



A guide to Thirdfort and electronic ID checking



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The aim of this document

is to give an overview of what electronic ID checking is, how it works and how our Thirdfort solution can improve the way your law firm works.

Please get in touch

if you have any questions about any of the topics covered in this document or would like to find out more

Email:

support@lawyerchecker.co.uk

Call:

0800 133 7127

Introduction

How confident do you feel that your client is who they say they are?

Do you know that certified documents or proof of addresses are authentic? Do you see all your clients face to face and if not how do you take a risk based approach? How sure can you be that they are showing you a real ID document that is legitimately theirs, not someone who just looks similar to them?

This document outlines how Thirdfort helps you quickly get comfortable your client is who they say they are.



First hand experience as a graduate of Mishcon de Reya's tech incubator

When a client of theirs inadvertently bought a £1.2 million London flat from someone posing as the owner, Mishcon wanted to do everything they could do prevent a case like Dreamvar happening again. They shared our belief that current methods to identify clients were unsuited to how conveyancing is conducted today. Verifying a client's identity is cumbersome for all parties involved and worst of all is ineffective at stopping fraud.

With hard to spot fakes and tampered original ID docs, not only is there the risk that the person doesn't own the property but the person could be impersonating someone else in order to launder money. This puts additional pressure on lawyers to demonstrate they know exactly who their clients are and where their money comes from.



Most of the ways fraud is committed are carefully designed to deceive the manual identity checking process. With fraudsters increasingly sophisticated in their approaches to commit ID fraud and launder money, it is imperative lawyers are equipped with the best of what is available to combat fraud. With identity fraud risk higher than ever and consumers increasingly demanding digital convenience, Thirdfort offers an out the box, simple solution that gives lawyers immediate access to market leading technology.

We use an Artificial Intelligence driven solution to validate the authenticity of ID documents and facial recognition tech to ensure the person matches the document. Consistent studies have revealed this technology is more consistent at validating whether an ID document is real compared review by the untrained human eye.

The best software in 1 place

We've combined the best technology that is available and enabled conveyancers and their clients to access these tools quickly and simply. As innovators backed by some of the best in the industry, we're constantly adding new ways to flag and prevent fraud.

FCA regulated

We are bound by stringent oversight and must demonstrate regularly we protect client data and use state of the art cyber security ourselves. Security is our number 1 priority.

Backed by



We are proud to be backed by Lawyer Checker who are an strategic partner and seed investor in Thirdfort. Our products complement their range of anti-fraud and security solutions for conveyancers.

Testimonials

What do our clients say?



David Bridge
Managing Director

"The burden on solicitors to investigate their clients for ID AML and source of funds is ever growing and by combining the cutting edge level of AI and Open banking built into this product we have improved client experience and begun to address the real risks that face every law firm"



Simon David
Managing Director

"Thirdfort saves us a huge amount of time undertaking ID checks and our clients (of all ages) love using a simple, intuitive App"



Harvey Harding
Managing Director

"With Thirdfort, we feel like we have a much more robust system to spotting fraud attempts which is particularly relevant given the increasing sophistication of fake documents"



Paul Adams
Director

"Having a 1 stop shop to access a range of checks has given us a huge risk management boost and it took us no time at all to go live."

What do the regulators say?



Collette Best
AML

"There are no legislative or regulatory barriers to using electronic due diligence, however the responsibility for selecting and scrutinising the product, and any risk of it going wrong remains with your firm."

