Tenancy fraud is no joke

Inside the changing face of tenancy fraud and why the industry can't afford to see the funny side.

IN THIS REPORT:

How AI has transformed modern tenancy fraud.

The rise of synthetic identities.

How the Renters' Rights Act has changed the cost of getting referencing wrong.

The financial cost of tenancy fraud.

Building a modern fraud defence.

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Foreword

Oli Sherlock, Managing Director of Insurance, Goodlord

Every letting agent worth their salt already knows that tenancy fraud is no joke. But as this report shows, the consequences of getting it wrong have never been greater or more pervasive.

This report reveals fraudulent tenancy applications could be exposing the UK's private rented sector to up to £4.1 billion in financial losses every year.

Beyond these startling numbers, a single fraudulent tenancy creates a ripple effect. It places landlords under emotional pressure. It consumes countless hours for letting agents. It clogs up the court system. It also ties up homes that could otherwise be available to genuine tenants at a time when housing supply is already critically overstretched. In the most serious cases, it can provide a foothold for wider criminality that causes harm well beyond the rental sector.

For years, the industry's approach to fraud has centred on effectively spotting fake documents.

Now the rules have changed. Artificial Intelligence (AI) has made convincing payslips, bank statements, and employment references easier to create than ever before. Increasingly, fraudsters aren't simply forging paperwork; they're creating entirely believable identities that can withstand traditional referencing checks.

The uncomfortable truth is the sector is being caught out by these criminals. That's why we produced a report to understand the techniques they're using and how we can work together, as an industry, to stop them. This report isn't about treating every applicant with suspicion. It's clear that the overwhelming majority of tenants are honest people simply looking for somewhere to live. This is about recognising that fraud has evolved and ensuring that the industry's defences evolve with it. Because when one bad let can have consequences lasting months or even years, preventing fraud isn't simply good risk management. It's part of building a healthier, fairer, and more resilient private rented sector for everyone.

Methodology

This report is based on analysis of Goodlord's proprietary, first-party referencing and platform data. To collate the findings, we reviewed a sample of over one million completed references during the period April 2023 - July 2026. There is a separate calculation which estimates the financial impact of fraud to the UK's private rented sector. Full details of those calculations are available in the 'Full Methodology' section in this report's appendix.

Throughout this report, we will refer to three key metrics: suspected fraud, confirmed fraud, and fraud rate.

- **Suspected fraud** - relates to tenancy applications where suspected fraudulent activity has been identified, requiring enhanced investigation or additional verification. Following investigation, these applications are either cleared or classified as confirmed fraud.

- **Confirmed fraud** - relates to tenancy applications where suspected fraudulent activity has been verified following enhanced investigation. Confirmed cases are used to calculate the fraud rate.

- **Fraud rate** - relates to the number of confirmed fraud cases identified per 1,000 tenancy references. It excludes applications where fraud was suspected but subsequently cleared.

AT A GLANCE

Snakes everywhere:

What the latest fraud data is telling us.

The rental fraud landscape has established a highly sophisticated new baseline.

The physical document is dead. Fraudsters are no longer relying on a single forged payslip or manipulated bank statement. Increasingly, they are creating convincing applications that appear consistent from start to finish using AI.

The scale of the problem is bigger than many realise.

The fraud threat isn't going away

- Referee-flagged tenancy fraud has risen by 78% year on year.
- Fraud rates remain around 40% higher than the Q2 2023 baseline.
- London is the UK's fraud hotspot.

The biggest rewards attract the biggest risks

- Premium rental properties have a fraud rate of 20 per 1,000 applications.
- High-value properties are experiencing disproportionately high levels of sophisticated fraud.

The face of fraud has changed

- Fake employment references increased by 226.6% from 2024 to 2025.
- Identity manipulation rose by 140.4%.
- Fraudsters are increasingly creating convincing synthetic applications and identities rather than isolated fake documents.

Modern fraud requires a modern defence

- Trusted Sources, including Open Banking, HMRC income verification, and direct-to-payroll checks now help detect 9 in 10 confirmed fraud cases at peak adoption.
- Government-approved Identity Document Validation Technology (IDVT) digitally checks a tenant's right to rent.
- Fraudsters are significantly less likely to submit independently verifiable information than genuine applicants.
- Layered verification and landlord protection are becoming more important than ever.

One bad let can have lasting consequences

- Possession proceedings can already take 15+ months, which is likely to extend under the Renters' Rights Act.
- Lost rent, legal costs, and operational time can continue to mount long after a tenancy begins - leading to billions of pounds of cost to the private rented sector as a whole.
- The cost of getting tenant referencing wrong has never been higher.

KEY TAKEAWAY:

AI has changed the economics of tenancy fraud. Convincing fake payslips, employment records, and bank statements can now be created in minutes, making document-based fraud cheaper, faster, and harder to detect than ever before.

SECTION 1

Hunting grounds:

Where tenancy fraud is striking hardest.

Rental fraud is often talked about in broad terms, but the reality is more specific and more concerning.

Goodlord's latest referencing data shows a provisional 78.43% year-on-year increase in referee-flagged tenancy fraud, while the overall number of confirmed fraud cases rose by 49.37% between 2024 and 2025. This increase is greater than the overall growth in referencing activity, suggesting that fraud is becoming more common, rather than simply reflecting a busier rental market.

The pace of growth has slowed since the sharp spike seen in late 2024 (118.24%), but fraud has settled at a much higher level than it was just a few years ago. In other words we've hit a new normal when it comes to the volume of tenancy fraud.

Fraud rates peaked at 5.51 cases per 1,000 references in Q4 2024. In 2026, the current level of activity remains well above the 2.04 per 1,000 recorded in Q2 2023 meaning that fraud is continuing to surge in the age of AI.

The pattern suggests fraud isn't disappearing. It's adapting. Improved verification and fraud controls appear to be limiting further growth, but fraudsters are adapting their methods just as quickly, hunting for new ways to attack.

