

Claim of the Month: Beware the Fraudulent



First Title provided a Home Loan Protection Policy (HLPP) which provides protection for the lender in the event that “the Insured Mortgage is invalid or unenforceable as an encumbrance against the title to the Land.”

The circumstances of this claim are essentially that (Miss A) sought to purchase a property from a Local Scottish Council and thus exercise her right to buy. However, the lender was unaware that Miss A was an employee of the firm of solicitors (Firm B) who were dealing with the purchase of the property and were also acting for the lender. Whilst it is not entirely clear what her position was within the firm it is clear that Miss A had access to their accounts, headed paper and was in a position to deal with all incoming and outgoing post.

The lender provided Miss A with a mortgage offer and the completion monies were transferred to Firm B shortly afterwards. Firm B has subsequently confirmed that these completion monies were withdrawn from the Firm B's accounts through a series of cheque transactions and it was later confirmed that there was no corresponding credit to the council from whom the property was to be purchased.

Despite our requests, Firm B was unable to provide First Title with a copy of the conveyancing file which, it is therefore assumed, was retained by Miss A. The seller's file simply contained a letter of offer and nothing more.

Miss A's 'indiscretion' was apparently one of several, which resulted in her losing her job at Firm B. She became unable to maintain the mortgage repayments and this was the clue that unravelled the fraud. Firm B are now being investigated.

The Title had not been transferred to Miss A because the council had received no payment so the lender's charge was never registered and the property remains vested in the council's name.

Fortunately, the lender had taken out a HLPP policy with First Title, providing them with robust protection against the fraudulent transaction. First Title paid the lender the full amount outstanding on the mortgage and covered all legal expenses, so in the end the lender suffered no loss. It will now be for First Title to use their rights of subrogation under the terms of the policy to recover these sums initially from Miss A and thereafter, if required, from Firm B.

Call: **+44 (0)20 7160 8218**

Email: **online@firsttitle.eu**

Visit: **www.firsttitle.eu**

First Title Insurance plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. First Title Insurance plc is registered in England under company number 01112603. Registered office: First Title Insurance plc, ECA Court, 24-26 South Park, Sevenoaks, Kent, TN13 1DU.

Leading Title Insurance