

NEWS FROM SCDCA

South Carolina Department of Consumer Affairs



Brandolyn Thomas Pinkston, Administrator

August 6, 2008

Release #08-070

SCDCA Media Contact: Maria Audas, 803.734.4296

1.800.922.1594 (toll free in SC)

Email: scdca@dca.state.sc.us

FOR IMMEDIATE RELEASE

Residential Rental Scam: Combining Fraud with Risk of Identity Theft

Following several reports of possible rental fraud in neighboring states, the South Carolina Department of Consumer Affairs (SCDCA) is alerting would-be renters in the Palmetto State about this common scam and asking consumers to watch for the signs of potential rental fraud.

Rental fraud scams involve the rental of homes or other properties that the con artist does not own. An unsuspecting tenant pays a security deposit along with first and last month's rent. Rent is collected by the fraud perpetrator, but when the fraud is discovered, the tenant is evicted, losing his security and rental deposits. Some crooks are so bold that they will rent a piece of property to several different tenants, collecting advance rents and deposits, and then vanish.

A legitimate landlord is a credit grantor and is therefore justified in asking applicants for sufficient personal information to enable a credit check to be made, as a prerequisite to approving the application. For the majority of routine rental applications such information should be protected and are no cause for concern, but it is a major worry for victims when the fraudster poses as a landlord and has no legal authority to collect personal information.

Rental fraud victims can be stung twice in this instance – they not only lose money, but they have to worry about possible misuse of their personal information and will have no idea when or where identity theft and fraud will occur. “Consumers need to be alert and have their antennae up,” said SCDCA Administrator Brandolyn Thomas Pinkston. “Often their gut instinct is the best indicator that something is wrong.”

The biggest warning sign of potential rental fraud is the “owner” or “landlord” insisting on rent and security deposit paid in cash or cashier's check. This prevents the applicant from issuing a “Stop Payment” if the fraud is discovered in time. Other fraud indicators include: an attractive property advertised at well below market price for the area; a landlord who is evasive when asked questions he should know the answers to and is difficult to contact once he has the victims money.

Renters who have concerns about rental advertisements that seem too good to be true should take some additional steps:

About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers.

Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education.

For more information, visit www.sccoconsumer.gov.

- Check with building management, building superintendent, resident manager or caretaker in the case of apartments (emergency contact information is likely posted in the lobby)
- Ask other tenants who they pay their rent to
- Check with city or county office to confirm ownership of the property in cases where the applicant is looking for a house to rent and compare the ownership name on file with the information provided by the individual claiming to represent the owner.

Finally, prospective renters should never pay a deposit or rent until a formal lease agreement is signed by tenant and landlord. Written agreements offer greater protection to both tenant and landlord. When considering a written lease agreement, the tenant should remember to:

- Read the entire contract and ask questions or obtain a legal opinion about objectionable provisions he or she does not understand. Ask for changes if necessary. If a tenant dislikes certain provisions in the lease, he or she has the right to ask the landlord to amend the lease with written changes. However, if the landlord refuses, which he or she has a right to do, it's up to the tenant to decide whether to sign the lease. If changes are made, both the tenant and landlord should initial the changes.
- At a minimum the lease should include the landlord's name, address and phone number; address of the rental property; amount of the monthly rent; rent due date and grace period; and terms governing the amount and return of the security deposit.

If you suspect you have been a victim of rental fraud, contact your local law enforcement agency and the SC Department of Consumer Affairs, 1.800.922.1594. For more information on consumer issues, visit the Department's website: www.sccoconsumer.gov.

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