Guesty

The Short-Term Property Management Guide to
Fighting Fraud

Protect yourself - and your properties - from fraudulent guests, bad bookings and criminal activity

Curated with care by the pros at Guesty

www.guesty.com

REQUEST A DEMO

Table of Contents

Guesty

01

Understanding Fraud
in the Short-Term Rental Industry

Like most successful industries, the booming short-term rental sector is unfortunately a prime target for fraudulent schemers. According to Autohost, an intelligent guest verification tool, between 5-6% of all annual revenue from the hospitality industry falls victim to fraud, amounting to approximately $150 billion in losses.

Given the reality that not all property management companies have front desks and security guards patrolling their properties 24/7, fraud is an issue that's unlikely to go away anytime soon.

Payment Fraud and Scams

This one's pretty basic: people trying to swindle you out of your money. These scams are generally easy to detect and you should be on high alert when guests provide limited information about themselves, request to process payments outside of the booking site parameters and exhibit other suspicious behavior, like wanting to **send a check** for payment.

Another scam that guests may try to execute is **blackmail**, often achievable through a simple message that says something along the lines of, "Refund me or I'll write a negative review about your listing." Both hosts and guests alike are aware of how damaging a negative review can be for a listing and certain guests may try to exploit this. Encouraging travelers to book directly through your company's branded booking website will help you maintain control over the content that's posted and help you avoid this sort of trap. Not to mention, it will enable you to bypass OTA fees.

One more payment scam to be aware of is the **overpayment** method. A guest will claim that they sent you too much money initially and would like a refund. Then, after receiving the refund, they may either cancel the initial payment or disappear after you notice you never received the money in the first place. No matter what, stick to your payment rules and use a secure payment method to protect you from falling prey to these scams.

Hello,

Thanks for get back to me, i am glad the dates are available and will love to reserver it. Right now, i am out of the States for a work which is going to take some time before I will be back home, that is why will like to complete the reservation before get back home. I will instruct my Assistant to issue and send you a Check for the full payment through regular mail without any delay. kindly confirm the reservation for us with follow details below.

Name: Jeannie Richard

Address: 8205 Camano Loop NE Lacey, WA 98516

I want you to provide me with the following details needed to send the Check to you as below:
Full Name
Postal Address
City
State,
Zip code
Cell phone
Best Regard.
Sent: Sunday, March 25, 2018 at 4:19 PM

This is a real message,
as first posted on Airbnb Hosts Forum

Guesty

Identity Theft and Fraudulent Bookings

Guests may attempt to steal the identities of their hosts by asking for payment information outside of the booking site parameters, or requesting personal information that will help them hack into the company's booking channel account. As a rule of thumb, avoid clicking any links sent to you by a guest that you don't recognize and don't provide them with any information beyond what is represented in your listing.

If an email address or message seems fishy, this may be an indication that identity theft is in the works. In fact, some scammers may provide too much information when contacting you about a listing to seem like they are reputable, when in reality their intentions can be sinister.

Fraudulent bookings are another common method for scamming short-term rental hosts. Those behind these scams have no intention of actually staying in your properties, and could be looking to take advantage of you by, for example, accessing information about you and your property by duplicating your keys. If you receive a message inquiring about a booking as a surprise or a gift for a friend, that could be a way of luring you into providing information you don't normally give out, or result in you confirming a booking without receiving all of the necessary information about the actual guest. This story of initial contact is something to be wary of before confirming the booking. Similarly, booking requests without specific dates, or those asking for unusual requests - like sending the keys in the mail - are other ways for scammers to try and achieve fraud under the guise of a potential reservation.

Guesty

Misrepresentation of Guests

Though high occupancy rates are seen as a positive in the short-term property rental world, trying to fill your listings every night of the month may make you susceptible to fraud.

