THE LETTINGS HUB
the home for lettings

Right to Rent & Fraud Prevention E-Guide

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IDVT – Identity Verification Technology

IDSP – Identity Service Provider

Summary:
Preparing for the changes

The last couple of years have been a whirlwind of major upheavals caused by lockdowns and COVID, and the Right to Rent checks didn't escape the changes.

Before the pandemic, British and Irish tenants would bring their ID documents into a branch for the letting agent to carry out a Right to Rent check. The agent would make sure their ID documents were valid and check that the person in front of them matched the person in the photo.

That all changed when COVID meant that in-person checks were no longer possible. Then, the tenant would scan their documents and send them into the letting agent, who would verify their identity with a video call.

As of October 1st 2022, the Right to Rent checks were changed again, reverting back to the pre-COVID process.

As the world and industry has moved to a more digital approach though, there is now the added option of doing Right to Rent checks for British and Irish tenants via IDVT (Identity Verification Technology).

So how does that change affect agents?

It means that an agent can choose one of two ways to carry out Right to Rent checks for British and Irish tenants:

1. The tenant brings their ID documents to a branch, for an agent to check and verify. This can happen any time after referencing, right up until the point the tenant is picking up the keys to the property.

2. Or, the agent can carry out the Right to Rent check via IDVT with a certified IDSP (Identity Service Provider) during the referencing process. This is all done online and the agent will receive a report with the results.

Pre 2020

An agent would conduct an in-person Right to Rent check

2020 - 2022

Right to Rent checks conducted over video call

Oct 2022

In-person verification checks return, with the addition of a new digital option

Background:

What you should already know

As previously illustrated, before COVID all British and Irish tenants went through an in-person verification process in branch. The agent would check the tenant's documents are real and that the photo on the ID matches the person in front of them.

When the pandemic was most rampant, the plan was that once restrictions were eased, agents would go through the backlog of tenants that moved in during COVID and ask them to come into the branch for an in-person Right to Rent check. However, as weeks of lockdowns became months, it became clear that the plan wouldn't work. There would be too many people to check, and their individual circumstances could have changed drastically since their video call verification. So, the Government scrapped that plan.

That time period did herald some positive developments though, as agents all across the country fed back that it was much easier to conduct Right to Rent checks online, for both the agent and the tenant. So why not keep it that way? Well, for one thing, there has been a marked increase in fraudulent documents in this industry. Fraudsters are using more advanced methods, and clearly the current system was not doing what it needed to do, to catch them. So, the deadline to launch a new digital option for checks was pushed back, as the Government finalised its plans and companies within the lettings industry came up with a solution.

Most foreign nationals use a digital check from the Home Office website to verify their Right to Rent via a share code or link. The problem is that British and Irish nationals can't currently be verified so easily. There was a time, though, that that issue looked like it could be solved.

Back in 2007-2010 the Labour party wanted to introduce Biometric ID cards or Residents Cards for all British and Irish citizens as part of the EU Settlement scheme. This was rebutted by the opposition, who said that this would be an infringement of people's privacy. These cards would have made the decision on Right to Rent checks far simpler, as British and Irish people's identities could have been verified much easier.

So, as things stand, the Government has had to find a solution in which the checks were thorough yet convenient for the letting agents and tenants, without it being an ID card. Enter IDVT. This is a secure, quick, easy and one-time process in which Right to Rent checks are carried out.

The EU and Right to Rent

On 31st December 2020, the UK left the European Union, making the Right to Rent checks more complicated as we set up trade deals all over the world. Take India as an example. As part of setting up those trade deals the Indian Government has asked for the deal to include better rights for Indian students entering the UK. Our Government hasn't yet specified what they will and won't include in these deals, but it is something which will no doubt affect us in the future.

The Future

All this means that the Government has had to find a safe and secure way for Right to Rent checks to happen, while satisfying the need for a digital-first approach.