"we are encouraging law firms to consider how technology can help them and their business while ensuring proper safeguards for the public are in place"

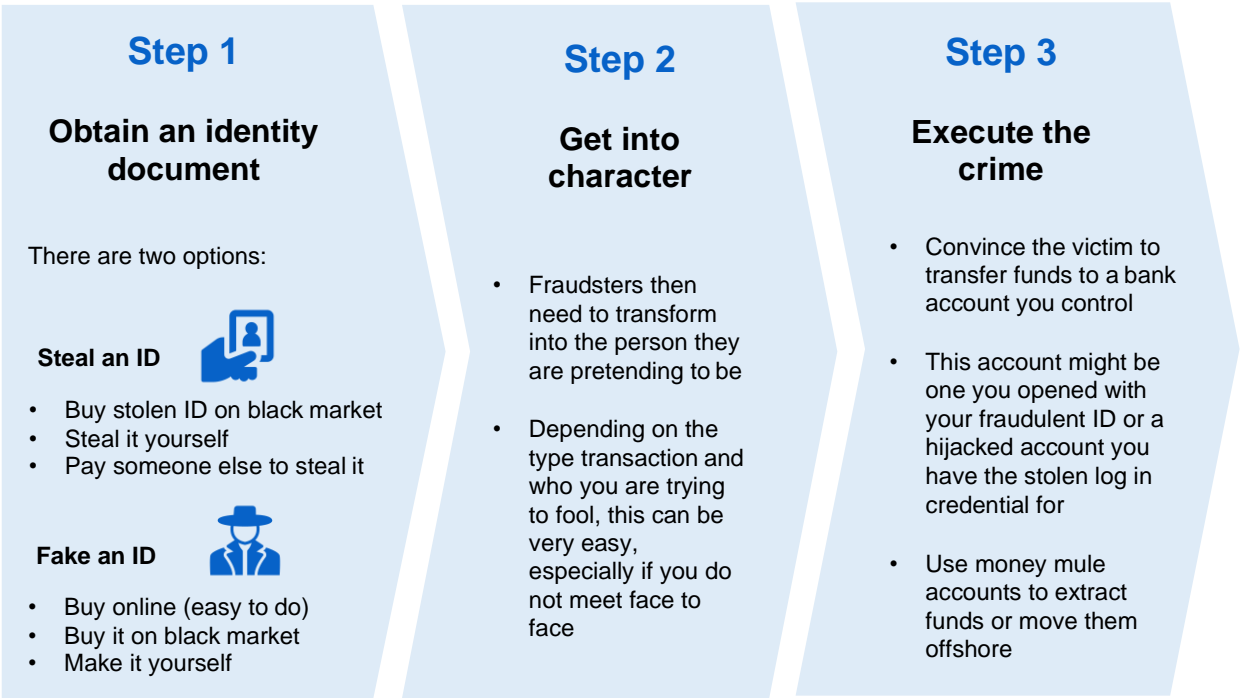


Stephen Ward
Director of Strategy

"We support technology driven solutions such as Thirdfort's to reduce risk for lawyers and their clients."

How is ID fraud committed?

How ID fraud is committed?



Why is ID fraud a risk in property transactions?



Seller frauds

Property hijacking

- A fraudster selling a property they don't own

Mortgage fraud

- A fraudster taking a mortgage out on a property they don't own

BREAKING NEWS: Court of Appeal rules on Dreamvar

Help! My house has been hijacked

Fake tenants adopt a property owner's identity and sell the property

Property fraud: how your house could become the perfect tool for scammers



Buyer frauds

Money Laundering

- Using a false identity to hide illicit money laundering activity
- Utilising UK property market
- Taking advantage of UK company structures e.g. Scottish Limited Partnerships

New data shows London's property boom is a money laundering horror

Press release

Up to 5 years in prison for criminals who use UK property market for money laundering

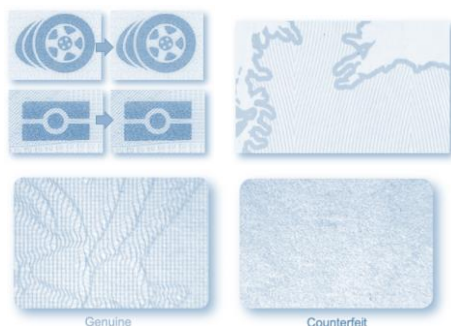
How to check an ID manually

53 page Home Office Guidance on examining ID documents

Checking ID documents manually is laborious and can be inaccurate. In a 53 page document the UK government has issued guidelines on how to spot fraudulent ID documents. There are two criteria to check: 1). Is the person presenting the document the same as the image? 2). Is the document genuine or counterfeit? Below is a summary of the steps the government recommends taking to answer the above questions.