One such example is guests booking short, last-minute stays, which can mean that you don't have enough time to conduct proper due diligence and verification of the guests. While there may be many earnest travelers who are simply spontaneous or whose plans fell through late in the game, this type of booking request should be handled with caution, as some ill-intentioned guests prefer to leave as little time as possible between their reservation and their stay to avoid providing you with substantial info about themselves.

To avoid this altogether, you might implement a policy to deny a super last-minute booking request like this and lose out on some revenue in order to protect your listing in the long run, especially without having sufficient time to verify the identities of the potential guests.

Another possible misrepresentation of a guest is the number of guests they note will be staying in your listing. A party might request a stay for two, all the while planning to host a party for over 100 people. Installing an outdoor video surveillance or noise monitoring system can help prevent situations like this.

While fraud is undoubtedly a risk for anyone renting short-term properties to travelers, there are many tools that have been designed specifically to protect hosts.

Guesty

02
Tools to Ensure You
Prevent Sticky Situations

Every short-term rental property manager should do their due diligence before confirming any booking request. Fortunately, there are also reliable solutions available to help you protect yourself and your properties from scammers.

At Guesty, we're constantly on the lookout for partners that can help facilitate secure and efficient business operations for our users. Among the dozens of vetted and approved vendors spanning many verticals in our Marketplace are several solutions dedicated to fraud prevention.

Let's take a look at a few potential fraud scenarios and identify which solutions are best-suited to help you avoid them.

Guesty

Fraud Scenario 1:
Unsavory Guests

Guest verification is essential for each and every booking and can play a critical role in fraud prevention for your property management business. Tools such as Autohost and Authenticating.com screen potential guests to protect you before any official reservations have been made. These tools analyze each guest's background and information, provide each one a score based on that initial risk assessment and then request additional information according to the guest's rating. Another tool to rely on when it comes to security is, CheKin which automates the processing of guests' documentation with the relevant authorities prior to check-in, a legal requirement in many European countries, ultimately helping hosts filter out any potential bad guests while staying compliant.

As of February 2020, Guesty users can enjoy CheKin's services free of charge.

Guesty

Fraud Scenario 2:
Criminal and Fraudulent Activity

When your line of work involves filling properties with new individuals each week, vulnerability to criminal activity is a given. That's why all property managers should invest in safeguarding their assets. Seeking out a law firm with experience in the short-term rental industry, such as M&M Legal, could help you if and when instances of liability arise.

Payments

Additionally, working with a reputable payment processing system when using a branded booking website for your business is incredibly important to prevent fraudulent activity. A tool like Stripe can help prevent fraud with machine learning and secure authentication procedures built to keep your money safe.
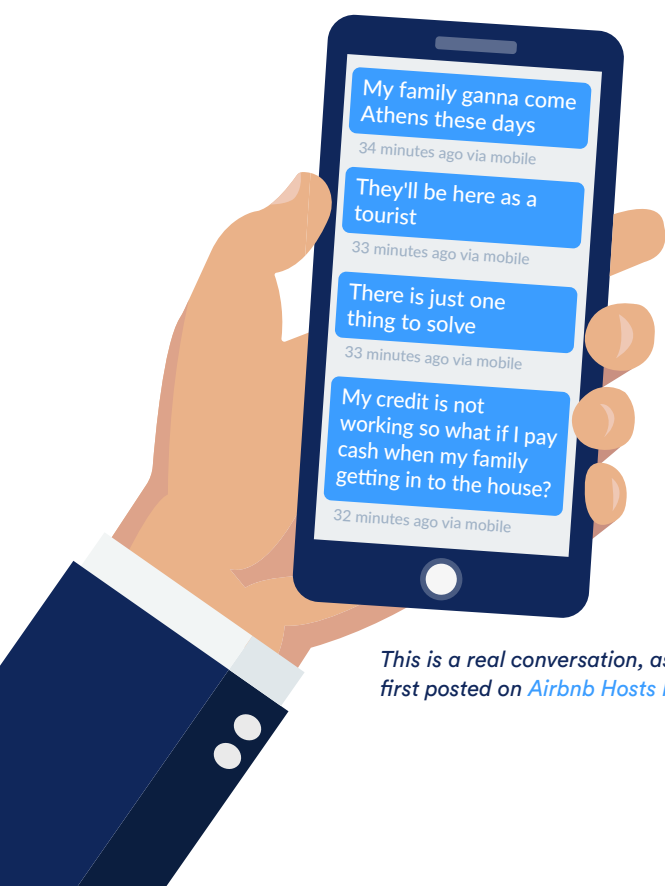
At the end of the day, you chose to host your listings on reputable booking channels for a reason: their payment systems! Never concede to payment processes via wire or bank transfer and be wary of guests asking for any of your banking information or wanting to pay for their reservation in person.

