

# FRAUDULENT HOTEL BOOKINGS IN CANADA

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## SECTION ONE

# Executive Summary

### **The Problem: Fraudulent bookings are on the rise in Canadian hotels**

In 2024, 84 percent of Hotel Association of Canada (HAC) members reported being the victim of booking fraud where guests book weeks-long stays, often with fake credit cards, but cancel at the last minute. These fraudulent bookings have resulted in foregone revenue losses of around with \$462 million to \$603 million this year alone. Evidence suggests these bookings are part of an attempt to bolster visitor visa applications.

This fraud compromises the integrity of the Canadian immigration system and disadvantages both Canadians and international travellers by reducing hotel room availability. Consequently, hotel operators are left to bear the financial burden of millions of dollars in false long-term bookings.

## **Strategies to Address Immigration Fraud and Its Impact on the Hotel Industry**

**Recommendation 1:** Only accept pre-paid hotel bookings as an acceptable source of proof of accommodation in TRV applications. Pre-paid bookings would mitigate the use of fraudulent credit cards or easily cancellable reservations. An upfront financial commitment clearly proves an applicant's intent, making them less likely to exploit the system.

**Recommendation 2:** Hold immigration consultants accountable for fraudulent TRV applications.

The government must address the lack of accountability among immigration consultants, notably, individuals who continue to operate but are not registered with College of Immigration and Citizenship Consultants (CICC).

**Recommendation 3:** Invest in a reporting mechanism for hotels to report fraud, as well as an education campaign on how to report booking fraud to government.

The federal government should develop a dedicated reporting mechanism for the hotel sector to alert IRCC of fraudulent activity. This mechanism should be reinforced by an education and awareness program to support businesses on how to report booking fraud.

## SECTION TWO

# Hotel Booking Fraud & Canada's Visa Application Process

### Canada's TRV Process Inadvertently Drives Fraudulent Hotel Bookings

Many international visitors need a temporary resident visa (TRV) to enter Canada. The TRV application can be lengthy due to extensive paperwork, which includes questions about the reason for entry and proof of intent to return home after the visit.

Many applicants seek help from local immigration consultants in their home country or Canada for advice and support on completing their TRV applications.

Unfortunately, some consultants are engaging in fraudulent activities including reserving multiple hotel rooms under the same

name and using falsified credit cards. They proceed to use the hotel booking confirmation as proof of accommodation on the TRV application. However, neither the visitors nor the consultants have any intention of staying at the hotel. Many hotel bookings end up as "no-shows" or are cancelled at the last moment.

Although fraudulent hotel bookings can come from anywhere, including Canada, HAC members have identified four key regions and countries where most of the fraudulent bookings originate.

This fraudulent practice is hurting hotel owners' ability to serve customers and adequately plan for business cycles.



## Booking Fraud is Widespread

Booking fraud is widespread in Canada, affecting nearly 9 out of 10 hotels in the last two years. The industry and the government must work together to maintain the integrity of the immigration system and the economic well-being of Canada's hotel sector.

Booking fraud impacted almost **9 in 10** hotels in the last two years.

A recent survey conducted by HAC in September 2024 revealed that **84 percent of hotels have experienced booking fraud in 2024**. It is estimated that there have

been approximately **3.8 million individual fraudulent bookings made so far this year**. HAC estimates that this is costing hotel owners at least **\$462 million to \$603 million in foregone revenue**.

## Lack of Support for Those Affected



**84%** experienced fraudulent bookings in 2024

**3.8M (est.)** individual fraudulent bookings (YTD)

**\$462M-\$603M** in forgone hotel revenue (YTD)

Two-thirds of HAC members who were a victim of booking fraud reported not knowing what to do, or who to report it to.

The industry lacks information and resources on how to properly report this fraud.

**2/3** victims of booking fraud *didn't know what to do*

## Booking Fraud is Threatening the Integrity of Canada's Immigration System

Research by IRCC in 2023 indicates that Canadians are experiencing the highest level of concern about immigration in nearly two decades.<sup>1</sup> Booking fraud will only grow if it is seen as a preferred method that helps visitor visa approval, undermining honest applicants. Addressing booking fraud is an easy way to strengthen the integrity of the immigration system.

## Impacts on Tourism

In 2023, Canada welcomed 18 million visitors who spent \$22 billion.<sup>2</sup> Booking fraud affects all visitors, especially in peak seasons. An increase in fraudulent bookings will result in stricter booking rules and higher rates, as more staff are needed to verify bookings.

## IRCC Anti-Fraud Technology

IRCC has recently invested in AI to detect fraudulent applications by identifying patterns similar to previously refused ones. This technology, combined with information from the hotel sector, can assist in immigration processing. It's crucial for IRCC to send a clear message that these practices are unacceptable.

## SECTION THREE

# Recommendations to Reduce TRV-Driven Booking Fraud

### **Recommendation 1: Accept only pre-paid hotel bookings as valid proof of accommodation for Temporary Resident Visa (TRV) applications.**

IRCC should require pre-paid hotel bookings to ensure only serious applicants pursue the TRV application. This would reduce the risk of immigration consultants or applicants using falsified credit cards or easily cancelable reservations, providing a traceable record for IRCC and protecting Canadian hotel owners.

