

How Rental Fraud Impacts American Renters

June/2022



Rental Fraud is Costing Americans \$16B Each Year

Finding a rental home or apartment can be challenging and overwhelming at the best of times. For all of us here at Dwellsy, stamping out rental fraud is at the heart of what we're doing, so we conducted a survey of over 400 renters in March of 2022 to understand renter experience with fraud on rental listing sites.

What we found was shocking—there is nothing less than an overwhelming wave of fraud impacting renters and affecting nearly every rental search.

More than 60% of renters report being impacted by fraud in their rental search, and we estimate total fraud losses at more than \$16B per year.



3 in 5

Respondents **have seen fraudulent listings** on online rental platforms in the last 12 months

44%

of respondents **have experienced or know someone that has experienced rental fraud** that resulted in financial loss in the last 12 months

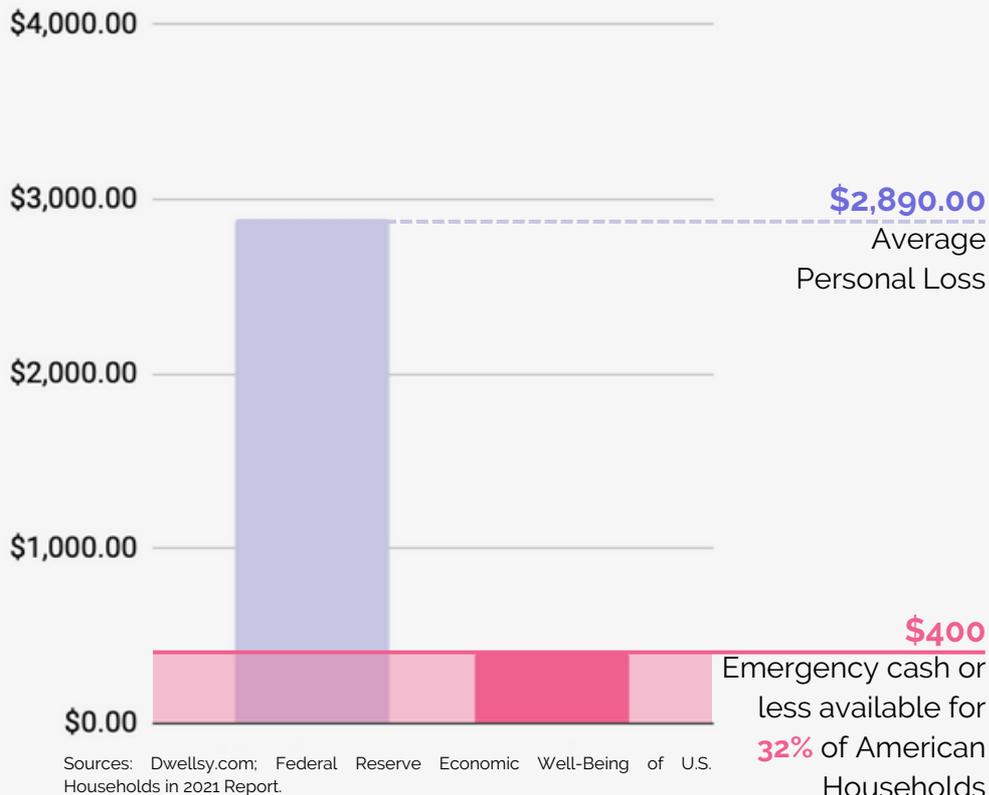
\$16.1 Billion

projected **annual financial loss** for renters due to rental fraud

Average Losses Are 7X More Than What Many Have Available in Emergency Funds

In the most recent Economic Well-Being of U.S. Households report from the Federal Reserve, 32% of households said they would struggle to come up with \$400 in case of an emergency expense. Given that most of those are renting households, the average fraud loss of \$2,890 represents a true crisis when it occurs.