Is the document genuine or counterfeit?

- Inspect the general quality – Is it manufactured to a high standard?
- Are there watermarks visible? View the page with a light source.
- What does the document look like under UV light? Dull or glow?
- Are there random fibres and do they change under UV light?
- Is the quality of the print high? Are there any dots visible?
- Is there intaglio ink and raised ink on the inside of the passport?
- Is there any optically variable ink on the document? Does the ink change colour if you move the document under a light source?
- Are there any holographic images? Do they change when the document is moved under a light source?
- Have any pages been substituted? Have you checked the construction, page alignment, page number and page design?
- Has the photo been substituted? Is there any damage around the photo?
- Are there any safeguards over the photo?
- Is the machine readable zone (MRZ) legitimate?



Are you following all of these steps...

when certifying a document? Do you have the time to properly check every one of your clients? What would happen if a document you wrongly certified was used to commit fraud?

With Thirdfort, you don't have to worry about any of these questions. Using a combination of both people and machines, a large number of documents can be checked with a higher accuracy than the human eye alone. This allows you to devote more time to giving your clients an excellent service.

Is the person presenting the document the same as the image?

- Does the person in front of you look the correct age?
- Does the person have any distinguishing features e.g. moles, scars etc? Are these features likely to change over time and if so by how much?
- Is the face the same shape?
- Are the features the same? Are they in the same relative positions?
- Look at the features of the face individually. Ears in particular are unique to each person and remain consistent over time.
- Check the signature. Can the person recreate it without sight of the document?



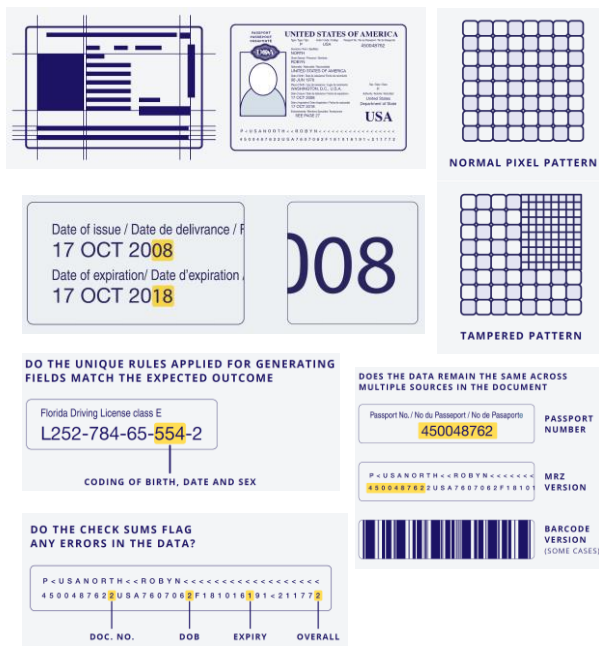
Are you good at recognising a face...

especially if that person is 8 years older than the picture in their ID document? It can be very difficult to separate distinguishing features that don't change over time, with those that do e.g. hair styles

How Does Electronic ID Work?

Two key elements

To be able to run an electronic ID check, the client needs to download our app, take a photo of their ID and take a selfie and short video. We then perform all of the heavy lifting for you, validating the documents using advanced machine learning and visual recognition algorithms.

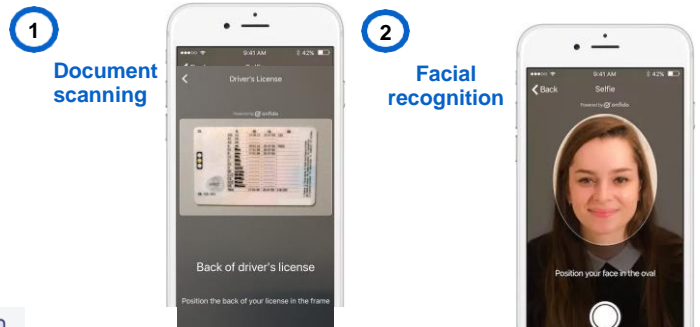


The client's selfie and video then need to be evaluated. Texture analysis is used to ensure it is a genuine selfie. The selfie is then compared to the ID photo to make sure the faces match. To verify the video we use a combination of audio processing, face tracking and mouth tracking.