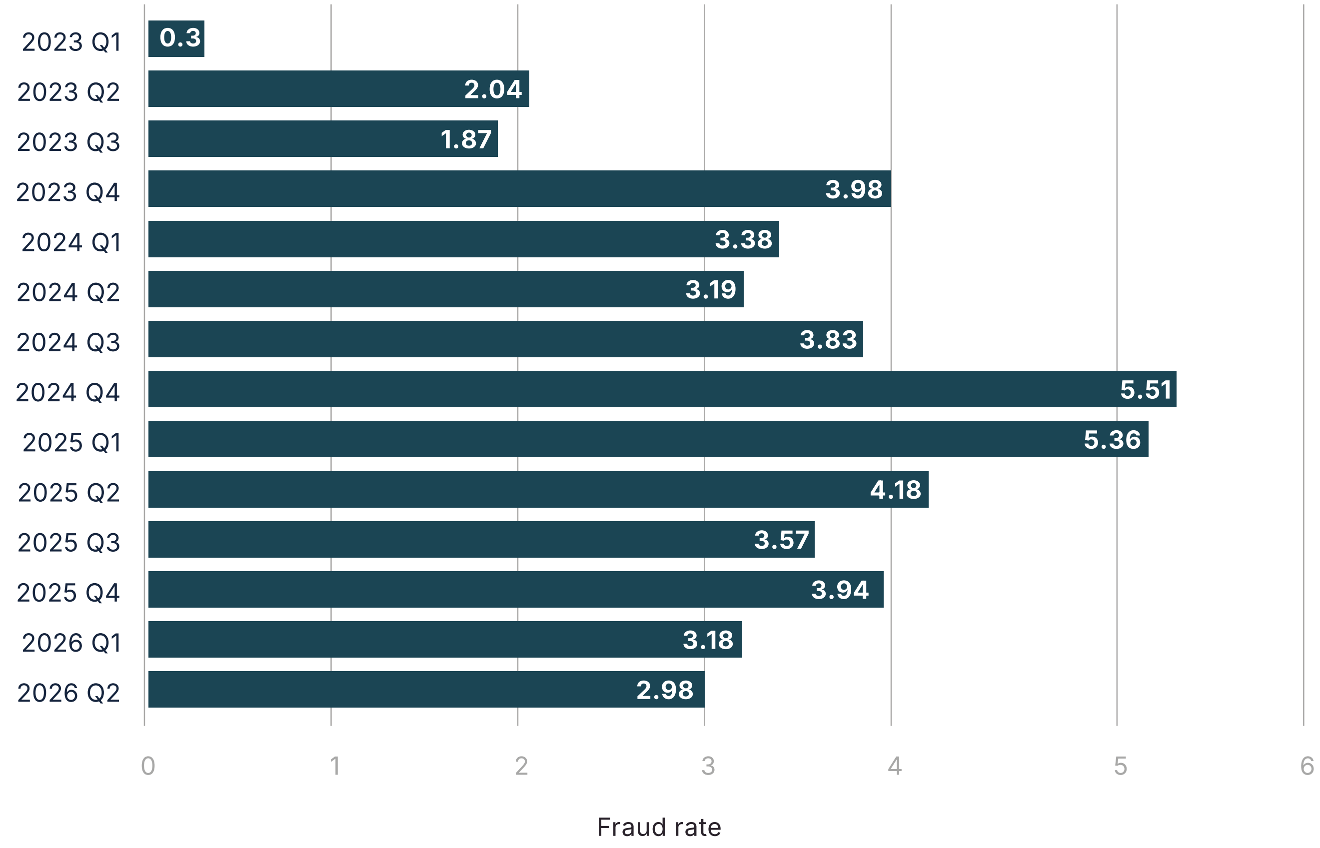
49%

in overall confirmed fraud cases during 2025 compared with 2024

41

suspected fraud cases per 1,000 references in Q2 2026

Average fraud rates over time



London is the UK's fraud hotspot

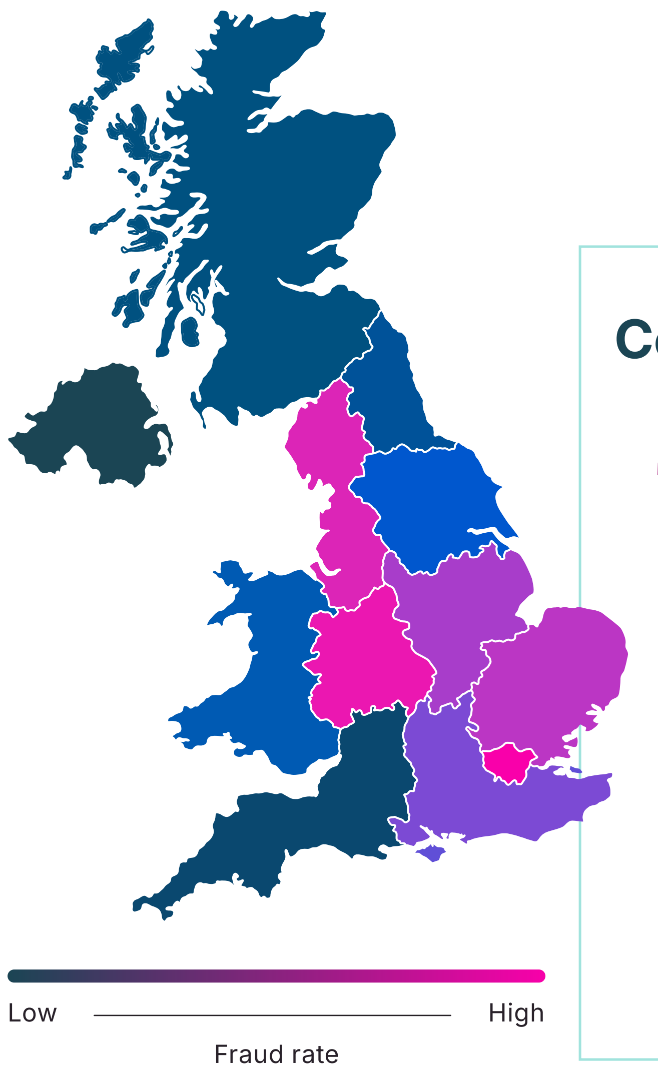
The latest data shows that fraud is far from evenly distributed across the UK. It follows opportunity.

Greater London is consistently the country's hotspot, recording fraud rates around twice the national average and well ahead of every other region.

The West Midlands has the second-highest rate, followed by the North West.

This points to a fraud risk that is heavily concentrated in larger urban markets, where the competition for rental properties is often most intense.

At the other end of the scale, Scotland, Wales, the North East, and the South West consistently record the lowest fraud rates, highlighting a significant regional difference in exposure.



