

## Anti-Money Laundering Fact Sheet

Money laundering is the process of cleaning money which has been gained from criminal activity in order that it appears to have been legitimately acquired. In the property sector it often involves buying a property using the proceeds of crime and selling it on or renting it out to give the criminal an apparently legitimate source of funds. It can also involve criminals using complex company structures and multiple bank accounts to disguise the real purpose of a transaction and hide the actual (beneficial) owner.

### Why should I be interested?

The sheer size of the UK PRS and the high value of property assets means that extremely large amounts of criminal funds can be 'cleaned' in a single transaction. The sales and lettings sectors, property auctioneers and high value dealers are all attractive targets. Both small and large agencies are susceptible to criminal activity.

Whilst the PRS remains largely unregulated, money laundering activity is a criminal offence and without minimum standards, the industry is vulnerable to attack. Make sure you understand the rules, it is important to understand and know about the risks and ensure criminal gangs or unscrupulous individuals are not using your properties to exploit their ill-gotten gains

Agents & Landlords must put in place procedures to anticipate and prevent money laundering and help reduce the risk that criminals may exploit your properties for financial crime.

### Main points:

- Develop a written, up-to-date risk assessment of the location you operate in, the customers you have and the value of transactions you are undertaking.
- Prepare a written policy statement and procedures to show how your business will manage the risks of money laundering.
- Train and support staff to understand and implement these policies.
- Ensure that procedures and audit processes are applied to all branches in or outside the UK.
- Appoint a nominated officer (**Money Laundering Reporting Officer - MLRO**) to report suspicious activity to the **National Crime Agency (NCA)**.
- Ensure suitable control measures are in place

## ENFORCEMENT

If a person or business fails to comply with the Money Laundering Regulations 2017, they may face civil penalties or criminal prosecution. This could result in unlimited fines and/or a prison term of up to two years. It is a criminal offence to provide estate agency services without being registered with **HMRC**.

A civil penalty can be imposed for providing services without being registered with **HMRC** for **AML** supervision.

It's also an offence if you fail to update information for registration and renewals.

The possible penalties are:

- On summary conviction, a fine up to the statutory maximum of £5,000.
- On conviction on indictment, a prison sentence of up to two years and an unlimited fine, or both.