but one which providers we spoke to found particularly useful was between fraud investigations officers and housing officers. Local authority fraud investigations officers will have experience in aspects of fraud investigations, for example, taking statements, gathering evidence and compiling a case history. This can be coupled with a housing officer's knowledge and understanding of the neighbourhood and community, of housing law and tenancy history. Together these sets of knowledge and experience complement each other to create an effective counter-tenancy fraud service.

Another way that providers are working in partnership with each other is to share policies and procedures, along with other good practice materials, across the region as part of a wider group. We spoke to a number of partnership groups, including in Manchester, Yorkshire and the West Midlands who were in partnership with other housing providers across their region. They felt that by having a 'united approach' to tenancy fraud, they are more confident that any assignments, exchanges or nominations that come from a neighbouring provider will have been subject to verification checks and that data sharing between providers to detect fraud will be more straight forward.

CIH has published a member only briefing which outlines the benefits of partnership working [www.cih.org/publication-free/display/vpathDCR//templatedata/cih/publication-free/data/How\\_to\\_develop\\_partnerships\\_that\\_make\\_a\\_difference](http://www.cih.org/publication-free/display/vpathDCR//templatedata/cih/publication-free/data/How_to_develop_partnerships_that_make_a_difference)

CIH works in partnership with the national Tenancy Fraud Forum (TFF), which is a network of professionals working in tenancy fraud. The TFF comprises regional hubs across the country where local authorities and registered providers work in partnership to share good practice. For more information about the TFF and to join or set up a hub in your area visit their the [Tenancy Fraud Forum webpage](#).





# Final thoughts

From our research we have put together five key conclusions to help you shape your approach to tackling tenancy fraud:

- **Investing in fraud detection measures will ensure your stock is allocated and occupied appropriately.** Particularly for local authorities, money can be saved from the temporary accommodation budget by recovering and re-letting fraudulently used properties.
- **Fraud-proof your application and allocation process to stop fraud entering the system in the first place.** Preventing fraud in the long run is far more cost effective than taking action against current tenants.
- **Use your data to prevent and detect fraud,** by carrying out internal and external data matching. Review your data protection policies and procedures regularly and ensure they reflect any changes to the way you use data.
- **Take full advantage of the new legislation, the Prevention of Social Housing Fraud Act 2013.** Subletting a socially rented home, or parting with possession of it, is now a criminal offence. Make sure your tenants are aware of the new law and use the penalties as a deterrent.
- **Work in partnership with your neighbouring providers.** We have found that no area, no local authority, and no registered providers are immune to the fraudulent use of housing stock. Working in partnership can provide a united front against fraud, and will prevent fraudsters from obtaining several properties in one area with different providers. It will also protect your stock from individuals who obtained their housing fraudulently mutually exchanging into your stock.

## Useful links

### Chartered Institute of Housing tenancy fraud page

[www.cih.org/tenancyfraud](http://www.cih.org/tenancyfraud)

### Information Commissioners Office

[www.ico.org.uk](http://www.ico.org.uk)

### The ICO's Code of Practice on Privacy Notices

[http://ico.org.uk/for\\_organisations/data\\_protection/topic\\_guides/privacy\\_notices](http://ico.org.uk/for_organisations/data_protection/topic_guides/privacy_notices)

### ICO's Code of Practice on Data Sharing

[http://ico.org.uk/for\\_organisations/data\\_protection/topic\\_guides/data\\_sharing](http://ico.org.uk/for_organisations/data_protection/topic_guides/data_sharing)

### Information on mandatory disclosures of information and this can be found here

[http://ico.org.uk/for\\_organisations/data\\_protection/the\\_guide/exemptions#how-exemptions-work](http://ico.org.uk/for_organisations/data_protection/the_guide/exemptions#how-exemptions-work)

### ID verification, Home Office briefing

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/98108/false-id-guidance.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/98108/false-id-guidance.pdf)

### The Centre for the Protection of National Infrastructure (CIPFA) briefing

[www.cpn.gov.uk/documents/publications/2007/2007044-gpg\\_document\\_verification\\_guidance.pdf?epslanguage=en-gb](http://www.cpn.gov.uk/documents/publications/2007/2007044-gpg_document_verification_guidance.pdf?epslanguage=en-gb)

