

Summary of Money Laundering Regulations 2007

The main money laundering offences apply to everyone. An offence is committed if one knows or suspects that they are dealing with proceeds of crime or money laundering without reporting it. It is an offence to fail to report suspicious activity.

Estate Agents' businesses are vulnerable to Money Laundering, Criminal Activity and Terrorist Financing. Our Policy and Procedures Document details the steps we take to prevent our services being used for money laundering.

Areas of Particular Concern

- estate agency staff being offered bribes, for example in relation to valuations or planning applications
- where the source of funds may be a result of mortgage fraud by a customer or mortgage broker
- landlords not complying with their legal obligations
- attempts to pay fully or partially for the purchase of a property from the proceeds of criminal activity like internet fraud, drug dealing, prostitution or human trafficking
- acceptance of disproportionate corporate hospitality
- use of a client fund account for non property transactions or other funds handling services
- tenants attempting to sell properties they have rented
- passing off stolen property at auctions

Customers of Particular Concern

- how the customer comes to the business, for example non face to face customers, occasional transactions, the pattern of behaviour and any changes to it and corporate customers, partnerships, or trusts
- if you undertake business in areas with a highly transient population
- the customer base may be unstable or have a high turnover
- where you act for international customers or customers you do not meet
- if you accept business from abroad, particularly tax havens, or countries with high levels of corruption, or where terrorist organisations operate
- where you act for entities that have a complex ownership structure or a cross border element
- payments that are made to or received from third parties

Suspicious Activity

- checking the customer's identity is difficult
- the customer is reluctant to provide details of their identity or provides fake documents
- the customer is trying to use intermediaries to protect their identity or hide their involvement
- no apparent reason for using your business's services - for example, another business is better placed to handle the size of the transaction or the location of the property
- part or full settlement in cash or foreign currency, with weak reasons
- use of cash in a quick sale, or cash exchanges directly between seller and buyer - perhaps including cash deposit
- poor explanation for the early redemption of a previous mortgage, especially where redemption incurs a penalty cost
- the customer or other party does not take up services that are attractive
- the property value doesn't fit the customer's profile
- the customer has not viewed the property or has only seen it on the internet
- customers are similar - a group of purchasers with similar profiles purchasing new builds or off plan can be an indicator of organised mortgage fraud

Suspicious Circumstances

- a property has multiple owners or is owned by nominee companies
- sale price significantly above or below market price
- an unknown third party appears at a late stage
- unusual speed or requests to expedite transactions unnecessarily
- a sudden or unexplained change in ownership
- the immediate resale (flipping) of property at a higher value
- a third party, apparently unconnected with the customer, bears the costs, settles invoices or otherwise pays the transaction costs
- the customer requests payment to a third party who has no apparent connection with the customer
- an unusually big cash or foreign currency transaction, and the customer will not disclose the source of the funds
- unusual involvement of third parties, cash gifts, or large payments from private funds, particularly where the buyer appears to have a low income
- you're asked to hold a big sum in your client account, then refund it to the same or a different account
- proceeds of a sale or rental sent to a high risk jurisdiction or unknown third party
- successive transactions, especially of the same property, with unexplained changes in value
- unusual source of funds, for example complex loans or unexplained charges
- the owner, landlord or builder isn't complying fully with their legal obligations, perhaps to save money
- a previously sold property is re-marketed following renovation without an obvious source of funding

THIS LIST IS NOT EXHAUSTIVE AND SERVES ONLY TO HIGHLIGHT EXAMPLES OF WHICH STAFF MUST BE AWARE.
