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# Agent fined by OFT over money laundering regulations

25 January 2013

Written by rosalind renschaw

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An estate agent has been fined almost £12,000 for failing to comply with anti money laundering regulations

The Office of Fair Trading has hit Leicester-based IPS Estate Agents with a penalty of £11,844.

The firm, which has a no-commission business model and charges sellers from £349, failed to comply with a number of requirements under the Money Laundering Regulations 2007.

The firm was, correctly, on the anti-money laundering register but the OFT said that it had failed to verify the identity of customers, keep records, ensure staff awareness and have proper policies.

According to the OFT, the failures relate to the period between March 2010 and October 2011. The OFT visited the premises to check compliance with the Regulations in June 2011 and again in October 2011.

Kate Pitt, OFT deputy director of anti money laundering, said: "This fine sends out a message to all estate agents that they need to have appropriate measures in place to prevent their business from being used for money laundering or terrorist financing purposes."

Separately, the OFT has published the names of three agents that were banned from estate agency work last year for failing to join a redress scheme.

The cases were not publicised at the time, an omission the OFT says it has now put right.

They are:

John Shepherd, trading as Grove Estates, Newport, Wales (order made June 1, 2012).

Gerald Speed, trading as Speed Property, Stirling, Scotland (order made April 2, 2012).

Move Direct, Southampton (order made September 11, 2012).

All three had been fined £1,000 by their local Trading Standards before being found by the OFT as being unfit to practise estate agency work.

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## COMMENTS

**Peter Grimshaw**



Sorry - ignore the last question.

There is a condition in the FSA2000 which sets the MLR2007 up as a standalone piece of legislation which is FSA2000 402,1,b - which is terms misapplication of the MLR2007 as an 'other' offence.

So I was trying to be a bit too clever earlier.  
Just trying to avoid some burdensome red-tape really!

Bye !

Peterg

15 June 2013 11:04 AM

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**Peter Grimshaw**



I am struggling to see how most estate agent activities come under the MLR 2007.

The MLR 2007 is an extension of the Financial Services Act 2000 (FSA 2000) and refers back to it.

The FSA 2000 is primarily legislation concerned with those that give advice on investments.

It defines the "regulated activities" it refers to in Part II section 22, and in an additional 'Schedule 2'. It never mentions entire business sectors as far as I can see, just regulated activities. Which is fair enough.

Check

[www.legislation.gov.uk](http://www.legislation.gov.uk) and type 'financial services act' and '2000'.

My interest is that I do quick and simple tax returns over the internet sometimes, and it seems madness to have to apply MLR to something that is my clients legal obligation to fulfil anyway. I believe 'doing a tax return' is NOT a regulated activity under FSA 2000, although HMRC guidance is that the 'accountancy sector' has to register (which I am and I do all due diligence).

What muddies the water, is that there is other legislation against fencing money - Proceeds of Crime Act (POCA) 2002 - for example, where if you think someone is a crook you have to do a SOCA report, but this works independently of the MLR, so you still need to tell the authorities if you sense a wrongun, but don't need to have applied the MLR if you are not a 'regulated activity' in my view.

Do estate agents give investment advice ? Are they part of the UK 'Financial Market' ? (FSA 2000 Section 1,3 thru 5). That's a bit of a stretch isn't it?

I think the authorities have used a broad brush to paint whole industry sectors as coming under the MLR, where the legislation only talks about certain investment-related activities, which is a smaller area of business.

So is the authority here applying the fine correctly ? Which bit of investment advice has the estate agent incorrectly applied the MLR to?

The FSA 2000 defines it's remit as (Part 1,3):

"The market confidence objective is: maintaining confidence in the UK financial system.

In this Act "the UK financial system" means the financial system operating in the United Kingdom and includes—

- (a) financial markets and exchanges;
- (b) regulated activities [see Schedule 2]; and
- (c) other activities connected with financial markets and exchanges."

Peterg

**15 June 2013 09:42 AM**

**lone ranger**

It is not about signing up to the scheme, it is about complying with the law! Same as registering deposits is the law and not using the money as your own !

**28 January 2013 13:22 PM**

**Hawkeye, it is not about handling the money**

It is about working out where pots of money are coming from.

Is it cash from Drugs, Child porn, fraud etc? Is it money from undeclared income? The clue is in the name of the act! Dimwit?

**27 January 2013 06:30 AM**



I

Seems a bit much, shouldn't they have guided agent as he did sign up to the scheme. We are sure plenty don't.

**26 January 2013 18:45 PM**

**lone ranger**

They do lettings as well and OFT should look at their lack of deposits registered as Mr Kamal Johal thinks he is above the law

**25 January 2013 16:20 PM**

**Hawkeye**

@Michael. Thank you - you are the first. See how many others make comment here.

**25 January 2013 14:20 PM**

**Same**

Prob not in a redress scheme either, law breakers tend to do it more than once

**25 January 2013 12:12 PM**

**Michael Saville**

We're a Letting Agent and definitely care about money laundering reg's. We're registered with the MLO voluntarily and have reported suspicious activity in the past to SOCA as we are obliged to do. We have had a rule against taking cash (and are very wary of those who offer it) for over 7 years and take copies of ID for all clients, etc. It's simply best practice to do so.

25 January 2013 09:46 AM

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**OFT wakes up?**

Good its the law, just do it.

25 January 2013 09:36 AM

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**Hawkeye**

What a shame for the agent. This legislation is codswallop as agents do not handle any money in sales and the sooner these dimwts spot that the better.

However in the rental sector this is a different matter altogether. How many of you take cash for rent and deposit? Is it laundered? Do you care? I stopped doing this as it was costing me 1% of the deposited money in bank charges and for no other reason! However this leaves a door shut as far as I am concerned. Who else only takes money on line or bankers draft or cheque in advance of the rent date and who makes copies?

25 January 2013 09:21 AM

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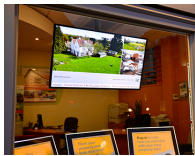


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