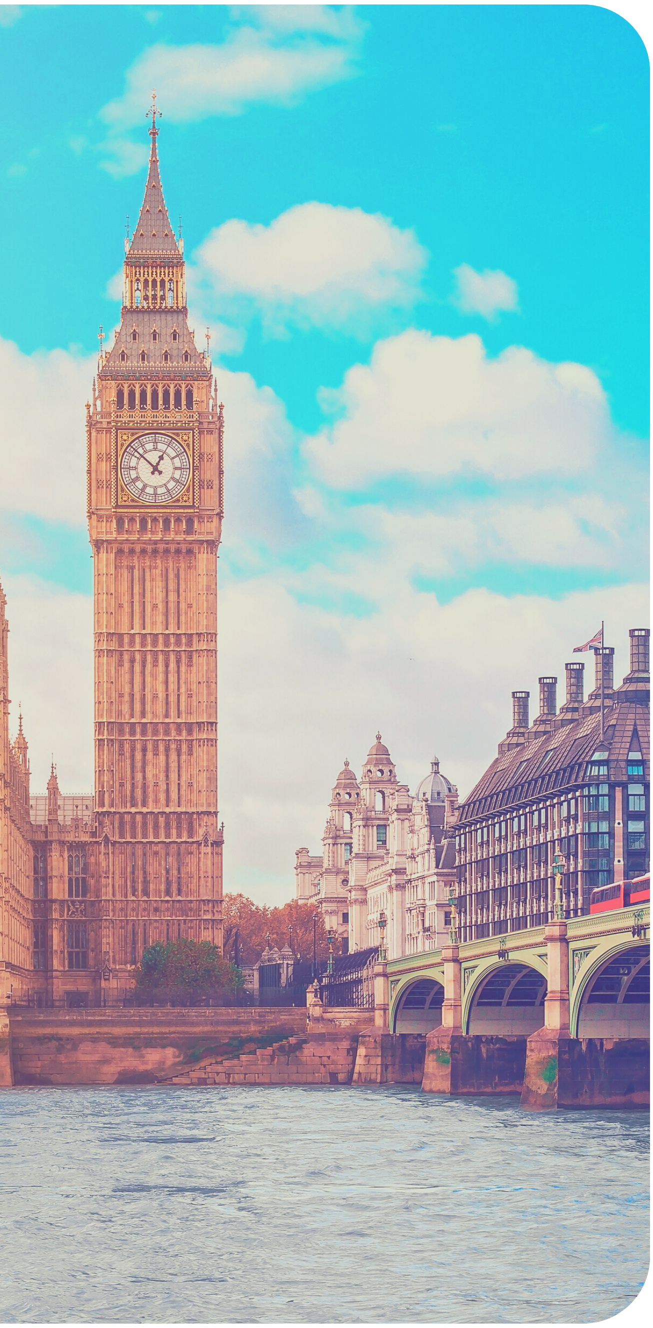
The solution? Letting agents can now use IDVT provided by their choice of a Government-approved IDSP. COVID has escalated the industry's momentum into a digital world, with Pre-Tenancy platforms and virtual tours becoming the norm. It's been a fast but natural progression for the industry.

You may be aware of the issues that fraud has caused in the lettings industry. Many tenants use a fake ID, forge bank statements and even rent a property in someone else's name. Forged documents are becoming more sophisticated and advanced, and they are becoming harder and harder to spot. For more information on fraud, please take a look at page six.

What is Identity Verification Technology?

Well, it's not new technology. In fact, you may have used a similar solution when signing up to a new bank online or during a DBS check. IDSPs have been around for years across multiple industries, and have become ever smarter and more secure over the years, with the overall aim to reduce fraud.

The Future



So, as we explained, now agents have the option of verifying people's identity face-to-face, or using IDVT which will carry out checks online using advanced technology. It checks whether documents are real as well as verifying the tenant's right to reside in the UK.

Just because this technology is available, doesn't mean that agents are obliged to use it. There is no law to say that you should offer this, only a statement from the Government saying that the agent shouldn't discriminate. In other words, if an agent offers a digital solution, they will also have to offer an in-person option for those that may not have access to or are unable to use the system.

Of course, foreign nationals can already use the digital solution via the Home Office, as we mentioned. This means that letting agents would now be using two digital approaches, with British and Irish nationals using an IDSP and all foreign nationals continuing to use the Home Office.

Although a letting agent doesn't have to offer an IDSP, it may cause issues for British and Irish tenants if they don't. Why? Well as an example, if a French citizen wants to move house, they can easily use their share code from the Home Office and the agent can quickly verify them. If an agent only offers in person verification for British and Irish people, this could slow the process up for them. It generally takes longer to arrange and carry out an in-person appointment, which would put those tenants at a disadvantage. With an IDVT, the process is quick for both the letting agent and the tenant, and the agent can immediately access the Right to Rent check results.

Where does the liability of Right to Rent Checks fall?

