

# Top 5 property scams to watch out for in SA

While digital platforms have replaced many of the traditional ways of finding a property to buy or rent - enabling would-be buyers or tenants to cast a wider net - it has also given rise to increasingly sophisticated property scams.

“These scams often involve fraudsters posing as legitimate property owners or real estate agents and using online platforms to advertise properties that do not exist or are not available to rent or purchase,” explains Jackie Smith, head of Buyers Trust, a subsidiary of Ooba Group which provides a bank-hosted deposit solution for homebuyers.

Smith emphasises that while the anonymity of the internet has made it much easier to facilitate these scams, some will go so far as to meet unsuspecting buyers and renters in person to seem more legitimate, only to vanish once the funds have been transferred.

Smith shares five popular property scams to watch out for:

## 1. Fake rental listings and agents

“In this instance, fraudsters will advertise a rental listing online (often at a very attractive rate) and wait for a would-be tenant to make contact. They will make excuses for why the property cannot be viewed in person but emphasise that there is lots of interest and ask the tenant to pay a small deposit or application fee to secure their place, before taking the listing offline and disappearing with the money.”

“This may sound far-fetched, but in a highly competitive rental market such as Cape Town, some tenants are willing to do anything to find a well-priced home, including handing over money before seeing a property,” says Smith.

## 2. Phishing scams

In this form of cybercrime, fraudsters will intercept emails between a buyer and seller to pose as a legitimate real estate agent or conveyancing attorney to divert the buyer’s deposit into their own bank account.

“As a service provider tasked with safeguarding deposits, we’ve seen how increasingly common this crime has become, with even the most digitally-savvy buyers being defrauded of huge sums,” Smith explains.

She cites a recent case where law firm ENS Africa was ordered to pay R5.5m to a client using their trust account for her home deposit; this client fell victim to a phishing attack orchestrated by someone posing as one of the firm’s employees.

“Taking the risky ‘human element’ out of the process and instead entrusting your deposit in a highly secure and transparent third-party alternative, which also offers a bank guarantee, is the best way to prevent this from happening,” says Smith.



Jackie Smith, head of Buyers Trust



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### 3. Government housing assistance scams

This scam is particularly devastating because it targets lower-income individuals who are desperate to receive government-assisted housing, asking victims to pay cash to be moved up the long waiting list.

“Scammers will often create official-looking documents to appear more legitimate but it’s important to remember that no payment is required when applying for a government housing subsidy or a Finance-Linked Individual Subsidy Programme (FLISP).”

### 4. Identity theft scams

This is a very sophisticated scheme, targeting unsuspecting homeowners who are not looking for a new property to rent or buy. The scammer obtains personal details from the owner and uses these to create false documents, transferring the property into their name.

“Once the property has been transferred, the scammer will contact the legitimate owner’s bank in order to take out a new bond against the property, before disappearing once the money reaches their account – potentially defrauding the victim of hundreds of thousands of rands,” says Smith.

### 5. Timeshare scams

This scenario involves a fraudulent sales agent selling timeshares in non-existent luxury properties or properties that are not actually available for purchase, using glossy pitch decks and ‘too-good-to-be-true’ discounts.

“To lower their chances of being caught, these scams often target overseas tourists or locals looking for a holiday home in a different province and aren’t able to verify the property in person,” explains Smith.

“Fraudsters often employ high-pressure sales tactics and false promises of high returns on investment.”

### Avoiding scams

Smith believes that the two golden rules when it comes to avoiding these scenarios are to avoid giving out personal information to non-verified sources and to be extra careful with money transfers.

“To avoid falling victim to a property scam, it is crucial to be cautious when dealing with unfamiliar real estate agents or property developers and to thoroughly research any property investment opportunities before handing over any money.

“Opting for a bank guarantee rather than a cash deposit or EFT is another way to verify the transaction and ensure its safety until you have keys in hand,” says Smith.

“Remember, the best defence against scams is to be knowledgeable about their methods and trust your instincts – if you’re unsure about a situation or offer, say no,” she concludes.