### **Recommendation 2: Hold immigration consultants accountable for fraudulent TRV applications.**

The federal government must hold immigration consultants accountable for fraudulent hotel bookings. By collaborating with the College of Immigration and Citizenship Consultants (CICC), the government should address the lack of accountability, particularly among unauthorized practitioners. New technology should be used to help IRCC identify those behind these frauds and alert law enforcement proactively. Once identified, consequences such as disciplinary action or fines should follow.

IRCC should also coordinate closely with Canada Border Services Agency (CBSA) and local law enforcement to target bad actors. These changes are vital given the upcoming digital visa pilot in 2025.<sup>3</sup>

### **Recommendation 3: Create a reporting system for hotel sector fraud and educate Canadian businesses on reporting booking fraud to the government.**

The federal government should create a reporting system for the hotel sector to quickly flag fraudulent activity to IRCC. This should be complemented by an educational campaign for businesses on using the system and reporting booking fraud. HAC is ready to help develop this program and raise awareness among its members.

## SECTION FOUR

# Taking Action to Protect the Integrity of the TVP is in Alignment with Government's Key Priorities

Canada's political leaders, across multiple levels of government, have recognized the need to address fraud in the immigration system. The federal government has adopted measures in several areas to prevent fraud, including International Students, the Temporary Foreign Worker Program, and In-Canada Work Permits.<sup>456</sup>

Provincial governments across the country have also taken notice and some have implemented their own measures to combat fraud. For example, Saskatchewan introduced enhanced regulatory oversight and investigative powers, and Ontario increased Administrative Monetary Penalties against fraudulent recruiters.<sup>78</sup> Auditor generals assessing provincial nominee programs in both Nova Scotia and British Columbia have also provided recommendations to their respective governments on the need to introduce stronger penalties against immigration fraud.<sup>910</sup>

The integrity of Canada's immigration system and the economic prosperity of hotel

sector are at play. Cracking down on fraudulent hotel bookings by requiring pre-paid bookings, holding immigration consultants accountable and investing in a booking fraud reporting mechanism, aligns with the Government's commitment to preserve the integrity of the immigration system.

# Appendix

	HAC Members (n=2000)	84% Canada's Hotel Sector (n=6963)
# of fraudulent booking YTD	1.1 million bookings	3.8 million bookings
Foregone Revenue	\$133 million - \$173 million	\$462 million - \$603 million

## Fraudulent Booking Survey Questions:

1. Where are your businesses primarily located?
2. In what province or territory are your businesses primarily located?
3. How many properties does your organization represent?
4. Have you experienced fraudulent bookings in 2024?
5. What percentage of properties in your portfolio have experienced fraudulent bookings in 2024?
6. Have you experienced fraudulent bookings in 2023?
7. What percentage of properties in your portfolio have experienced fraudulent bookings in 2023?
8. Which countries have the fraudulent bookings come from?
9. On average, please quantify the revenue loss you have experienced at your properties in 2024 due to fraudulent bookings.
10. On average, please quantify the revenue loss you have experienced at your properties in 2023 due to fraudulent bookings.
11. When you discovered you were the victim of booking fraud, what did you do?
12. Any further comments on the impact of fraudulent bookings?

# Endnotes

1. <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/transparency/transition-binders/deputy-minister-2024/public-opinion-research.html>
2. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610023001&pickMembers%5B0%5D=4.3&cubeTimeFrame.startMonth=01&cubeTimeFrame.startYear=2023&cubeTimeFrame.endMonth=10&cubeTimeFrame.endYear=2023&referencePeriods=20230101%2C20231001>; [https://www.destinationcanada.com/sites/default/files/archive/1909-Year-in-Review%20Overnight%20Arrivals%20Infographic%20-%202023/2023-YearEndInfographic\\_EN-DC.pdf](https://www.destinationcanada.com/sites/default/files/archive/1909-Year-in-Review%20Overnight%20Arrivals%20Infographic%20-%202023/2023-YearEndInfographic_EN-DC.pdf)
3. <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/transparency/transition-binders/deputy-minister-2024/temp-immigration-visitors.html>
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6. <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/ends-tpp-allowing-visitors-apply-work-permits-within-country.html>
7. <https://www.saskatchewan.ca/residents/moving-to-saskatchewan/live-in-saskatchewan/by-immigrating/protection-for-immigrants-and-foreign-workers>
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# About the Hotel Association of Canada

The Hotel Association of Canada is the leading voice of the Canadian Hotel & Lodging industry, bringing legislative solutions to industry challenges. We deliver targeted advocacy for fair rules for the sharing economy, to address Canada's hotel workforce shortage, and for sustainability solutions for the hotel industry across Canada. For more information, please visit [www.hotelassociation.ca](http://www.hotelassociation.ca).

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