
Money Laundering Regulations 2007

Information for estate agents and consumer credit licence holders

June 2008

As an estate agent or consumer credit lender you have had to comply with money laundering regulations for some years. New regulations, come into force on 15 December 2007 which mean that your compliance with the anti-money laundering regulations will be supervised by the Office of Fair Trading (OFT) and local authority Trading Standards Services (TSS).

The OFT has produced this information sheet to give your business an overview of your obligations under the Money Laundering Regulations 2007 (the regulations). Full guidance is available at:

www.oft.gov.uk/mlr

Is my business supervised by the OFT?

Estate agents: If you are engaged in estate agency work (as defined by the Estate Agents Act 1979) you must comply with the regulations and will be supervised by the OFT unless you are specifically excluded. Letting agents are not included in the definition of estate agents.

Consumer Credit Financial Institutions (CCFIs):

A CCFI is a consumer credit lender who is not authorised by the Financial Services Authority (FSA). As a consumer credit lender the business should hold a consumer credit licence for category A, however, the OFT will supervise those businesses that require a category A licence whether they hold a current licence or not.

If you are engaged in lending but do not hold a current consumer credit licence for category A you should apply for one. If you hold a consumer credit licence, but not for category A and do not lend, you will not be a CCFI and not be supervised by the OFT. If despite holding a category A licence you do not engage in lending you will not be a CCFI and not be supervised by the OFT.

If you are unsure who your Supervisory Authority is you may find it helpful to refer to the 'Who is my supervisor?' flowchart which can be found at:

www.ofc.gov.uk/mlr

My business falls under the regulations – what must I do?

You are required to put in place anti-money laundering controls in order to anticipate and prevent your business being used by criminals to launder money and fund terrorism. You must:

- confirm your customer's identity before entering into a business relationship or occasional transaction with them and obtain information on the purpose or nature of the business relationship
- conduct ongoing monitoring of the business relationship as appropriate to ensure that transactions are consistent with your knowledge of the customer and the customer's business
- keep records obtained in establishing your customers' identity and of business relationships for five years
- put in place checks, controls and procedures in order to anticipate and prevent money laundering or terrorist financing

- train your staff in those procedures and in the law relating to money laundering and terrorist financing
- appoint a nominated officer or money laundering reporting officer (MLRO). The MLRO should receive and consider internal disclosures of suspicious activity from within your business and make suspicious activity reports to the Serious Organised Crime Agency
- if you are a sole trader with no employees, you do not have to appoint a MLRO but you have to carry out the MLRO activity.

These requirements (or obligations) should be carried out on a risk sensitive basis. This means that you should identify the risks or likelihood that your business may be used to launder money or fund terrorism. The extent that you implement these controls may be enhanced where you have identified increased risks. The OFT's guidance gives some examples of factors to help you assess risks.

Do I have to register with the OFT?

We have decided that we will require firms to register with the OFT. We are currently developing our thinking of how and when to require registration.

Do I have to pay fees to the OFT?

Yes, businesses will be required to pay fees to the OFT. However, we have not yet calculated final fees due from business. No fees are currently payable but that will change in coming months.

We will be updating our website with information about registration and fees in due course:

www.oft.gov.uk/mlr

What happens if I fail to comply with the regulations?

Our aim is to ensure that compliance levels are raised. The OFT's guidance should help you to understand what you must do.

However, if you fail to put in place the anti-money laundering controls to protect your business and prevent it being used by criminals to launder money or fund terrorism this could result in:

- prosecution by the OFT or TSS which could result in unlimited fines and or a prison term of up to two years

- imposition of civil financial penalties by the OFT (a different sanction to prosecution).

Where can I find further information?

The Money Laundering Regulations 2007 core guidance (OFT954) provides detailed advice on the anti-money laundering controls that businesses must put in place. This can be found at:

www.offt.gov.uk/mlr

Information on consumer credit licences can be found at:

www.offt.gov.uk/oft_at_work/enforcement_regulation/credit_licensing/

Information on estate agency can be found at:

www.offt.gov.uk/advice_and_resources/resource_base/legal/estate-agents-act/