While machines do a lot of the work in verifying an ID, there is of course some level of human involvement. The machine learning algorithms need to be trained by humans and whenever there is a high level of uncertainty the case is reviewed by a human.

Does it actually work?

Lots of people are skeptical about whether or not machines can successfully spot fraudulent IDs or correctly match faces in photos. Many studies have shown that it is difficult for humans to identify whether two unfamiliar faces are a match¹, and that face matching algorithms often outperform humans². Combining the accuracy of machine learning systems with a human safety net we can achieve the highest level of accuracy while maximizing completion rates.

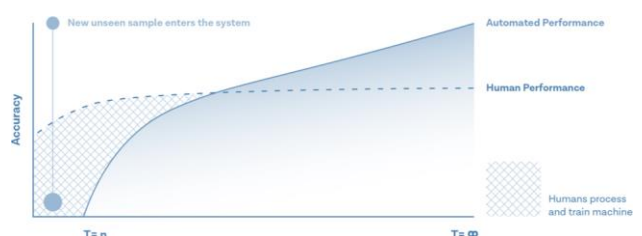
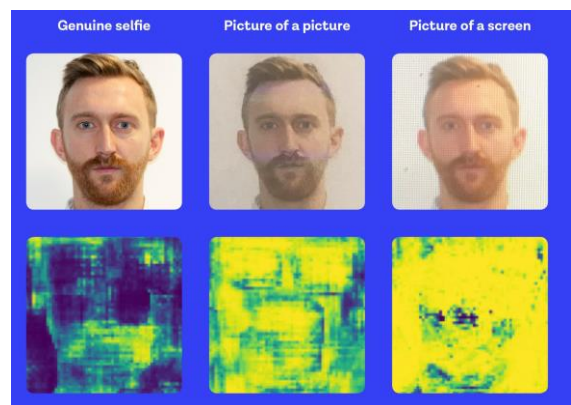


How it works?

When evaluating a document, we have seen that there are two main criteria 1) Is the person presenting the document the same as the image? 2) Is the document genuine or counterfeit? Onfido, our ID checking software, evaluates these two criteria independently using a huge number of checks.

It first validates the visual authenticity of the ID making sure all of the information is present and in the correct position. It also inspects the document for digital tampering, font anomalies and verifies security features such as digital watermarks, barcodes and embossed text.

It then analyses all of the data on the ID document and verifies it with a database. Many IDs also include very specific embedded rules, in the form of mathematical algorithms, to identify any flaws in ID integrity which can be checked.



What does the expert say?

Michael is the identity document fraud specialist at our partner Onfido



Michael Van Gestel

Michael has worked with the Dutch Immigration Office and the Forgery Department at Schiphol Airport as well as with Interpol. He has also provided ID training sharing his knowledge with embassies, consulates, airlines, security agencies, immigration offices and police departments all over the world



Olly Thirdfort
co-founder

So how did someone with your experience and skill set end up working at a technology firm like Onfido? I assume its very different to working with immigration offices?

I've been working in physical ID verification for years and technology has played an increasingly huge part. From scanning chips inside passports to automated border control, a large portion of ID checking is done with machines, so bringing my skills to a tech firm was the obvious step. Tech is the future of ID verification, especially when considering how users interact with services online today, but also where major new threats are coming from.



Michael
ID Expert



Olly Thirdfort
co-founder

How hard is it really to spot a fake IDs, do you need to be an expert? What should you be looking for and watch out for?