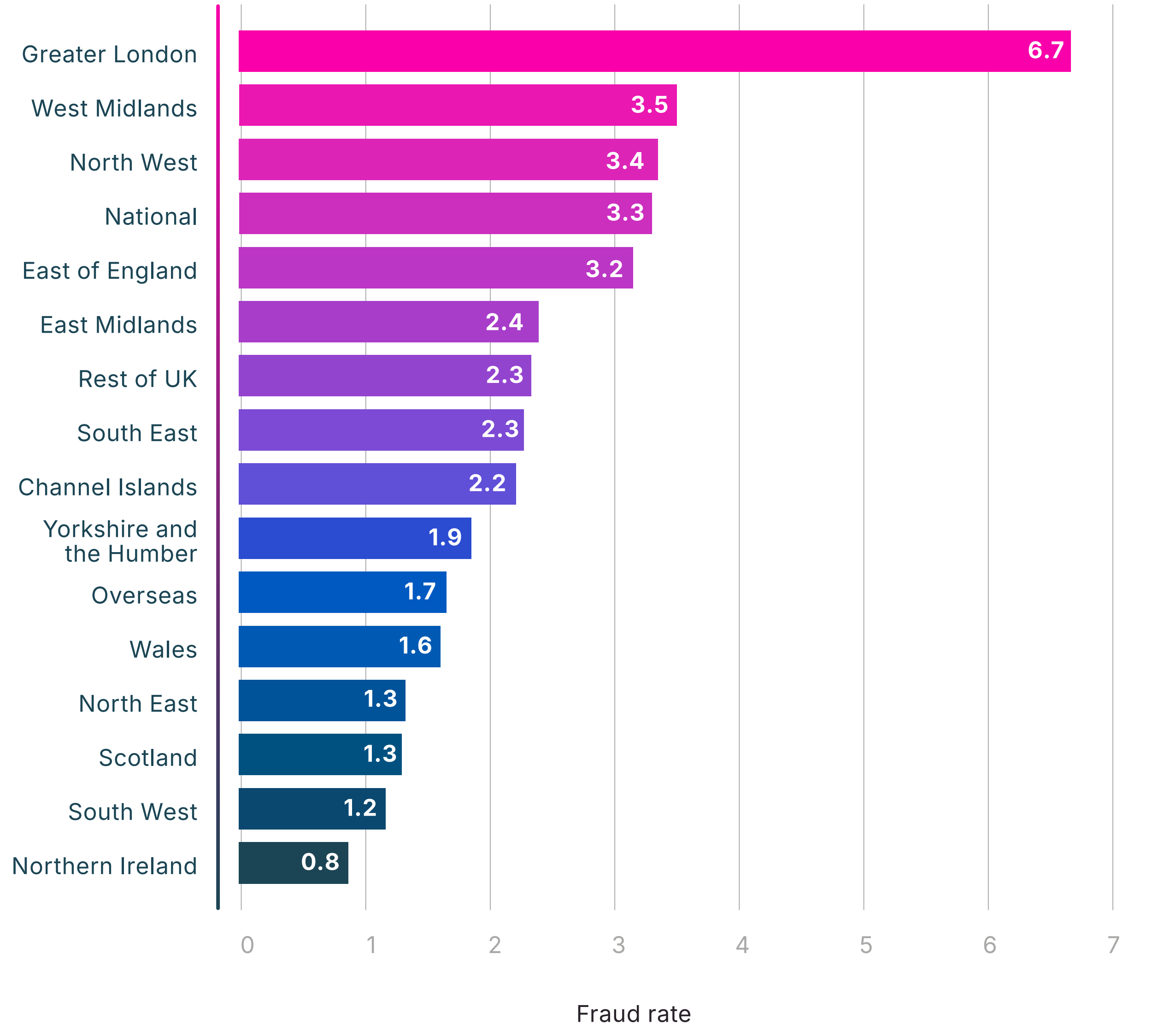
Confirmed fraud: Top hotspots

1. Greater London

2. West Midlands

3. North West

Average fraud rates by region between April 2023 and July 2026



Premium rental properties are being targeted

The same pattern emerges when we look at property values. Higher-value rentals attract a disproportionate share of sophisticated fraud.

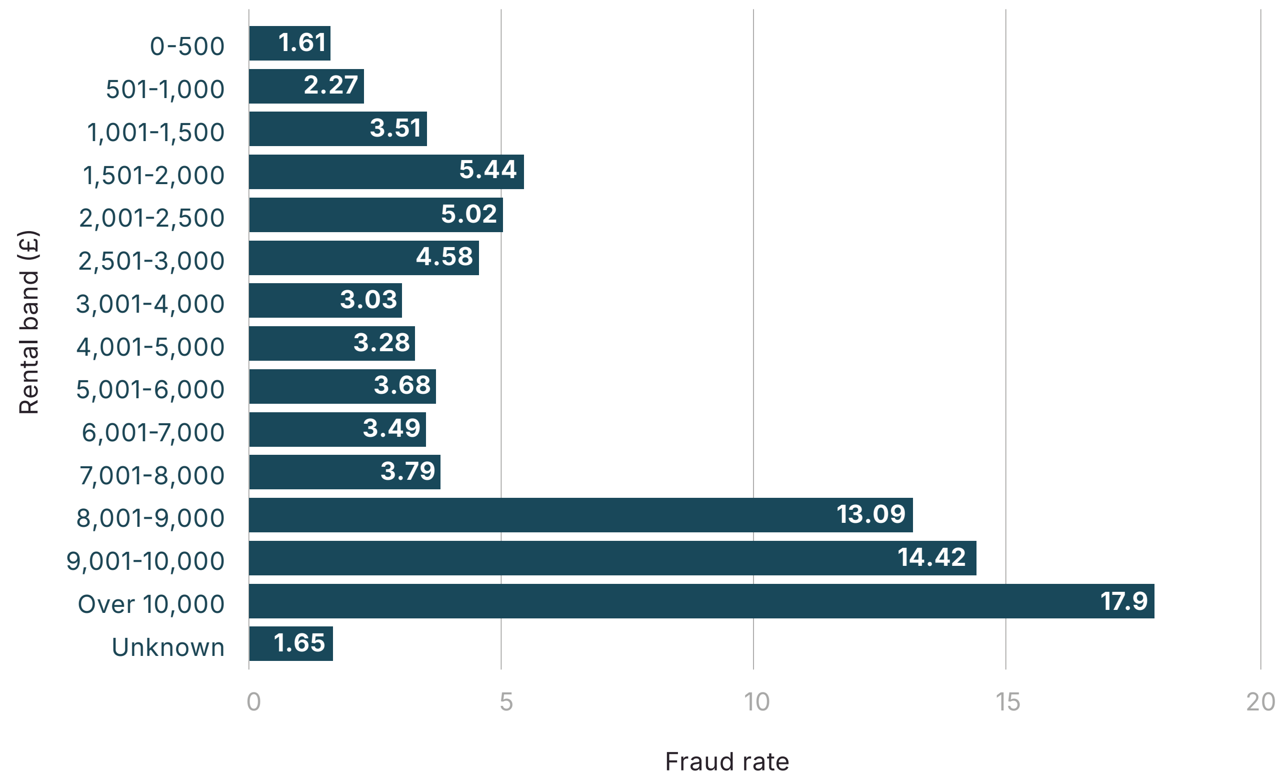
Properties commanding more than £10,000 per month in rent encounter 20 confirmed fraud cases per 1,000 applications.

Across the mainstream rental market, fraud rates typically range between three and six.

The difference is striking. High-value properties represent a much greater financial opportunity for organised fraudsters, making them a more attractive target.

When you consider that a protracted Section 8 eviction can now take 15 months or more to resolve, the financial risk of a fraudulent let in this premium bracket could be highly damaging.

Average fraud rate by monthly rental band between April 2023 and July 2026



Fraud is cheaper to attempt and harder to detect

These aren't simply statistics on a page. Behind every fraudulent application is a landlord who may face months of uncertainty, legal costs, and difficult conversations if that application succeeds.

The consequences of getting tenant referencing wrong don't begin when an application is submitted. They begin when the warning signs have already been missed.

One final point worth clarifying: The UK financial sector has widely reported a 263% year-on-year increase in tenant referencing fraud through Cifas's 2026 Fraudscape. Goodlord's research records a 78% increase. These figures are not directly comparable because they measure different things.

Cifas tracks identity fraud filings across the wider financial services sector.

Goodlord measures referee-flagged tenancy fraud at the point of rental application. However, both datasets point in the same direction. Fraud is becoming a bigger challenge every year, and the cost of getting a referencing decision wrong has never been higher.

When the hunt is over

One bad let can become months of legal complexity.

The consequences of tenancy fraud don't end when the tenancy begins. In many cases, that's when they start. With the abolition of Section 21 under the Renters' Rights Act, removing a problem tenant now requires establishing legal grounds under Section 8, which can take years due to widely-reported court backlogs.

At the same time, new Anti-Money Laundering (AML) rules that mandate financial sanctions checks on every tenancy have added additional compliance requirements for letting agents. Both add to a strict compliance environment, where one bad let can quickly become months of missed rent, legal costs, operational burden, and difficult conversations with landlords.

In today's market, tenant referencing isn't simply an administrative step in the tenancy journey. It's one of the most important decisions an agency will make.

SECTION 2

The counterfeit tenant:

When fakes become convincing.

Fraud hasn't just changed in terms of scale, but in how it's carried out. A few years ago, most fraudulent applications relied on altered documents. A payslip might be edited. A bank statement manipulated. An employer reference exaggerated.

Today, those tactics are being replaced by something far more sophisticated.

Goodlord's data shows that employment fraud is now the fastest-growing type of tenancy fraud. During 2025, fake employment references increased by 226.6% compared with the previous year. Referee fraud rose 146.4%, while identity manipulation increased by 140.4%.

This points to a broader change in how fraudsters are approaching the application process. Rather than forging a single document and hoping it passes inspection, they are creating entire synthetic identities that appear consistent from start to finish.

