



Verifying the identity of vendors

(30 November 2009) The Estate Agents Authority (EAA) has issued a practice circular to remind estate agency practitioners to verify the identity of vendors.

Recent news reports of a man jailed for impersonating a flat owner and swindling two buyers out of a total deposit of more than a million dollars have raised concern about the duty of estate agents to verify the identity of vendors.

EAA Chief Executive Officer Mrs Rosanna Ure said, “Under the Code of Ethics issued by the EAA, practitioners should protect and promote the interests of their clients. Verifying the identity of vendors is one of the many fundamental duties that an agent should undertake. The potential loss to the buyer for buying a flat from a fake owner could be huge.”

She pointed out that the Estate Agents Ordinance and the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation already have different provisions for the checking the identity of the vendor.

For example, practitioners should check and record on the estate agency agreement or property viewing form the name of the client and type and number of the client’s identity or travel documents. They should also ascertain the ownership of the property by carrying out a land search of the property. Before arranging for clients to sign a provisional agreement for sale and purchase, practitioners should ensure that the name of the vendor is correct by obtaining a copy of the vendor’s identity card or other identity document.



She said if necessary, practitioners should take additional steps to verify the identity of vendors: for example, by inspecting additional proofs of identity and ownership, such as rates demand notes or tenancy agreements, and comparing the signature of the vendor on the title deeds with his present signature.

If the practitioner suspects the vendor is a fraudster, he should cease to act for the parties and report the case to the police.

The practice circular has been posted on the EAA website and will be sent to all estate agency shops.

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