A Right to Rent check should be the landlord's responsibility, but this is not always the case. The landlord can pass this liability onto the letting agent if it has been agreed in writing.

But, it's not enough to agree this switch verbally, as there must be written proof of it.

With the advent of IDVT though, the liability can lie with the IDSP. If the IDSP has provided a landlord or letting agent with the information that a tenant has passed the Right to Rent checks when they haven't, the IDSP is liable. But, if the IDSP has provided all the correct information and the landlord or letting agent hasn't cross-checked it, then the liability stays with that landlord or letting agent.

What if I get it wrong?

Penalties for renting property in England to someone you knew or had 'reasonable cause to believe did not have the right to rent in the UK' include a five-year prison sentence, and an unlimited fine.

How can the Lettings Hub Help?

There is a way to reduce any confusion and give clarity to who is responsible for ensuring a tenant has the right to rent a home. At the Lettings Hub, we have a low-cost, reassuring solution. When you select our Know your Customer referencing, we do the hard work so you don't have to. You can be assured of a comprehensive validation of your tenant's documents, which can detect fraud and speed up the process.

Redefine Your Tenant Referencing

- Income & Credit Check
- Rental History
- Open Banking
- Right to Rent & Share Code Check
- Enhanced ID Verification
- AML & PEPS

Fraud Protection Guarantee
& Price Match Promise

Rated 3.9 / 5 | Trustpilot

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Fraud in the Lettings Industry

All these steps have been taken to combat fraud in the lettings industry. But is fraud really that prevalent?

Well, you may be surprised to know that more than 40 million adults in the UK – or three in four – have been targeted by fraudsters or scammers so far this year alone.

The housing sector is the fifth most affected industry in the UK by document fraud, and the majority of fake British documents are being seen by those making checks in the housing industry.

The cost of living crisis, rising fuel costs and increased credit card interest rates are all expected to seriously impact ordinary households over the coming months. As a result, landlords should brace themselves for a potential rise in fraudulent tenancies. While the instances may remain low, the impact can be high.

Did you know...

Most common nationality on fake ID documents:

1. France
2. Portugal
3. Nigeria
4. Spain
5. UK

Clearly, fraud is a danger which must be combatted – and IDVP does just that!

What kind of tenancy fraud in the private rented sector can we expect? Some examples include:

Giving fake cheques for rent and deposit

When a cheque looks like it is written from a reputable source its validity is unlikely to be questioned. However, tenants can use fake cheques for their rent or deposit. By the time the landlord cashes the cheque and realises it is fake, they may face the challenge of evicting the tenant, trying to reclaim the lost money or even having their home damaged or items such as appliances stolen.

False employment records

Another tenant scam is providing fake employment records. In other words, the scammer could ask friends or family to act as workplace references, thereby papering over a patchy or non-existent employment history. Tenants could do this if they don't have a consistent income stream, which could then impact their ability to pay rent.

Providing a false credit report

If a tenant has a less than desirable credit report, they may try to hide any issues by providing their own, false information. A landlord looking for a quick and easy transaction may accept that, but they should be aware that falsifying credit report information is a common scam. Instead, always ensure that an indepth credit report is run, with a deep dive into a tenant's financial history.

Minimise your chance of being a victim of property fraud, by using the Lettings Hub. Our support allows lettings agents to provide valuable reassurance to their landlords with a comprehensive range of low-cost, high-impact referencing solutions, lessening the risk of fraudulent tenants.

FAQs

Which tenants are able to use an IDVT for a Right to Rent Check?

Only British and Irish nationals are able to be checked through an IDVT. All foreign nationals will continue to be checked via the Home Office Website.

Do agents HAVE to offer a digital solution legally?

In a word, no. Currently, you do not have to legally offer a digital solution. However, the industry is preparing for the majority of letting agents to take on a digital-first approach, as the process is quicker and reduces fraud. The Government has not been clear about whether you legally have to offer a face-to-face solution, but they have said you are not allowed to discriminate which suggests an in-person option should be offered.

Should letting agents in Scotland be using an IDSP for those moving from Ireland or England?

In Scotland you are not required to carry out a Right to Rent check, which means you do not have to use an IDSP. However, as an IDSP verifies a tenant's identity, it does offer letting agents and landlords heightened security.

With rental reform in the works, will anything change with Right to Rent in the future?

Surprisingly, Right to Rent is not included in the Rental Reform Bill, unlike most other aspects of the lettings industry. This means that Right to Rent should not change as an outcome of this bill.