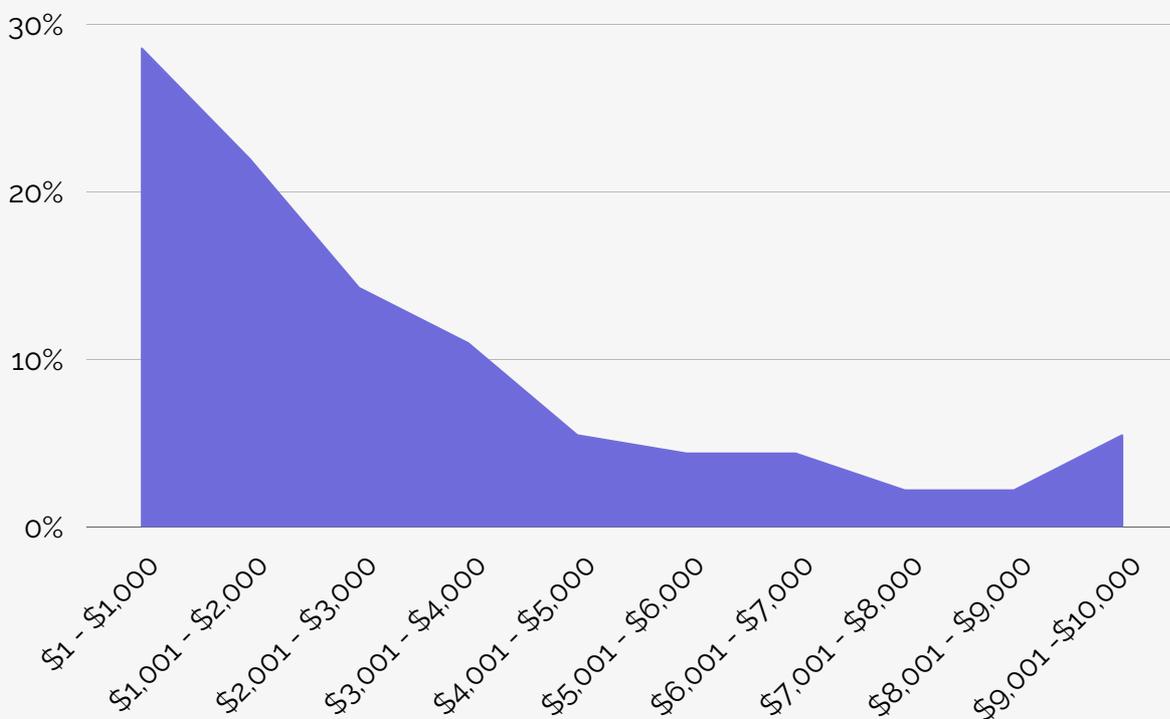
Average Personal Loss vs. Emergency Funds



Individual Losses Vary Widely, but Each is a Personal Tragedy

When it comes to the financial impact of fraud on renter households, the numbers are significant. Around 85% of losses reported were above \$400, and 18.7% of losses were more than \$5,000.

Personal Loss by Range



Source: Dwellsy.com

22.6%
of respondents **have personally experienced rental fraud** that resulted in financial loss in the last 12 months.

\$16.1 Billion
projected annual loss
for rental fraud.

18.7%
of the individual losses reported were above **\$5,000**

Renter Testimonials Give Insight into Fraudster Methodologies



"They pretended a property was theirs with pictures, videos, "contactless move-in" and a fake lease agreement, did the application and then they got the money and said it would take two days, by the time one day passed they blocked me and had taken the listing down. "

Survey Respondent

"My friend utilized Craigslist to search for a Rental home due to credit issues. First and last month's rent was required. My friend paid to secure the dwelling. We came to find out that the home was already occupied. Money gone. Completed wasted. I told her to use a more reputable website next time".

Survey Respondent



"My mom found a listing on Facebook market place that was too good to be true. She sent it to me because I am looking for a new place to live. My boyfriend and I filled out an application and paid 80.00 for said application. Went to the place to view it and guy wanted us to take pictures and give up more info. Luckily there was someone a house away that told us it was a scam. We left but my info is out there now and I might get my identity stolen."

Survey Respondent

"Fraudulent postings (two). When I asked for more info, the responses seemed odd and the circumstances strange (like we wouldn't be able to tour the property and they were out of state). The fact that they said we were approved for the lease and asked us to wire a deposit without us ever giving them enough info to run a background check on us tipped us off that it must be fraud."

Survey Respondent



How to avoid online rental fraud

Based on the responses to this survey, it was possible to observe that fraudsters typically use a structured approach when it comes to exploiting renters. Here are some lessons from survey respondents that can help you avoid getting scammed while rental hunting:



Use trusted sources like Dwellsy. Fraudsters usually take advantage of rental marketplaces that do not have strong anti-fraud policies.



Be slow to pay. Fraudsters are fast to ask for a deposit or some kind of upfront payment - usually without showing the property.



Be suspicious. If a listing seems to be "too good to be true" or "a lot cheaper than market value," it's likely a scam.



Get access. Fraudsters are typically unable to access the property, so make sure you or a local friend can see the inside of the rental.



Be extra careful with Venmo & Zelle. If you send money using these tools, you can't get it back. Be sure that you're dealing with a legit landlord first.



Dwellsy takes fraud seriously. For a first in the rental industry, **Dwellsy Edge offers a SafeSearch warranty that provides up to \$2K of fraud protection for Dwellsy Edge Subscribers.** For more information, check out dwellsy.com/dwellsy-edge.

About the Survey

The online rental fraud survey was conducted online by Dwellsy through two different survey websites with renters across the country. The main goal was to understand and bring to the spotlight to what extent renters have been facing rental fraud, so that it is possible to come up with solutions for that problem.

 **402** renters interviewed

 **42** different states in the country

 Survey conducted during **1Q 2022**

 Qualitative and quantitative questions were used in this survey.

About Dwellsy

Dwellsy is the marketplace that renters want and deserve, a comprehensive residential home rentals marketplace based on the radical concept that true, organic search in a free eco-system creates more value than the pay-to-play model embraced by all of the current rental listing services. Dwellsy has more than 13 million residential rental home listings, more than any legacy classifieds site—as well as the most diverse set of listings—including single-family rentals, condos, townhouses, and apartments at all price points.

