

Synthetic Fraud

Property owners have seen an exponential increase in synthetic identity fraud in recent years. Being able to identify potentially fraudulent applications and implementing procedures to protect property owners is vital. According to TransUnion, on average, a single case of rental fraud costs property owners more than \$4,000.

Synthetic identity fraud occurs when someone uses a combination of real and fake personal information to create an identity and commit fraud. For example, a prospective resident may combine a stolen social security number with fictitious but legitimate-looking pay stubs, employment verification letters, rental references, or other documents to qualify for housing. This becomes dangerous for properties, as applicants utilizing synthetic identities oftentimes have dangerous criminal backgrounds or lack financial resources.

Synthetic identities can be easily purchased online. Often, fraudsters advertise their services creating these fake identities online for a large fee. In the Indianapolis metropolitan area, numerous Facebook accounts claim 100% placement at nearly 30 market-rate properties, including some of the highest-end properties, for a fee of \$300.

To prevent synthetic fraud from occurring at your property, it is wise to establish procedures and protocols for reviewing applications and verifying supporting documentation. These policies and procedures should be created in coordination with fair housing attorneys and experts to ensure compliance with local, state, and federal laws.

For example, it is wise to use multiple verification methods to confirm the identity of any prospective residents. While government forms of ID are generally reliable, it is helpful to require secondary identification in addition to a government ID. Examples of secondary identification include social security cards, credit cards, birth certificates, and W-2s.

It is beneficial to follow up with a prospective applicant's employer to confirm employment or verify other information provided on an application. Spending a short time performing verifications can save properties time, effort, and the legal hassle of needing to evict someone who should not be at a property.

Another line of defense during the application process is the use of technology to reduce the risks of fraud. Several vendors offer enhanced screening programs that verify a person's information on their ID or bank account against a library of databases.

Finally, the most critical piece of the verification process is to verify in person the prospective resident's government-issued ID before giving possession of the dwelling. This allows the property to ensure the person standing in front of them is the same person that applied.

These steps, if taken collectively, can save properties time, money, and frustration by preventing synthetic fraud before the resident moves into a unit.

If a property owner finds that a tenant engaged in synthetic fraud to get through the application process, there is now a way to have that tenant removed in a manner that is more expedited than the traditional eviction process. With the passage of HEA 1115 in 2025, property owners can now use the emergency possessory order process for this purpose. Property owners can file for an emergency possessory order if they find “a tenant provided materially false information to the landlord with the intent to induce the landlord into leasing or giving possession of the rental unit to the tenant” (IC 32-31-6-3).

You can read more about the emergency possessory order process in under the Ending A Resident’s Lease section of the compliance guide.