I have spent many years doing it and even I am puzzled sometimes by high quality fakes. There is a huge breadth of quality when it comes to the types of fraud. Some of them are easy to check at a glance if you are familiar with the specimen document and general manufacturing techniques. Others, require extensive analysis such as ID made by rings of organised criminals that produce very believable IDs. There are a few such rings we identified by performing long, in depth analysis. When inspecting an ID you should be looking for any differences compared to the relevant specimen document - in particular printing techniques, fonts, security features and landmarks. When performing a physical examination you can leverage covert and forensic features such as watermarks, UV response and substrates composition.



Michael
ID Expert



Olly Thirdfort
co-founder

How does electronic ID checking actually work and why is Onfido's technology industry leading? Most importantly, does it work?

Electronic ID checking can be done using AI and machine learning to check documents or using manual human analysts that sit at computers reviewing documents. Both have their advantages and disadvantages. Onfido is unique. We use a hybrid approach to leverage the best of both. When we ask the question 'does it work' we need to consider what method it is being compared to. Our solution consistently performs better than the untrained human eye and often is equal to or better than a trained official. Anything made by a human can be fooled by another human so the accuracy can never be 100%. We work together with our clients to identify vulnerabilities and continuously improve our performance.



Michael
ID Expert



Olly Thirdfort
co-founder

What is the biggest misconception about identity fraud and electronic ID checking solutions?

The main challenge both in the industry and outside it is reliance on a single system, be that manual or automatic. In reality 1+1=3. Both systems have their strengths and weaknesses. Another big misconception is that ID fraud is hard to commit. In reality it is very easy to obtain or create passable fake documents that will fool human reviewers. Even at an airport, if you buy a business class ticket it can be possible to intimidate the officer into letting you through. Fraud is usually about finding the path of least resistance. That's why industries where staff have not had any training or lack comprehensive processes, such as law and finance, are targeted by fraudsters for a low-risk high-reward return scam.



