



UK LETTING AGENTS:

# WHAT YOU NEED TO KNOW ABOUT THE **UPCOMING AML CHANGES**

Stay ahead of the new Financial Sanctions regulations  
with clear insights on the rules and penalties.



**From the 14<sup>th</sup> May 2025, the UK Government plans to enact changes to the UK's Anti-Money Laundering (AML) and Financial Sanctions laws.** The latest changes will require regulatory compliance from previous exempt sectors, including Letting Agents. These changes are a significant expansion of compliance obligations that aim to close existing loopholes in the fight against financial crime, with an estimated £100 billion laundered annually through the UK or UK-linked entities.

This guide outlines the legislative changes, core obligations, penalties for non-compliance, and actionable steps to prepare for these regulations.

## Money Laundering In The UK: Key Findings

Money laundering networks are becoming increasingly sophisticated. Despite the scale of the problem, existing regulations and systems of money laundering defence systems remain limited.

- **It's anticipated that over £12 billion in criminal proceedings is generated annually within the UK.**
- **£100 billion is estimated to be laundered through the UK or UK-linked entities each year.**
- **Between the tax year 2022–2023, only 0.27% (£270 million) of laundered funds were intercepted and denied to criminals.**
- **Between \$1.7 billion and \$5.1 billion in illicit cryptoasset transactions are estimated to involve UK-linked entities annually.**
- **41% of the most threatening criminal networks conduct laundering activities through property investments.**
- **86% make use of legal business structures, using shell companies, trusts and obscure ownership to facilitate their operations.**

### Overview Of Legislative Changes

The upcoming changes will see previously exempt sectors, including Letting Agents mandated to comply with money laundering and financial sanctions reporting. The changes are a significant expansion of existing compliance reporting aimed at closing loopholes in the financial system.



## The Upcoming Regulatory Changes Will:

- ✓ Apply to all letting agency work which was previously capped to high-value rental properties, removing the £120,000 rental value threshold.
- ✓ Expand existing AML and financial sanctions reporting requirements to include tenants, guarantors, and landlords.
- ✓ Require letting agents to adopt proactive measures for identifying and reporting on financial crime in the sector.

## Core Obligations For Letting Agents

Money laundering rules already exist within the letting market, however, the new regulations require letting agents to comply with financial sanctions and money laundering rules, with key requirements including:

- ✓ **Reporting to the Office of Financial Sanctions Implementation (OFSI):**  
You must report any knowledge or suspicion that a person or entity is subject to current financial sanctions.
- ✓ **Timely reporting:**  
Ensuring all reports are made "as soon as possible" after identifying a potential breach.
- ✓ **Records:**  
Maintain a detailed record of all compliance-related activities for a minimum of five years.
- ✓ **Risk assessment:**  
Letting agents must perform adequate risk assessments to identify high-risk transactions, individuals or entities.
- ✓ **Identity verification:**  
The identification of individuals or entities mentioned in the tenancy agreement must be verified using official documentation or digital solutions.
- ✓ **Financial sanctions checks:**  
Perform financial sanctions checks on all prospective tenants mentioned in the tenancy agreement.

Unlike the existing rules, the new obligations encompass all properties regardless of the rental value, placing greater responsibility on letting agents combat money laundering in the sector.



## Penalties For Non-Compliance

Failure to comply can result in significant penalties, including unlimited fines and other enforcement measures:



**Unlimited  
Fines**



**Reputational  
Damage**



**Criminal  
Charges**

Up to five years in prison or  
forced business liquidation.

Recent cases highlight the impact of non-compliance:

- Between **April and September 2023, 254 estate agents** were fined a total of **£1.6 million** for failing to meet AML requirements, with individual fines ranging from **£1,500 to over £50,000**.
- HMRC added **68 estate agents** to its list of non-compliant businesses, with fines exceeding **£500,000**.

These recent cases highlight the importance of complying with regulations to avoid financial and reputational repercussions.

## Preparing For Compliance

To ensure compliance with the new regulations, letting agents must:

- ✓ **Implement financial sanctions checks**  
Use reliable tools to identify restrictions on all relevant parties.
- ✓ **Verify all identities of parties**  
Conduct digital or document-based ID checks for tenants, landlords, and guarantors.
- ✓ **Perform comprehensive risk assessments**  
Analyse financial backgrounds and tenancy purposes to flag high-risk activities.
- ✓ **Report to OFSI**  
Ensure all staff are trained to identify and report breaches promptly.
- ✓ **Maintain detailed records**  
Securely store compliance data to withstand audits.



## Simplifying Compliance With Creditsafe ID Verification Plus

Successfully navigating AML and financial sanctions is complex enough, especially for businesses with an overreliance on manual processes. With effective risk management supporting business growth, simplifying these processes is essential.

Creditsafe's ID Verification Plus solution simplifies compliance processes, combining **identity verification**, **sanctions screening**, and **ongoing monitoring** in one platform.

### How Creditsafe ID Verification Plus supports letting agents:

#### 1. Identity Verification

- IDV+ Instantly validate identity documents such as passports and driving licences.
- Biometric matching ensures authenticity and reduces the risk of fraud.

#### 2. Sanctions Screening & Monitoring

- Automatically screen all tenants, guarantors, and landlords against the UK's sanctions list.
- Receive real-time alerts for potential matches and ongoing monitoring throughout the tenancy duration.

#### 3. Risk Assessment & Reporting

- Easily generate risk profiles and automate enhanced due diligence (EDD) for high-risk cases.
- Produce detailed reports for OFSI submissions and maintain a comprehensive audit trail of records.

## Why Choose Creditsafe ID Verification Plus?



### Save Time

Automating manual compliance processes speeds up tenant onboarding and improves operational efficiency.



### Reduce Errors

Minimise human errors and improve accuracy in identity verification and sanctions checks.



### Stay Compliant

Effortlessly meet all regulatory standards, ensuring peace of mind and freeing up resources for strategic activities.



# HOW CREDITSAFE SUPPORTS LETTING AGENTS AND PROPERTY FIRMS:

**Navigating AML and financial sanctions can be challenging, especially for businesses relying on manual processes.**

Creditsafe simplifies tenant and landlord checks with a fast, secure online solution, allowing instant remote verification while ensuring the highest data security standards.

## Discover our suite of tailored solutions:



### Right To Rent Checks

Check a tenant's Right To Rent status in just a few clicks with our certified solution.



### AML Checks

Verify your client's identity and check the latest PEPs/Sanctions lists.



### Identity Verification

Verify identity documents like passports and driving licences with biometric matching, ensuring authenticity and reducing fraud risk.



### KYC Checks

Run extensive background checks on clients including sanctions and adverse media.

Trusted by over 2,000 property firms...

Dexters

rightmove

JLL

CURCHODS

**Ready to streamline your client onboarding and compliance?**

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