Employment fraud stats

227%

increase of fake employment references

146%

increase of fake referee fraud

140%

increase of identity manipulation

Year-on-year growth by fraud category

The new economics of fraud

Artificial intelligence (AI) has played a major role in this shift. Documents that once required specialist software and significant effort can now be produced quickly and at very little cost.

This changes the economics of fraud completely.

Creating a convincing application is no longer limited to organised criminal groups. The technology has become far more accessible, lowering the barrier for anyone willing to misuse it. As a result, employment fraud, referee fraud, and forged payslips all remain well above 2024 levels.

The modern fraudulent application rarely depends on a single fake document. Instead, it combines multiple pieces of fabricated evidence that support one another:

- **A fake employer reference sits alongside a convincing payslip**
- **That payslip matches an altered bank statement**
- **The bank statement supports an invented employment history**

Viewed individually, each document may appear genuine. Together, they tell a believable story and this makes fraud significantly harder to detect through manual document review alone.

Greg Tsuman, Managing Director of Lettings at Martyn Gerrard, has seen this change first hand.

> "AI can now produce incredibly convincing payslips, bank statements, and employment letters, meaning referencing can no longer rely solely on reviewing paperwork."

Greg Tsuman

Managing Director of Lettings at Martyn Gerrard

There is, however, an encouraging trend in the data. Every major fraud category recorded a modest reduction during 2026 compared with 2025. This shouldn't be interpreted as fraud becoming less of a problem. A more likely explanation is that improved verification methods and stronger fraud controls are making these cases easier to identify before they progress.

Fraudsters haven't stopped. They've adapted.

And as our data clearly suggests, they continue to test the limits of current referencing processes, changing tactics as detection methods improve. As a result, the mix of fraud types doesn't remain static for long. As one route becomes harder to exploit, attention shifts elsewhere. It is a continual process of trial, adaptation, and refinement.

For letting agents, this has practical implications. A thorough review of applicant documents is still valuable, but documents alone are no longer enough. An application can appear complete, consistent, and professionally presented, while being built almost entirely from fabricated information.

The challenge is no longer spotting poor-quality forgeries. It's understanding that modern fraud is complex and nuanced. It's why the most resilient agencies have shifted their approach. Confidence no longer comes from a visual check of a document, but from interrogating the unalterable digital footprint behind it.

> We are seeing payslips that don't align with our criteria, with PDF editors or AI tools and technology being used to create these. Income fraud has also grown from employer referees...
>
> We have seen an increase in false employer referee responses from large, well-known organisations, resulting in this once traditional method becoming a larger risk.

Nicola Harding
Head of Referencing Operations, Goodlord

Hidden in plain sight: The rise of synthetic identities

Modern fraud can look extremely credible. Applicants may communicate professionally, provide documents quickly, and have someone ready to confirm their employment.

The data reflects this change. With employment and identity manipulation both surging simultaneously, the danger isn't simply that forged documents are convincing in isolation. It's that fraudsters are combining these fabricated elements so they support one another. Viewed individually, they may appear legitimate. Together, they tell a believable story.

That is what makes synthetic identities so difficult to detect through visual inspection alone. They are designed to survive multiple checks, creating applications that appear consistent from beginning to end.

The strongest fraud prevention strategies don't simply ask whether something looks genuine. They ask whether it can be independently trusted.

SPOTLIGHT

One bad let. Years you can't take back

The impact of tenancy fraud isn't measured when an application is approved. It's measured months later, when the warning signs become impossible to ignore.

This example is based on the kinds of cases letting agents are increasingly encountering as fraudulent applications become more sophisticated.

An applicant applied for a high-value rental property. On paper, everything looks in order.

The bank statements show healthy balances. Payslips suggest a comfortable income. An employer reference confirms stable employment. Every document appears professionally produced and internally consistent.

So, the tenancy is approved.

The first month's rent arrives as expected.

But the second didn't. What followed wasn't just a missed payment. It was months of uncertainty.

When the agency begins investigating, the picture quickly unravels. The employer exists, but the named contact doesn't. The employment records can't be independently verified. The financial information that had appeared so convincing during referencing is built around fabricated evidence.

It wasn't one forged document. It was an entirely fictional financial profile.

Cases like this are becoming more common as AI makes it easier to generate convincing payslips, employment letters, and bank statements. Goodlord's research has found that fake employment references have increased by 226.6% year on year, making employment fraud one of the fastest-growing forms of tenancy fraud.

In this case, recovering the property can prove far more difficult than approving the tenancy.

With Section 21 no longer available, possession depends on establishing legal grounds under Section 8. The agency needs to work with the landlord to gather evidence, manage the case and navigate an already stretched court system.

It might take well over a year before the property can be finally recovered.

Crucially, there is no 'get out of jail free' card if a tenant fraudulently secures a property. Discovering that an application was fraudulent does not automatically allow landlords to quickly recover possession.

And during that time, rent arrears continue to grow. Legal costs mount. Agency staff spend countless hours managing the case, responding to landlord concerns and working with solicitors. The financial loss could be significant, but so is the operational and emotional toll.

> "This report should act as a wakeup call for landlords across the sector. The market is now falling prey to increasingly sophisticated types of fraud and landlords need to take every step to protect themselves from these risks.
>
> Crucially, when landlords believe they have been the victims of fraud they should immediately contact the police and Action Fraud to report their concerns.
>
> Although due to the use of advanced AI models it has never been easier to generate fraudulent documents, landlords must ensure their referencing checks evolve to respond to fast-moving technological developments. In practice, this means undertaking regular reviews of the systems they use to assess applications to reduce the chance of becoming a victim of fraud."

Chris Norris
Chief Policy Officer at the National Residential Landlords Association

The original referencing decision had taken days. Dealing with the consequences takes months. This is why modern tenancy fraud is so damaging. The greatest cost rarely comes from the application itself. It comes from everything that follows once a fraudulent tenancy is in place.

For letting agents, the lesson is straightforward. Fraud prevention isn't simply about avoiding one bad tenancy. It's about protecting landlords from months of avoidable cost, disruption, and uncertainty.

By the time you know you've made the wrong decision, it's already too late. Prevention is rarely about a single check or a single moment in the referencing journey. It's about building multiple layers of protection before a tenancy begins.

Start earlier
Fraud prevention starts long before a tenancy agreement is signed. Verify identity early, assess affordability from the outset, and investigate concerns before an application progresses.

Prove, don't presume
Wherever possible, verify information directly rather than relying on documents supplied by applicants. Trusted Sources such as Open Banking, HMRC income verification, and payroll integrations provide greater confidence than paperwork that can be altered or generated using AI.

Look for patterns
A single discrepancy may not tell you very much. A pattern of unusual behaviour often tells you far more. Use operational insight and fraud data to understand how tactics are changing and where new risks are emerging.

Keep adapting
Fraudsters continue to adapt, and referencing processes need to adapt with them. Regularly review your controls, keep teams informed about emerging threats, and make sure your approach reflects how fraud is happening today, not how it happened five years ago.

Protect what matters
No referencing process can eliminate every risk. Layering thorough tenant referencing with Rent Protection helps reduce the financial impact if the unexpected happens, giving both agencies and landlords greater confidence.

SECTION 3

Don't bury your head in the sand:

The strongest protection is never a single layer.

Modern tenancy fraud has become too sophisticated for any single line of defence. The agencies responding most effectively have moved to a 'defence in depth' model.

