



QUICK GUIDE

Multifamily Report: Fraud Continues to Be a Growing Threat

Property managers need more effective strategies and solutions to help fight fraud





More renters than ever are searching and applying online — consequently opening the flood gates for savvy fraudsters who are constantly evolving their tactics.

Manual identification methods and legacy systems often can't keep up with the onslaught, leaving property managers struggling to spot and thwart fraudulent identities.

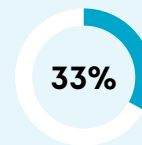
TransUnion surveyed property managers to see just how significant the issue is and found:

- **60% experienced fraud at least once in the past two years**
- **More than a third didn't identify fraud until after the applicant moved in**
- **49% agreed applicant-based fraud is an issue for their companies**

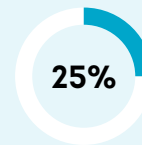
With the right tools and technology, property management companies can help lower fraud-related bad debt. The problem is most property managers continue to rely on manual processes to identify and prevent fraud, leaving potential gaps in protection and creating reactionary strategies.

When property management teams can't easily verify applicants' identities, they may unknowingly accept fraudulent applicants.

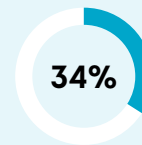
When asked **how they detect fraud**, respondents said they:



Didn't use formal tools and only relied on manual resident screening processes



Used in-house employees to conduct screening manually



Outsourced services/technologies

Property managers feel the pain of fraud

Many current identification methods and legacy systems can't keep up with the pervasiveness of potential fraud, challenging property managers to successfully spot and decline fraudulent identities.

The cost of fraud

Our survey showed property management companies are being hit hard. When we asked respondents about **impacts fraud had on their organizations**, they reported the following issues:

- More time spent comparing applications to find discrepancies (43%)
- More evictions (38%)
- Increased bad debt (27%)
- Increased financial loss (27%)

Triggers that alerted property managers to fraud included:

- Proof of employment (36%)
- Verifying proof of income (35%)
- Applicant sent a fake paycheck (30%)

Are your applicants who they say they are?

Many property managers don't have a clear understanding of the differences between the applicant screening process and fraud mitigation; conducting a background check or scanning a driver's license is not the same as fraud prevention.

Synthetic identity — using a combination of personally identifiable information to fabricate a fictitious person — is the fastest growing type of fraud, and scanning an ID doesn't solve the challenge. Technology specifically designed for online and offline identity verification can adequately help in this endeavor.



Fraud detection methods

When it comes to applicant screening, a renter might look good on paper, but what you don't see is what's lurking below the surface — details that could indicate fraud, such as aliases and address history.

Help stop renter fraud before it happens

How can property management companies help combat fraud? It starts with an identity verification and credit screening process that looks for red flags.

Using a solid **applicant identity solution** helps detect fraud before it happens by authenticating applicants and identifying those who are high risk.

Arm your properties to mitigate risk

As fraudsters progressively advance their tactics, it's important to tap into fraud systems built specifically for multifamily — with attributes that matter most to help predict rental risk. With a solid system in place, you'll be better able to:

- Help detect fraud in real time
- Use multilevel identity authentication to mitigate risk
- Get deeper insights into key fraud indicators, helping facilitate greater certainty for smarter rental decisions

What NOT to do



Don't rely only on credit scores to predict risk

Scores measure an individual's credit and financial risk, but they don't assess potential multifamily fraud threats. Generic credit scores weren't built with renter risk in mind.



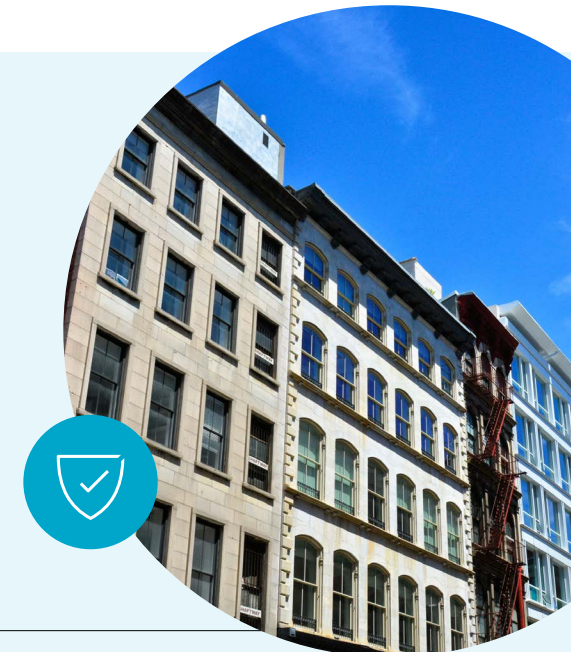
Don't use antiquated, disconnected systems

Detect potential fraud in real time by implementing a cohesive, integrated fraud solution.



Don't operate in reactive mode

Multilevel identity authentication helps you see threats before they happen so you can better evaluate potential fraud at time of application.





About TransUnion (NYSE: TRU)

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Take action to fight fraud

TruValidate™ Resident ID is our identity management solution designed specifically for multifamily operators. Resident ID flags suspicious identities while approving the right applicants faster using multilayered, data-driven defenses to help stop applicant fraud.

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