### Prevention of Social Housing Fraud Act 2013

<http://www.legislation.gov.uk/ukpga/2013/3/contents/enacted>

### Legislation Explanatory Memorandum

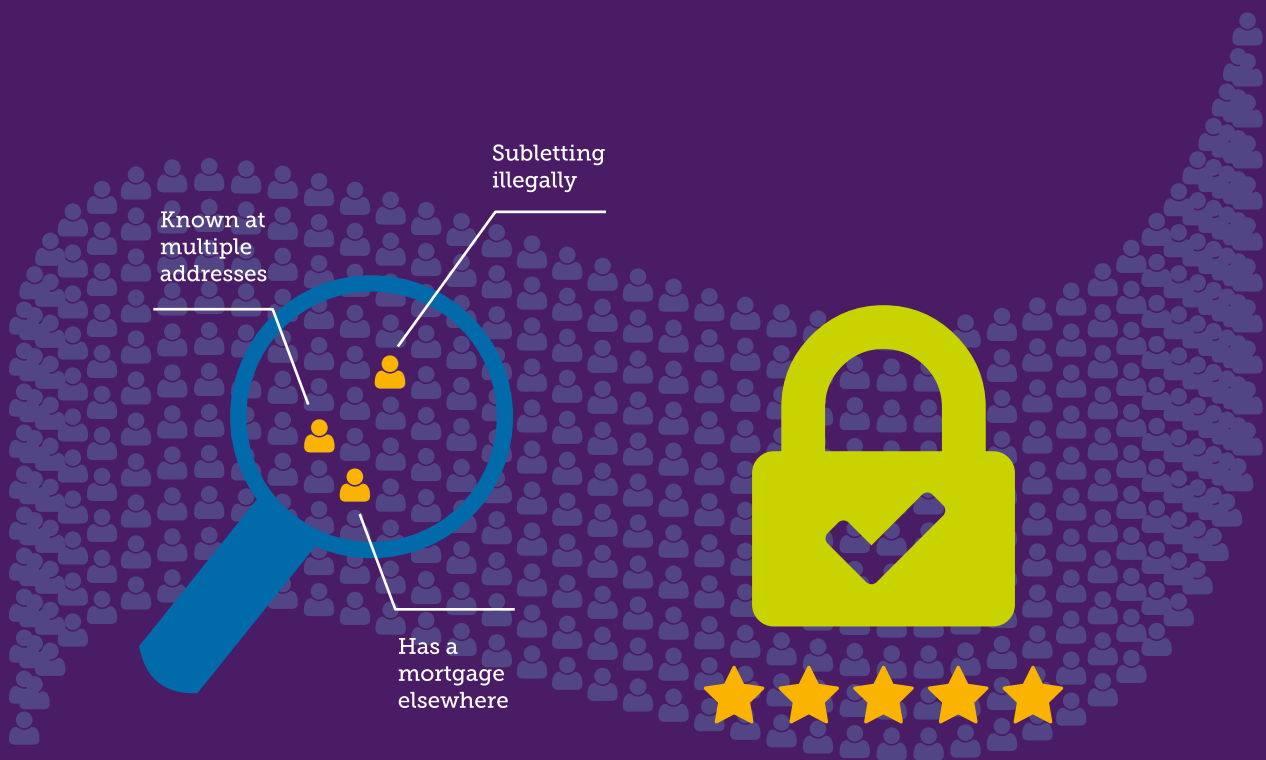
[www.legislation.gov.uk/ukdsi/2014/9780111110058/memorandum/contents](http://www.legislation.gov.uk/ukdsi/2014/9780111110058/memorandum/contents)

### Tenancy Fraud Forum

<http://www.tenancyfraudforum.org.uk>

### The Audit Commission Protecting the Public Purse 2013

[www.audit-commission.gov.uk/wp-content/uploads/2013/11/Protecting-the-public-purse-2013-Fighting-fraud-against-local-government.pdf](http://www.audit-commission.gov.uk/wp-content/uploads/2013/11/Protecting-the-public-purse-2013-Fighting-fraud-against-local-government.pdf)



# A successful fraud-prevention strategy starts with good data

Investing in robust fraud prevention measures ensures that your stock is allocated to the people that need it most whilst protecting your bottom line. But how can you manage your stock and fight the fraudsters if you don't even know who's living in your homes?

**Who's Home** is a unique, cloud-based profiling service which lets you identify, verify and then case-manage the occupants in every property within your stock.

- ✓ Find out who's really occupying your properties.
- ✓ Fraud-proof your allocation process with incoming tenant checks
- ✓ Track and trace former tenants that have left arrears



[www.HousingPartners.co.uk/fraudprevention](http://www.HousingPartners.co.uk/fraudprevention)

Or call Housing Partners on  
**01905 361 500** to  
make your fraud-prevention  
efforts a success.