Those layers start with thorough tenant referencing and independently verified information. They include robust fraud controls and experienced human verification. Increasingly, they also include landlord protections such as Rent Protection Insurance (RPI), recognising that even the strongest prevention strategies cannot eliminate every risk.

Modern fraud is layered. The strongest protections must be too.

One of the biggest changes in recent years has been the adoption of Trusted Sources, including Open Banking, HMRC income verification, and payroll integrations. In 2026, Goodlord mandated this for all eligible applicants and Trusted Sources have already helped to identify:

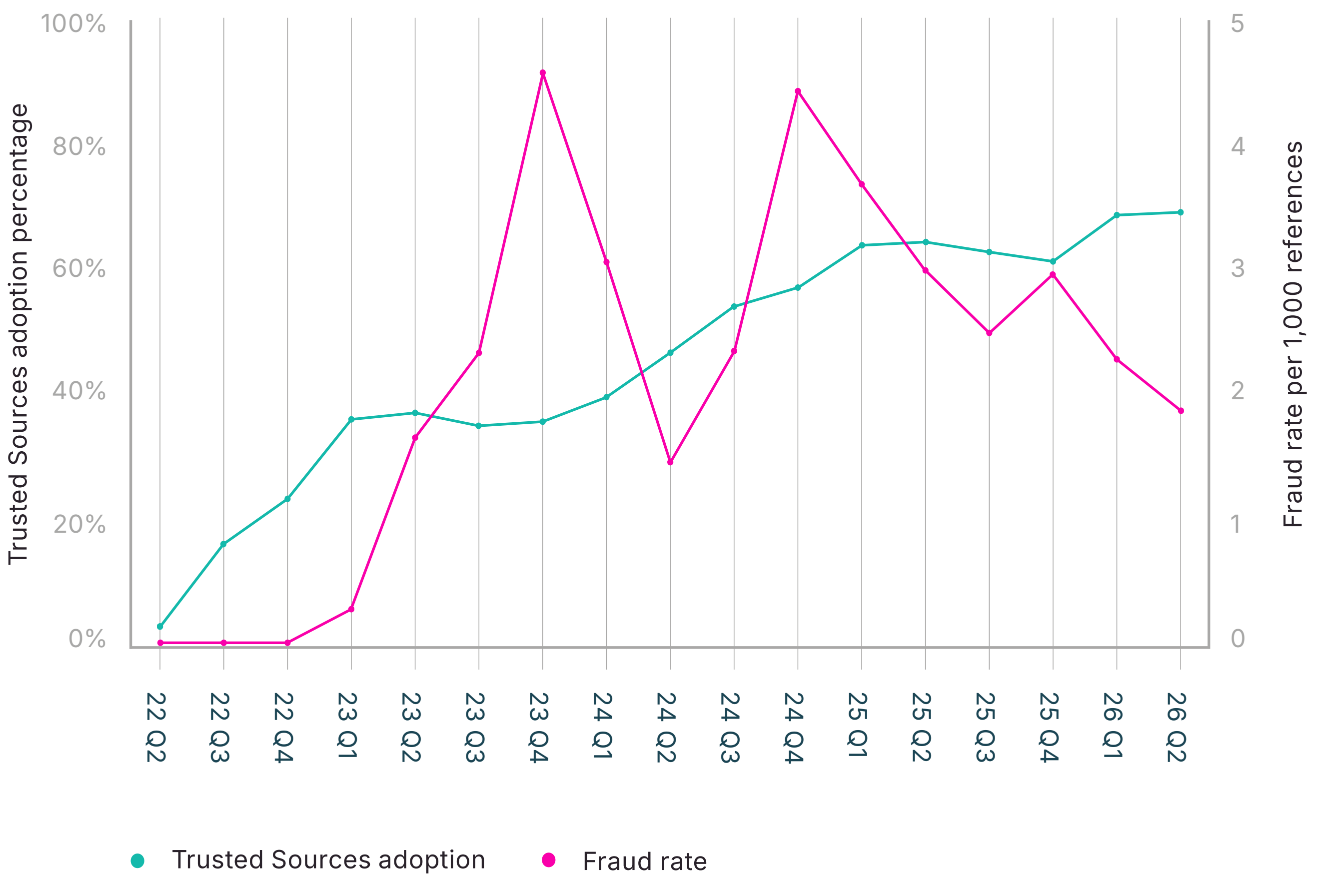
- Over 97% of fake employment reference fraud
- 98% of forged payslips
- 83% of referee fraud
- Over 80% of fake document fraud

This reflects a broader change in how the industry approaches fraud prevention. The impact can already be seen in the data. As adoption has grown - from 45% of references in 2024 to more than 60% to date in 2026 - fraudulent applicants are consistently less likely to connect to Trusted Sources than genuine applicants.

63% of Trusted Sources adopted by 2026 Q3

68% Trusted Source assisted detection in 2026 Q3

The impact of Trusted Sources on fraud rate over time



> “No single check will eliminate fraud entirely. By combining multiple independent verification methods with experienced human oversight, we significantly reduce the risk of fraudulent applications progressing through the referencing process.”

Greg Tsuman
Managing Director of Lettings, Martyn Gerrard

That isn’t a coincidence. Someone using fabricated employment details or manipulated income information knows those claims are unlikely to withstand independent verification. Faced with the option of connecting directly to payroll, HMRC, or Open Banking, many simply don’t.

This refusal to verify with Trusted Sources can become a signal in itself. It doesn’t automatically mean an applicant is committing fraud. There are perfectly legitimate reasons why someone may not be able to complete every digital verification. Some applicants, particularly older tenants, may not use online banking or they may be uncomfortable sharing information digitally.

No check should be viewed in isolation. But when viewed alongside other evidence, this behaviour gives today’s referencing teams another valuable indicator to consider. This direct verification is one of the most effective tools available to referencing teams. But it doesn’t mean that Trusted Sources are the whole answer.

As one route becomes harder to exploit, fraudsters adapt. Increasingly, their efforts are shifting towards areas that still rely on human verification, including identity manipulation and synthetic identities.

Which is why the strongest fraud prevention strategies don’t depend on any single technology, process, or check. Layering comprehensive tenant referencing with landlord protections such as RPI helps reduce the financial impact of lost rent, legal costs and lengthy possession proceedings, giving both agencies and landlords greater confidence.

Modern fraud prevention is no longer about catching a single forged payslip. It’s about reducing risk at every stage of the tenancy journey and protecting landlords if the unexpected happens.

Prevention isn't protection: Don't get caught in the trap.

Landlords and letting agencies should think about three key layers of protection, says Goodlord's Director of Referencing, Nishma Parekh.

Layer 1: Strong letting agency processes

Fraud prevention starts before a reference is even submitted. Does the application make sense? Is a single applicant looking to rent a four-bedroom family home? Is a 21-year-old declaring an annual income of £150,000? Neither of these scenarios automatically means fraud, but they should prompt further questions. Encouraging teams to challenge unusual circumstances, share knowledge, and trust their professional judgement remains one of the most effective fraud prevention tools available.

Layer 2: Comprehensive tenant referencing

Independent verification of identity, income, employment, and affordability, combined with fraud detection technology and trusted data sources, helps validate the information provided and identify inconsistencies that may not be obvious through manual checks alone.

Layer 3: Rent Protection Insurance

While referencing helps reduce the chance of accepting a high-risk tenant, insurance protects landlords against the financial impact if circumstances change or a tenancy doesn't go as expected. It's an important safety net because not every risk is predictable, and not every issue is fraud.

The three layers work together.

Robust referencing helps prevent avoidable risk. Effective operational processes ensure concerns are identified and acted upon. RPI provides peace of mind that, should the unexpected happen, landlords have financial protection in place.

