

Scams in land banking

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What is land banking and how to avoid scam in land banking? Land banking firms provide options to investors to buy plots at minimum rates and sell at higher price. They claim the rate of plot will soar in a few months post-development, and request or pressurize for early payment. Most such investments are offered in place of great historical value or natural beauty, where it is difficult to construct new homes. How it works? Investors are contacted without any clue, through emails, phones, through friends, seminars or at exhibitions. These sellers may inform about the property, location, or the plots, which are shown on maps. They give brochures explaining how to invest and how it will work to get them ultimate returns in a short duration.

The buyers are assured they will be benefited once construction or development plans are sanctioned around the plot. Most such developments take years or decades for completion, and people may have to hold money in some valueless piece of land for years. The land bankers' fails to communicate about the issues related to such investment where there are restrictions on construction in certain areas, or future plans to build some commercial area, train junction or a gas filling station. In most such cases, even the follow ups of years may not yield the desired output and the money may be stuck in land transaction. How to prevent such frauds? One should seriously seek financial advice before investing in such schemes. The money is lost in such schemes, if not protected by the government. FOS and FSCS have regulations to prevent frauds and the websites of the firms offering these schemes may not have access to their authorised-links. You should contact local government authorities to buy land in any area or overseas,

instead, of getting into such deals through unauthorised investors. Ask the local authorities to find and inform, when the land will be available for sale and enquire about the developments or government plans related to the development area. If possible, visit the site or check the planning schemes related to the site.

The scammers may give you money back guarantee on such investment, which should not be believed. Invest through authorised organizations and do not be pressurised into investing in such schemes or be lured to high returns, as it may become out-of-the-way in a short duration. How to handle a collective investment scheme? Collective investment schemes involve investing in plots where the buyer has no access to their plots. He may not be able to visit the plot and the operator takes care of the property transaction at their end. Any firm offering a collective scheme should be authorised by the government to operate as a CIS. The case of loss of money or frauds in such case is given to the Trading Standards or the Corporate Complaints Team – BEIS or legal authorities. People who have invested in such deals should report the matter to the consumer helpline number or register a report. Since, the land is not under FCA, it is not protected by the authorities (or as per the FSCCS schemes). If you have already lost money or spent on such deals, the scammers may call you for money back or alternative deals – where you may be asked to pay an amount to get a better plot. Even the offers to buy back from such firms are a scam, mainly, to get more money from you. In case you suspect such scam, call consumer helpline immediately.