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'Our £300,000 house buying money was stolen'

Kate Blakeley and her partner Marco Faes, both 40, lost £299,000 to fraudsters when buying their first house together

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Marco Faes and Kate Blakeley lost £299,000 to fraudsters who hacked into emails between their conveyancing solicitor. Photo: John Lawrence



By Nicole Blackmore

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Solicitors are continuing to expose home buyers and sellers to the risk of a growing form of fraud, email hacking. The proceeds of property transactions are at risk, in many cases running to hundreds of thousands of pounds.

Telegraph Money first revealed the alarming phenomenon in May when we reported the case of Paul and Ann Lupton, who had £330,000 stolen when criminals intercepted emails to and from their solicitor. We have since heard from five other victims caught out by similar scams when buying or selling a property with other solicitors. Their total losses exceed £1.2m.

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Kate Blakeley and her partner Marco Faes, both 40, lost £299,000 to fraudsters when buying their first house together last July.

The couple had engaged the Beaconsfield branch of regional law firm Hine Solicitors to assist with the purchase. The firm supplied the couple with an initial information pack that contained its Lloyds bank account details, which it later confirmed in an email. Throughout the purchasing process the firm communicated with the couple primarily via email.

Ms Blakeley and Mr Faes, who both work in communications, exchanged on their £965,000 home in Beaconsfield, Buckinghamshire, and were due to complete on Monday, July 21. Shortly before then they received an email from Hine saying that its Lloyds bank account was being audited, so the couple needed to transfer their funds to the firm's NatWest account.

Wanting to make sure the request was genuine, Mr Faes replied asking for confirmation of their unique client ID number. He received a reply with the correct details and so, on the Thursday before completion, the couple went to their local Barclays bank and transferred £299,000 to the NatWest account.

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confirmation of their unique client ID number. He received a reply with the correct details and so, on the Thursday before completion, the couple went to their local Barclays bank and transferred £299,000 to the NatWest account.

But alarm bells rang the next day when they received a call from Hine saying the money had not arrived. The couple rang Barclays, which said that the transfer had gone through.

It was only when Mr Faes spoke to Hine again that it became clear that the NatWest bank account was in fact fraudulent. Mr Faes said that a staff member at Hine initially admitted to him that the firm's email system had been hacked, but the company later denied this.

By this time it was late on Friday afternoon and Hine advised the couple to notify the police of the fraud. Ms Blakeley said the firm then closed for the weekend and did not provide any out-of-hours contact details.



"We were distraught," she said. "We faced not only losing the £299,000 but the £95,000 deposit that we had already paid. We also would have had nowhere to live had the sale fallen through."

After the police were notified the couple called the fraud departments at Barclays and NatWest and informed them of the issue. NatWest said it couldn't speak to them because they weren't NatWest customers.

The couple endured a fraught weekend, and engaged a law firm to try to recover the funds.

On the Monday their lawyer told them the stolen funds could possibly be frozen but they would need to initiate an injunction, which would cost around £15,000. Keen to recover what they could, the couple agreed.

Later that day they received a telephone call from West Yorkshire police. The officer informed them that they had successfully recovered around £274,000 from the fraudsters' accounts. The remaining £25,000 had already been moved to other accounts or withdrawn as cash.

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The officer said the money had been secured over the weekend but that Barclays had refused to give the police the couple's contact details.

"I can understand why Barclays didn't want to give out our confidential information, but why didn't Barclays contact us immediately and let us know?" Ms Blakeley said.

"We spent the whole weekend in a panic and we engaged a lawyer, which in the end cost us around £22,000 in fees, and all the while Barclays knew that the majority of the money had been recovered.

"I have been a Barclays customer for 20 years. All my accounts and savings are with Barclays, as is our mortgage. We feel they could have dealt with this in a much better way and could have saved us a lot of money and anxiety."

Barclays said it dealt with the matter swiftly. "We followed the correct process to collect any remaining funds that could be secured and returned to the customer," a spokesman said.

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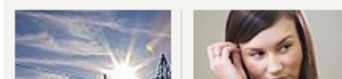
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Somewhat surprisingly, NatWest offered to reimburse the couple for the outstanding £25,000. So while they were able to recover the full £299,000, they are £24,000 out of pocket thanks to additional costs including legal fees.

Hine has denied all liability for the fraud.

The couple say Hine has insisted that their email account was not hacked and that it is not responsible for the losses in any way, despite the fraudulent bank details and unique client ID being sent from its email address.

The couple, who managed to buy their property in the end, have lodged a formal complaint with the firm asking that it compensates them for their out-of-pocket expenses. It has until the end of this month to reply.

Hine refused to take our questions about what security arrangements it had in place regarding its email systems.

In a statement to *Telegraph Money*, Hine Solicitors said: "Mr Faes and Ms Blakeley's grievance is now being pursued by their new solicitors and the matter is the subject of an insurance claim. Consequently, we cannot comment any further as we must not prejudice our insurer's position. We do not feel we have acted in error in any way."

The couple plan to refer the case to the legal watchdog, the Solicitors Regulation Authority (SRA), if Hine refuses to uphold the complaint.

"The firm had a duty of care to us as clients, but in our view it failed to protect our money," Ms Blakeley said.

The SRA is clear that member firms are responsible for safeguarding client funds, and must replace any money that was "improperly withheld or withdrawn from a client account".

Beat the fraudsters

Use a strong password for your email account that is different from your other online accounts. Change it regularly.



Protect your devices with security software and regularly install updates.

Consider using encrypted emails and ask your conveyancing solicitor to do the same.

Make it clear to your solicitor that you have no intention of changing your bank account details. Tell them that any instructions to use a different account – theirs or yours – must be given in person.

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