Rather than viewing referencing and Rent Protection Insurance as separate products, they should be seen as complementary parts of the same risk management strategy. One is designed to prevent problems where possible, while the other helps mitigate the financial consequences when prevention alone isn't enough.

Customer spotlight:

How Martyn Gerrard is responding to modern fraud

For Martyn Gerrard, a leading estate agency in North & North West London, the challenge isn't simply that fraud has increased. It's that it has become much harder to spot using traditional methods.

Greg Tsuman, Managing Director of Lettings, says the combination of sustained demand for rental properties and the rapid development of AI has fundamentally changed the way fraudulent applications are put together.

"We have seen a steady rise in fraud rates since the pandemic, and the nature of those cases has become increasingly sophisticated. The chronic shortage of rental properties, combined with advances in AI, has created an environment where some applicants unfortunately feel under pressure to use any means necessary to secure a home."

The quality of supporting documentation has changed just as quickly. It's an observation that mirrors the wider trend seen throughout Goodlord's research. As key documents become easier to fabricate, confidence increasingly comes from verifying information independently rather than inspecting paperwork more closely.

Martyn Gerrard has adapted its own referencing process accordingly. Instead of relying primarily on documents supplied by applicants, the agency now places greater emphasis on direct digital verification through trusted sources. As Tsuman explains:

"We work closely with Goodlord to use verification methods that are far more difficult to manipulate than traditional paperwork. We are moving away from relying on documents such as bank statements, manual employer references, and even payslips... Instead, we place greater emphasis on trusted digital verification methods such as Open Banking, HMRC income verification, and payroll integrations, providing information directly from secure sources rather than documents supplied by applicants."

He is equally clear that technology alone isn't the answer. Digital verification strengthens the process, but experienced people remain essential for interpreting evidence, investigating anomalies, and making informed decisions.

"No single check will eliminate fraud entirely, but by combining multiple independent verification methods with experienced human oversight, we significantly reduce the risk of fraudulent applications progressing through the referencing process."

For landlords, that approach provides reassurance that referencing is designed to reflect the realities of today's market, not the fraud risks of five years ago. Tsuman's advice is straightforward.

"It is important to stress that the overwhelming majority of applicants are genuine. However, as fraud becomes easier to commit, letting agents and landlords must ensure their referencing processes evolve just as quickly.

Ultimately, the cost of getting referencing wrong can far outweigh any savings made by choosing a cheaper agent or less comprehensive service. In today's market, thorough due diligence, supported by the right protections, gives landlords confidence they are as well protected as possible."

The experience at Martyn Gerrard reflects a broader conclusion from this report. Fraud prevention is becoming less about identifying forged documents and more about auditing an applicant's digital reality, relying on secure integrations that fraudsters simply cannot replicate.

SECTION 4

It's a jungle out there:

The future of tenancy fraud already looks different.

If the data in this report tells us anything, it's that tenancy fraud doesn't stand still.

Every improvement in fraud prevention prompts a response. As verification methods become stronger, fraudsters look for new ways to exploit the parts of the process that remain vulnerable. The techniques change, but the pattern is familiar.

Modern tenancy fraud already looks very different to the fraud of five years ago. The same will almost certainly be true five years from now. Based on the trends Goodlord is seeing today, several developments are likely to shape the market over the coming years.

1. More sophisticated identities

Fraud is moving beyond individual forged documents. Increasingly, applications are being built around entirely fabricated identities, where employment records, financial information, and supporting documents all reinforce the same fictional story.

These applications are much harder to identify through visual checks alone. They require information to be verified across multiple independent sources rather than relying on any single document.

2. A widening gap between agencies

As independently verified information becomes more widely adopted, the difference between agencies using direct digital verification and those relying primarily on manual document checks is likely to become more pronounced.

Goodlord's data already shows that confirmed fraudulent applicants are less likely to connect to services such as Open Banking and HMRC income verification than genuine applicants. As more agencies adopt these verification methods, fraudsters will continue to adapt. The question is not whether their tactics will change, but where they will look next.

At the same time, landlord expectations are changing. Tenant referencing remains one of the highest priorities for landlords, and letting agents play a vital role in fraud prevention. As agencies face increasing regulatory and operational pressures, the ability to demonstrate robust fraud prevention and confident tenant referencing will become an increasingly important differentiator.

3. Greater expectations around compliance

The introduction of mandatory financial sanctions checks marked another step towards more rigorous compliance across the lettings sector.

Agencies are likely to face increasing pressure to demonstrate not only that checks have been completed, but how they were carried out. Reliable digital audit trails and independently verified data are becoming more valuable, both for compliance and for landlord confidence.

4. Longer-term risk planning

The impact of the Renters' Rights Act will become clearer as more cases progress through the courts.

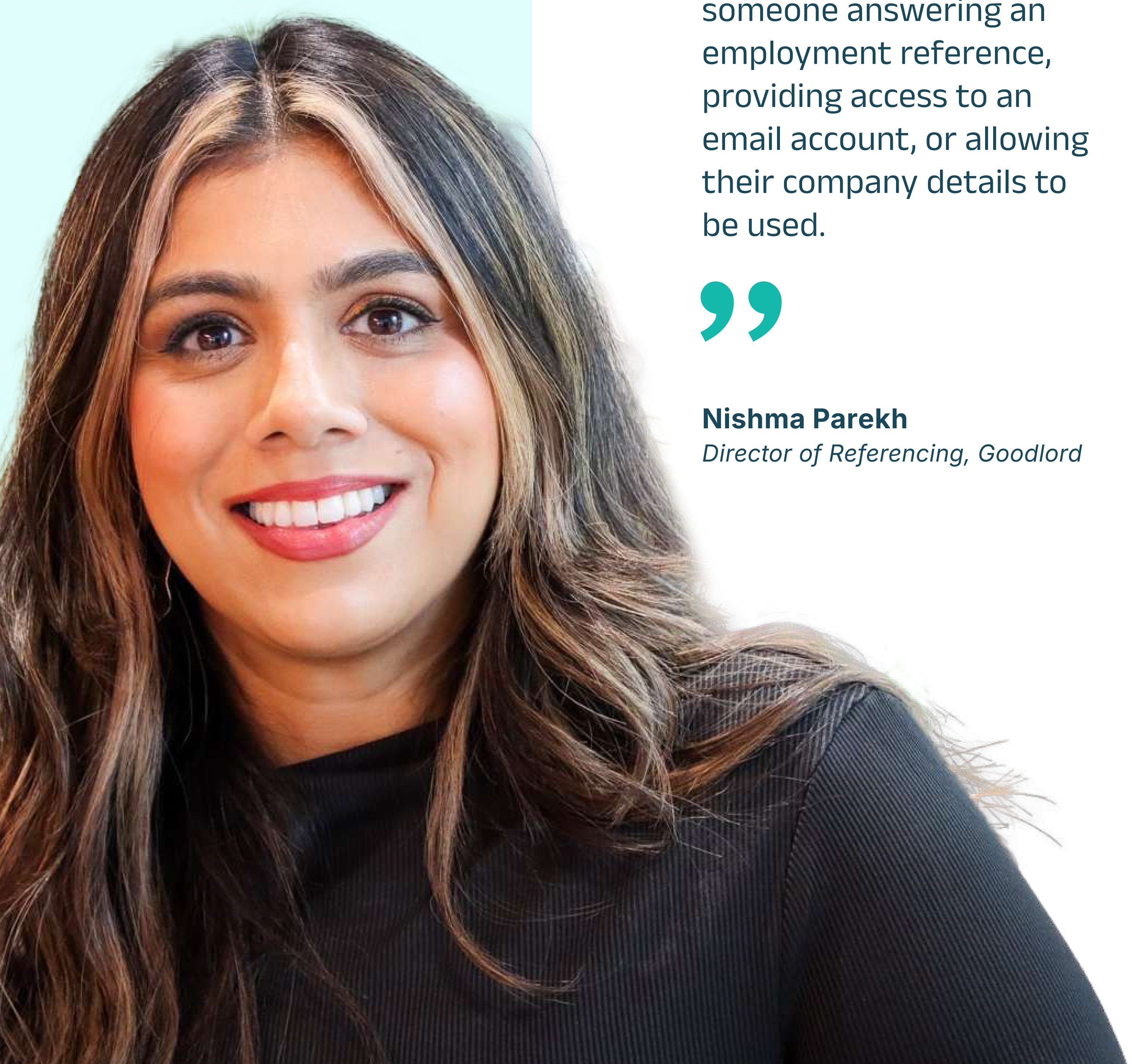
If possession timelines remain lengthy, the financial consequences of a single fraudulent tenancy will continue to increase. That places even greater emphasis on preventing fraud at the point of application, while also strengthening the case, for Rent Protection if things do go wrong.