Michael
ID Expert

Comparing ID solutions

Thirdfort's Electronic ID app vs traditional ID checking methods

ID check method



Review Originals



Certified copies

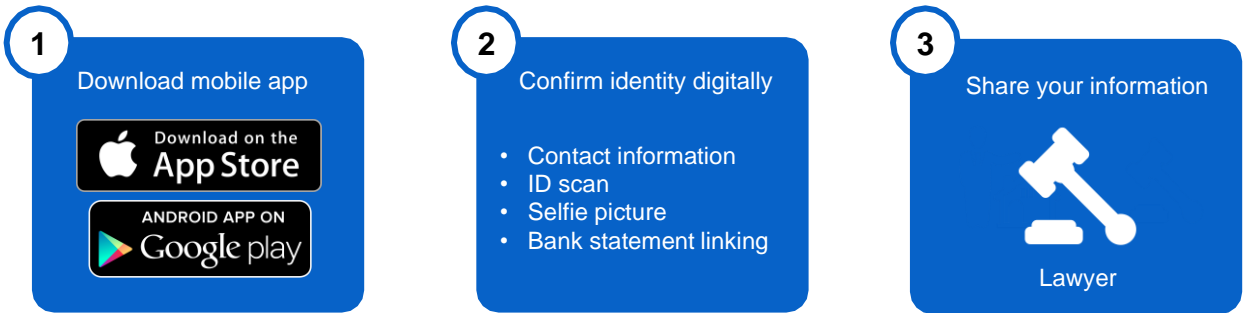


Thirdfort app

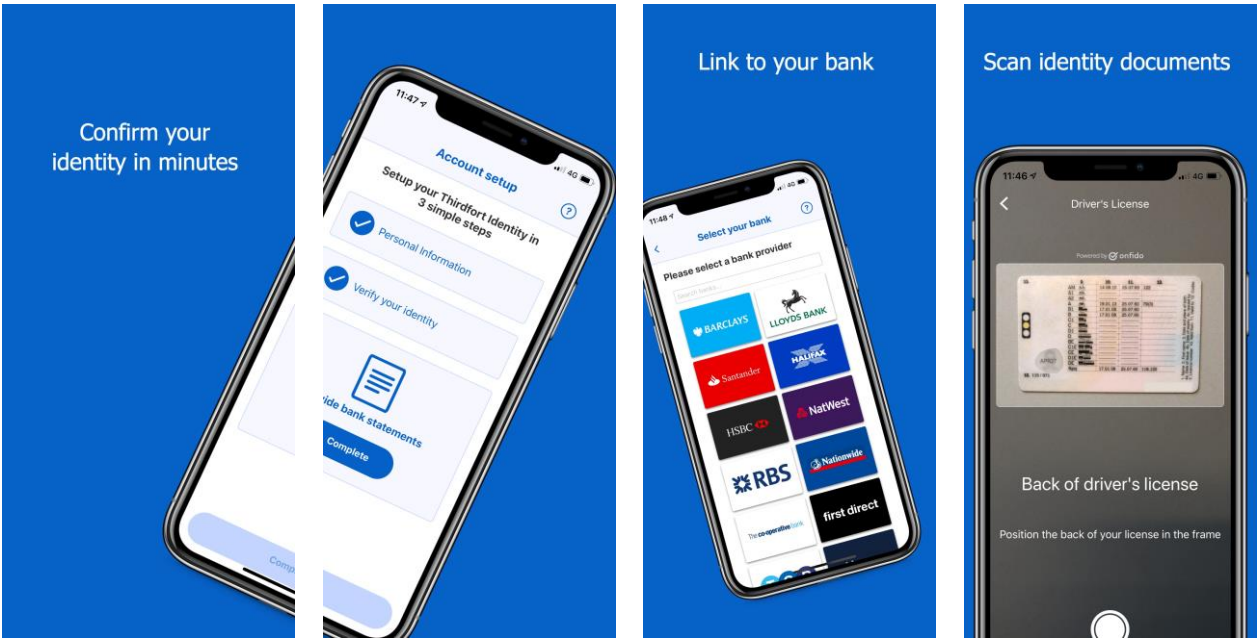
Description	<ul style="list-style-type: none">✓ Lawyer views original ID and judges if it is real and if it is the same person✓ Lawyer copies, signs and files it	<ul style="list-style-type: none">✓ Lawyer reviews ID copy certified by another professional✓ Lawyer looks up professional and ensures they are legitimate	<ul style="list-style-type: none">✓ Client performs ID check via mobile App✓ AI driven ID scanning and facial recognition tech used
Face to face required?	✓	✗	✗
Reliant on human?	✓	✓	✗
Easy to spoof?	Reasonably easy	Very easy	Very hard
Confirms 'liveness'	✓	✗	✓
Reliant on another lawyer?	✗	✓	✗
Easy for lawyer?	✗	✓	✓
Easy for client?	✗	✗	✓
Advantages	<ul style="list-style-type: none">✓ Stops low sophistication fraud✓ Allows the lawyer to confirm the person is 'live'	<ul style="list-style-type: none">✓ Stops or deters basic fraud attempts✓ Can be done without meeting client	<ul style="list-style-type: none">✓ Very hard to spoof✓ Continuously improving and reacting to fraud trends✓ Easy for lawyer and client
Risks	<ul style="list-style-type: none">✓ Fake IDs are hard to spot with the untrained human eye✓ Requires face to face meet	<ul style="list-style-type: none">✓ Very easy to fake✓ Reliant on another professional✓ Hassle and costly for client	<ul style="list-style-type: none">✓ Cyber security is always a concern✓ Some lawyer and clients are not used to this tech approach

What do clients see?

Connect to your lawyer and confirm your identity in 3 simple steps



- Thirdfort is a technology company used by your lawyer
- Thirdfort app makes your property transaction a lot more straightforward
- Before Thirdfort, you had to provide your ID documents multiple times and fill in endless forms
- However, Thirdfort use cutting edge ID technology that you can use from the comfort of your home and to complete only takes about 2 minutes
- Thirdfort are FCA regulated, fully insured and use end-to end encryption to make sure your data and information is secure



Is Electronic ID permitted?

