

Important Information for Students - Financial Scam

The British Universities Financial Directors Group has brought our attention to a financial scam that could affect your student tenants. The scam involves students being persuaded to 'invest' in a scheme that reduces their accommodation payments. The scammers suggest to the student that, in return for making an investment, their accommodation fees will be paid off. The scammers may not ask for any monies up front but will pay off the student's accommodation fees with either stolen or fraudulent credit cards and then invite the student to check their accommodation fees account. The student, seeing that their fees have been paid, makes the investment payment, only to find out later that their accommodation fees are still outstanding.

The British Universities Finance Directors Group describes the scam below:

"[The University] were alerted by our Finance Dept. to the fact that, between January and May, a number of our students had apparently made online, but also in some cases telephone, payments for accommodation fees using credit cards and that the payments subsequently turned out to be fraudulent. The Finance Dept. had made initial contact with the students who denied making the payments or said a friend or relative had made the payment on their behalf. Certainly the online payments could only have been made by someone in possession of the student's log-in details.

The students were referred for disciplinary action. One or two have denied all knowledge of the payments. The others have all told a similar tale. They received a phone call out of the blue from a stranger who knew their name, mobile number and, in some cases, which of our student accommodation they lived in. The stranger told them that they work in finance, stock-broking, or similar and they are looking for small investments. They are convincing and sound plausible. They offer the student an opportunity to invest a sum of money, for example £750, in return for which they will pay off the student's accommodation fees of, for example £1650. If the student is concerned about losing their money they are told they do not need to pay anything until they are satisfied that their accommodation fees have been paid and they are encouraged to go online to check. They are asked to provide their log-in details to allow the transaction to go ahead. The accommodation fees are then paid using either a stolen or a fraudulent credit card. In the days or weeks before the bank notifies the University of the fraud, the student checks and finds their fees paid and hands over the agreed sum in cash.

In a slight variation on the theme, one student was approached at a local railway station and offered this "opportunity". In this case the story was slightly different in that the stranger told the student that they had a contact in Student Finance who could get a discount of between 40% and 50% on accommodation fees.

During the sales pitch, the stranger says that they work with other students at this and other Universities. They also ask the student to give contact details of friends who might benefit from this scheme which appears to be how they are getting students' details.

[The University] have reported this to the local police who are investigating. I will be liaising with our accommodation office and Finance Dept. to see what we can do in terms of warning students about this scam. I suspect the scammers will go quiet over the summer vacation but in October we will have a whole new batch of naïve "freshers" for them to prey on."