5. A different definition of what 'good' referencing looks like

Perhaps the biggest change will be how agencies define a strong referencing process. Historically, the emphasis has been on reviewing documents thoroughly. Increasingly, confidence comes less from what an applicant can provide and more from what can be independently confirmed.

The strongest referencing strategies will treat every applicant claim as a hypothesis that must be digitally proven at the source, backed by comprehensive landlord insurance for those risks that no algorithm can predict.

The agencies best prepared for 2027 and beyond won't necessarily be those carrying out more checks than everyone else. They'll be the ones carrying out better ones.



"Rather than one applicant acting alone, there may be several people involved, each supporting a different part of the application. That could include someone answering an employment reference, providing access to an email account, or allowing their company details to be used."

Nishma Parekh
Director of Referencing, Goodlord

Who's really on the other end of the line?

The next generation of fraud may not arrive as a document.

While AI is currently being used to generate highly convincing physical documents and synthetic identities, referencing teams must prepare for the next frontier of deception.

Fraudulent tenants could provide contact details for fabricated employers or referees, and then use advanced AI voice tools to impersonate those individuals over the phone, meaning even traditional verbal checks will require enhanced technological scrutiny.

"In the near future, fraudsters could provide someone else's contact details and then use AI voice technology to impersonate them."

Nicola Harding
Head of Operations (Referencing), Goodlord

SPOTLIGHT

The cost of fraudulent tenancies

Behind every fraudulent tenancy is a much more personal story.

One landlord.
One property.
One bad letting decision.

And that's where the costs begin.

It starts with a missed rent payment. Then comes the legal advice, the notices, the court process, and the waiting. Throughout it all, the rent often isn't arriving.

Goodlord estimates that the average direct financial exposure associated with a single fraudulent tenancy is £9,601. That includes legal costs, court and bailiff fees, rent arrears, void periods, and likely property damage. It does not include wider costs such as letting agent time, lost management income, reputational damage, or landlords leaving the private rented sector.

Applying Goodlord's suspected fraud rate of 41 fraudulent applications per 1,000 references across the UK's estimated 5.3 million privately rented households, while assuming an average of two tenant references per household, suggests fraudulent tenancy applications could expose the private rented sector to up to £4.1 billion in direct financial losses every year.

Methodology in brief: To estimate the potential financial exposure of tenancy fraud, Goodlord combined its suspected fraud rate with publicly available estimates for possession proceedings, legal costs, court fees, bailiff fees, rent arrears, void periods and property damage. The model applies the suspected fraud rate across the estimated size of the UK's private rented sector, assuming an average of two tenant references per household. Full methodology and data sources can be found in the Appendix.

£9,601

Estimated financial exposure for a single fraudulent tenancy

£4.1B

Potential annual financial exposure for the PRS

CONCLUSION

Don't leave it to chance:

Fraud is changing, referencing should too.

The evidence in this report points to one clear conclusion: tenancy fraud is becoming more sophisticated, with rapidly evolving technology making it harder to detect.

While most tenants are genuine, letting agents can no longer rely on documents alone. Referencing processes must adapt to the reality of modern fraud. When the consequences of a bad tenancy decision can last for years, effective fraud prevention is an essential part of the agent toolkit.

When the stakes are this high, fraud prevention should never be left to chance.

Six-point fraud prevention plan

1. Move beyond document-based referencing

The data suggests fraudsters are increasingly targeting weaknesses that cannot be identified through document checks alone. As fake employment references, identity manipulation, and referee fraud continue to grow, agencies should adopt verification methods that rely on independently verified data rather than uploaded documents wherever possible.

2. Adopt a layered approach to fraud prevention

No single fraud prevention measure can eliminate every risk. While Trusted Sources are highly effective at identifying income and employment fraud, identity fraud, false declarations, and document manipulation demand additional verification. The most effective defence combines advanced technology, the expertise of experienced letting agents, and comprehensive landlord protection, working together at every stage of the tenancy journey.

3. Focus resources where fraud risk is greatest

Fraud is not evenly distributed across the rental market. Higher-risk regions, higher-value rental properties, and known fraud hotspots should receive additional scrutiny, enabling agencies to prioritise resource where the potential impact is greatest without unnecessarily slowing down lower-risk applications.

4. Prepare for the next generation of fraud

The evolution of fraud types suggests organised fraudsters continually adapt to changes in verification practices. Agencies should regularly review their fraud controls, monitor emerging fraud trends, and ensure staff are trained to recognise newer forms of deception rather than relying on historical fraud indicators.

5. Build landlord protection into every tenancy

No referencing process can guarantee every tenancy will be risk-free. Even the strongest fraud prevention strategies can only assess the information available at the point of application. While robust tenant referencing helps prevent avoidable risk, Rent Protection reduces the financial impact if the unexpected happens. Together, they give landlords greater confidence throughout the tenancy journey.

6. Treat fraud prevention as a commercial advantage

Fraud prevention and landlord protection should no longer be viewed solely as compliance exercises. Every fraudulent tenancy prevented helps reduce financial loss, avoid lengthy possession proceedings, and protect landlords from significant disruption. Agencies that invest in robust verification processes are better placed to protect both their customers and their own reputation.

The lettings industry has always evolved to meet new challenges head-on. The rise of AI-generated fraud is simply the latest one.

We believe that the agencies that can respond most effectively won't be those trying to spot ever more convincing fake documents. They'll be the ones building referencing processes around independently verified information, supported by experienced people who know how to interpret it.

That's where the industry is heading. And for landlords, agents, and genuine tenants alike, it's a positive step forward.

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GOODLORD FRAUD REPORT FINANCIAL CRIMES Q&A 45 /52

BONUS CONTENT

Don't let your guard down. Fraudsters certainly don't.

In this Q&A, Goodlord's Financial Crimes Manager, Mary Waterfield, reveals the four things every letting agent should know about the dangers of modern tenancy fraud.

Q. From your perspective, what is the biggest change you've seen in the way fraudsters are operating in the last two years?

A. Previously we saw a lot of fraudulent income documents, provided by individuals declaring fake companies, or companies operating for criminal purposes as their employer.

Recently, we have seen an increase in false employment references being provided by individuals within large and well known companies. This means references are coming from legitimate email addresses from 'trusted' companies, and therefore they are less likely to raise suspicion. In the last two years, we have reached out to both a well-known telecommunications company and the NHS to share our concerns that employees are providing false references due to the number of references received.