My family ganna come Athens these days
34 minutes ago via mobile

They'll be here as a tourist
33 minutes ago via mobile

There is just one thing to solve
33 minutes ago via mobile

My credit is not working so what if I pay cash when my family getting in to the house?
32 minutes ago via mobile

This is a real conversation, as first posted on Airbnb Hosts Forum

Keyless Entry Systems

Installing keyless entry systems is another method for maintaining security and preventing potential criminals from entering your listings via stolen or duplicated keys. Keyless entry - and smart lock solutions for that matter - such as Lynx, Operto, PointCentral and RemoteLock were designed specifically to provide added security for your properties and to give you full control over who is allowed to enter each listing.

They can help you monitor and streamline every step of the check-in and check-out processes and maintain control over who has access to your listing. For example, Guesty Marketplace partner Vikey helps hosts by having guests complete an online check-in process first by submitting documents, payments and signed contracts required for their stay. Once the host receives these items the guest will receive a prompt with a personal code with which to enter the listing upon check-in.

Syncing these keyless entry and security tools with your Guesty account is the perfect way to prevent criminal activity and fraudulent bookings before they ever become an issue.

Guesty

Fraud Scenario 3:

Damage to Your Business and Your Properties

As mentioned before, it's very difficult to effectively control the number of guests that actually arrive and/or stay in your listing and secret parties are a reality that often result in costly damages.

Luckily, tools like NoiseAware and Roomonitor enable property managers to remotely monitor and detect noise levels. You will receive alerts if the noise decibels reach a certain point and will therefore be able to shut down parties before they escalate out of control.

In addition, it's always good to be prepared for the just-in-case with the right insurance for your listings. With unauthorized parties reported to have cost property management companies tens of thousands of dollars in damages, it's better to seek protection beyond what booking websites offer as insurance.

Solutions such as Slice, Safely, Proper Insurance, Generali and Guardhog can help cover your expenses in instances of theft, damage and the like with insurance plans that are specifically designed for the needs of short-term rental property managers. The majority of plans from these providers cover both commercial and public liability regarding your listings and can help give you peace of mind no matter who stays in your properties.

03

Don't Just Prevent Fraud, Prevent Time Wasted

We know that all of this talk of fraud and criminal activity seems daunting, and that's why Guesty is here to help. Centralize all of your fraud prevention tools by integrating them with the Guesty platform, an end-to-end solution designed to automate and streamline all complex operational aspects of short-term property management.

With Guesty, users can easily integrate the tools mentioned in this guide straight from their dashboards as well as connect to all of the major online travel agencies such as Airbnb, Booking.com, HomeAway, TripAdvisor and more. Users can also improve their business operations with guest-centric features such as Unified Inbox, Automation Tools, 24/7 Guest Communication Services, Payment Processing and more.

Guesty

Want to Learn More From the Pros at Guesty?

Let us show you how Guesty's end-to-end property management platform can help you optimize and grow your short-term rental business.

REQUEST A DEMO

Customers who use Guesty report:

100%
Increase in
Listings Annually

150%
Increase in
Annual Revenue

50+
Hours Saved
Weekly on Average

Guesty
www.guesty.com