Cyber risks in the real estate industry

For letting agents, 'security' usually means locks, bolts and burglar alarms. But it is equally important to ensure that your business is as secure as the properties for which it is responsible. Estate agencies are particularly vulnerable to cyber attack yet are amongst the least prepared amongst their business peers. Not only do they have their own data to protect, but they are also custodians of a wealth of clients' personal data too from bank accounts to addresses - a potential goldmine for cyber criminals.

Between an agent, landlord and tenant; information is likely to be stored digitally, payments are usually made online, and contracts are increasingly signed electronically.

Business exposure and implications

Financial fraud

Landlords and tenants often transfer money online, potentially putting themselves at risk of one of the most common online crimes - phishing scams. This is where fake emails claiming to be from legitimate websites encourage users to click a link and log in, in order to steal access to their account. Recently both Rightmove and Zoopla have fallen victim to this technique, warning their customers that the emails are bogus.

Rental fraud

Rental fraud occurs when tenants are tricked into paying an upfront fee to rent a property which in reality does not exist, has already been rented out, or has been rented to multiple victims at once. Tenants lose the upfront fee and are not able to rent the property they thought they had secured.

Identity theft

From a tenant's personal details to reference checks, plenty of personal data is held online which could be stolen in order to carry out identity theft. The UK's Fraud Prevention Service named identity theft as the most 'dominant fraud theft'. Having used personal information to forge documents such as a passport or driving licence, criminals could take out a credit card, loan or even mortgage, leaving the victim in financial hot water – and potentially landing the estate agent or real estate firm with legal action.

Reputational damage

It is often reputational damage which can have the most significant impact, as a loss of trust from clients (whether justified or not) can be disastrous if widespread with brand harm reducing the letting agent's ability to keep and attract customers.

The legal implications

Failing to adequately secure client data specifically could see the company facing a hefty fine under GDPR. Companies may also find themselves on the receiving end of litigation by third parties that have been impacted by a cyber event if they believe that their data had not been suitably safeguarded.

Cyber threats within an organisation

Cyber security is not all about encrypting data, securing servers and worrying about hackers. Often times the danger arises out of human error or comes from within the organisation. The KYND Phishing simulator gives you an indication of how vulnerable you are.

Key industry statistics

80%

of data breaches impact organisations that did not rely on the internet as a core piece of their business[1]

$150m

the number of personal assets stolen in email fraud real estate scams in 2018[2]

1,100%

rise in the number of reported real estate scams in the US from 2015 to 2017[3]

1 in 109

the number of mortgage applications estimated to have indications of email fraud[4]

What types of risks exist?

There are a variety of different threats that the real estate industry could be impacted by, but the most common include:

Phishing
Malicious emails designed to look like genuine emails which encourage employees to click – infecting their computers in the process.

Viruses
Code which infects computer system, corrupting or deleting data.

Hacking
An individual or group attempting to gain access to company systems with the intent to steal or destroy data.

Ransomware
A malicious programme which locks access to company files and data until a ransom payment is made, after which time access may be restored.

KYND

KYND's analysis of key cyber risks of the top* 100 UK real estate companies
*by turnover

Ransomware Risk

38.0% of companies had at least one external internet service exposed which would place them at a higher risk of a ransomware attack.

Email Spoofing

99.0% of companies were exposed to having their email addresses spoofed.

Vulnerable Services

51.0% of companies were running at least one service, such as an email server or web server, with a well-known vulnerability to cyber attack.

Out of Date Software

39.0% of companies had at least one service that was using software which was out of date, no longer supported and vulnerable to cyber attack.

Certificate issues

61.0% of companies had at least one security certificate which had expired, been revoked or distrusted.

Case Study

Type
Hacker intercepts emails between estate agent, solicitor and homebuyer to obtain fraudulent payments.

Scenario
A client purchasing a property receives an email from the solicitor, in plain-text, asking him to please transfer the funds of the deposit into their bank account, the homebuyer goes ahead and makes the transfer.

Sting
In the background a computer hacker is monitoring email communications sent between the solicitor, estate agent and homebuyer and intercepts an email requesting a cash transfer by changing the account details the money needs to be paid to.

Investigation
Both the homebuyer and the solicitor were unaware of the interception and alterations to their communications until it was too late. The homebuyer has lost a large sum of money through cybercrime.

Conclusion
Whilst we are not able to tell if it was the estate agents, solicitors or homebuyers account that had been hacked, having email policy procedures in place that alert you if the content of the email has been tampered with could have helped prevent this from happening.

How KYND can help

- With just a website name, KYND reveals your organisation's cyber risks
- Instantly KYND lets you know if your emails are spoofable or if you're vulnerable to a ransomware attack
- Provides clear and easy recommendations without using technical jargon
- Continuously monitors and alerts you instantly if any new cyber risks are found

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