Q. The data suggests fraudsters are moving beyond fake documents towards more sophisticated tactics, such as fake employment references, identity manipulation, and referee fraud. Why do you think these fraud types are becoming more common?

A. Although it is now easier than ever to make fake income documents, and make them look realistic, fraudsters know that agents and referencing providers are employing more sophisticated tactics to identify them. Companies are also utilising Trusted Sources to confirm income and reporting to anti-fraud databases where fraud is identified, which can hugely impact fraudsters when using their own information.

By utilising individuals within well-known organisations to provide fake references, and manipulating or stealing identities, they hope to fly under the radar unchallenged; and if they are caught the impact may not be as tough for them.

Q. What's the biggest misconception landlords or letting agents still have about modern fraud?

A. That fraud is 'easy' to spot or that a fraudulent tenant is obvious and can be spotted with the naked eye. Fraudsters are constantly becoming more sophisticated, and this means that you need to combine manual review, system-supported flags, automation, and verification tools to stop them.

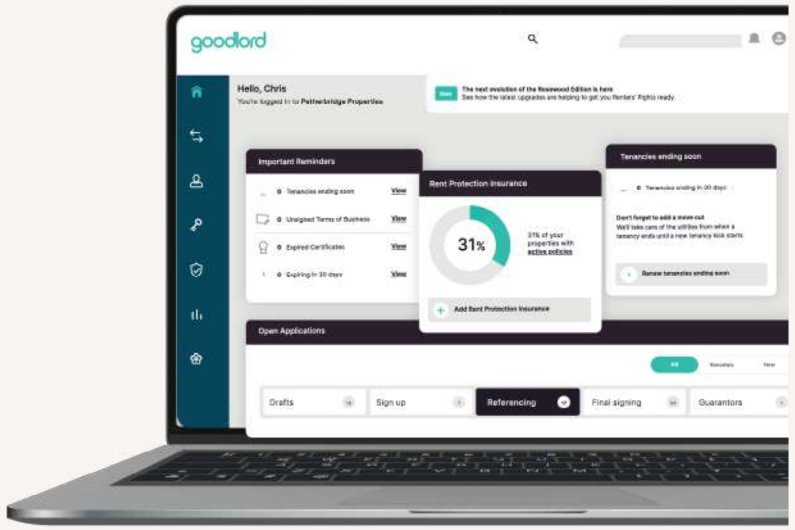
Q. This report recommends a multi-layered approach to fraud prevention. In practical terms, what does that look like for a letting agent?

A. Goodlord is constantly evolving its fraud prevention processes, updating systems and adapting techniques to protect agents. But agents themselves need to stay vigilant. They meet the tenants, talk to them, and hear their story when they view the property. Does anything seem odd? Is there a strong sense of urgency for no obvious reason? Is the tenant against all Trusted Sources for no valid reason? When checking their ID, does the person in front of you really match the ID? Modern fraud prevention begins long before a final referencing decision is made.

How Goodlord can help

Goodlord's platform is designed to dismantle synthetic identities. We replace vulnerable paper trails with direct-to-source integrations, supported by an award-winning referencing team and comprehensive rent protection. This includes:

- Credit and debt checks
- PEPs and sanctions checks
- Direct-to-payroll checks
- HMRC income verification
- Open Banking financial reviews
- Identity Document Validation Technology (IDVT)



These are the building blocks of PRO Referencing.

Rather than depending solely on documents supplied by applicants, Goodlord verifies information directly with Trusted Sources wherever possible. Income and employment can be confirmed independently through integrations with HMRC, Open Banking, and direct-to-payroll providers. This reduces reliance on documents that may have been altered or generated using AI.

To combat the rapid rise of synthetic identities, this financial data is paired with government-approved Identity Document Validation Technology (IDVT). Goodlord uses advanced biometric AI, liveness analysis, and police database checks to verify applicants in seconds.

30%

of references are completed instantly

70%

of references returned within 24 hours

Crucially, this rigour does not come at the expense of speed. By replacing manual document reviews with digital verification, 30% of Goodlord references are completed instantly, and 70% are returned within 24 hours.

Technology is only part of the picture.

Every application is supported by Goodlord's in-house referencing specialists, who investigate exceptions, review unusual cases, and apply human judgement where it's needed most. For agencies, that means greater confidence in referencing decisions. For landlords, it means stronger protection against avoidable financial risk.

Modern fraud requires more than fraud prevention alone. Which is why Goodlord's wider platform extends protection beyond referencing. Built-in AML and sanctions checks help agencies meet their compliance obligations, while Rent Protection can safeguard landlords against rent arrears and legal costs if the unexpected should happen.

Fraud will continue to evolve. The strongest protections will evolve with it.

Ready to let without regret?

Discover how Goodlord can help you protect your agency, your landlords, and your reputation **from day one.**

Speak to our team

APPENDIX

Full tables:
Report Methodology

Input 1: Estimated financial exposure per fraudulent let

Cost component	Estimated cost
Legal costs	**£4,238**
Rent arrears	**£2,513**
Void period	**£2,250**
Property damage	**£600**
Estimated financial exposure per fraudulent let	**£9,601**

Potential financial exposure was calculated using the below data

Step	Method	Result
1. Measure fraud prevalence	Goodlord analysed tenancy referencing data between **July 2025 and June 2026** to calculate the observed rate of fraudulent applications.	**41 suspected fraudulent applications per 1,000 references**
2. Estimate the size of the market	Applied the observed fraud rate across the estimated size of the UK private rented sector using the latest Office for National Statistics estimates.	**5.3 million privately rented households**
3. Estimate fraudulent lets	Applied Goodlord's observed fraud rate to the estimated size of the UK private rented sector to estimate the number of **potential fraudulent lets** occurring each year based on 2 references per tenancy.	**434,600 estimated fraudulent lets per year**
4. Calculate the average financial exposure per fraudulent let	Combined published estimates for legal costs, possession proceedings, court fees, bailiff costs, rent arrears, void periods, and property damage, as laid out in Input 1.	**£9,601 per fraudulent let**
5. Estimate annual sector cost	Multiplied the estimated number of fraudulent lets by the average financial exposure per case.	**£4.1 billion estimated annual financial exposure**

Source	Used to estimate
Goodlord referencing data (July 2025–June 2026)	Confirmed fraud rate (4.1 fraudulent applications per 1,000 references)
Office for National Statistics	Estimated size of the UK private rented sector (5.0–5.6 million households, with an average of 5.3)
HM Courts & Tribunals Service	Court fees
Ministry of Justice	Possession process and associated costs
Published solicitor fee estimate	Legal representation costs
Published estimates of average rent arrears	Lost rental income
Published estimates of average void periods	Cost of vacancy following possession
Published estimates of property damage	Average remediation costs

Assumptions and limitations

This analysis estimates the direct financial exposure associated with tenancy fraud. It is based on Goodlord's observed fraud rate and assumes that the incidence of fraud is representative of the wider private rented sector.

The model includes:

- Legal costs
- Court fees
- Bailiff fees
- Rent arrears
- Void period costs
- Average property damage

It does **not** include:

- Letting agent staff time and administration
- Lost management fees or commissions
- Reputational damage
- Insurance premium increases
- Landlord churn from the private rented sector
- Opportunity costs associated with delayed re-letting
- Wider impacts on housing availability and affordability

The estimated annual cost of £4.1 billion should therefore be viewed as the potential annual cost of suspected fraud.

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