The approach of the legal regulators



- KYC and AML rules set out by the SRA and CLC require you to take a riskbased approach but allow law firms to choose what ID checking method they use
- No regulators or industry bodies expressly prevent the use of Electronic ID checking nor will they ever be able to position a particular solution or provider as the best way forward. They do put to onus on each individual firm to scrutinise the provider they use to ensure they are using a solution that is fit for purpose.
- The guidance and rules are not as clear as they could be in this area. We are working with regulators and industry bodies to get more concise guidance on Electronic ID checking methodologies and what solutions are appropriate.

UK Finance Handbook



- The UK Finance Handbook sets out the rules on ID checking in clause 3.1.5
- Here we break down this clause and show how Thirdfort complies with each

Clause number	Clause wording from UK Finance Handbook	How lawyers that use Thirdfort comply
3.1.5	Unless you personally know the signatory of a document, you must ask the signatory to provide evidence of identity, which you must carefully check.	A lawyers asks their client to provide evidence of identity via the Thirdfort app. The lawyer carefully checks the evidence of identity using advanced machine learning and anti-fraud techniques.
3.1.5	You should check the signatory's identity against one of the documents from list A or two of the documents in list B. (List A includes Passport and Driving Licence)	Thirdfort can process Passports and Driving licences from many nationalities and jurisdictions.
3.1.6	You should check that any document you use to verify a signatory's identity appears to be authentic and current, signed in the relevant place.	The lawyer uses Thirdfort's in depth machine learning power techniques to check if the document is authentic and current.
3.1.6	You should take a copy of it and keep the copy on your file.	The lawyer uses Thirdfort to capture the copy and saves the Thirdfort PDF download on file.
3.1.6	You should also check that the signatory's signature on any document being used to verify identity matches the signatory's signature on the document we require the signatory to sign...	It is down to the lawyer to look at the client's signature on the Passport/Driving licence image that Thirdfort captures and compare it to the client engagement letter or any other documents the client has signed.
3.1.6	...and that the address shown on any document used to verify identity is that of the signatory.	The lawyer does this via Thirdfort who does an Experian database search to check the address and uses facial recognition to ensure it is the correct person.

Frequently Asked Questions

Who else uses this technology?

This technology is being widely used across variety of industries. Some companies currently using it are Monzo, easyJet, Betfair and Airbnb (to name a few).

Is this technology accurate?

Simply put, yes. Many studies have shown that it is difficult for humans to identify whether two unfamiliar faces are a match, and that face matching algorithms often outperform humans. Combining the accuracy of machines with a human safety net we can achieve the highest level of accuracy while maximizing completion rates.

Is a passport or driving license more secure?

Both forms of identification are secure and difficult to fake, although a passport is generally considered to be more secure, although it depends on what nationality.

Where is the data you gather stored?

All the data is stored on the Google Cloud Platform. They have a network of servers and backups across the globe in the same way that Azure or AWS does.

Can the checks be completed from anywhere?

Yes, as long as the client has a smartphone, their ID and an internet connection they can complete their checks from anywhere in the world.

How long does it take to complete a check?

It only takes a minute or two for the client to take a photo of their ID and take a selfie and video. Our machine learning algorithms then evaluate the information and in the vast majority of cases the process is entirely automated. The result would then take less than a minute to come back. Occasionally some human input is required and when this happens the result would take slightly longer to come back.

Can you check non-UK citizens?

Yes, our app can verify over 4,500 document types from 195 countries.

What other ID checking solutions are in the market and what should I look for?

There are several other ID checking solutions currently available and the number is only increasing. When choosing between them it is important to understand what technology they use and make sure that they have the highest level of anti-spoofing technology. One key differentiator that many firms do not do accurately is liveness detection. This ensures the client is 'live' and not a still image. It usually involved the clients having to take a short selfie video, which is what the Thirdfort app does.

How do you comply with GDPR?

As an FCA regulated business we are fully GDPR compliant. Any client can make a data deletion request and we will fully erase all of their data within 30 days.





**Please get in touch if you
have any questions.**

sales@lawyerchecker.co.uk

0800 133 7127