11 Biggest Estate Agents Money Laundering Mistakes

The National Association of Estate Agents have suggested that the HMRC have made unscheduled visits to individual agency's to check on their compliance with the anti-money laundering procedures.

The NAEA have issued this statement saying "We wholeheartedly support HMRC in conducting these checks and in the wider battle to fight the criminals. We also want to ensure that NAEA agents are the best in the business, but understand that with so many other priorities it's easy to let your knowledge slip, and even the most diligent of agents need refreshers now and again".

The visits have not been generated by suspicions of illegal activity or because of breaches to the approved anti-money laundering processes, but the NAEA has issued a round-up of the responsibilities and duties of estate agents.

In terms of suspicious activity, agents should look out for the following:

1. Any activity which does not make professional or commercial sense or where clients appear uninvolved or uninterested in the process;

2. Property prices that do not correspond with market value. An agent's own experience of the market should indicate whether a property has been properly valued;

3. Properties that have multiple owners or are owned by nominee companies – they may be an attempt to disguise the true owner and/or to confuse the audit trail;

4. Purchases made without a property being viewed (not including auctions), or having only been viewed over the internet;

5. Sudden or unexplained changes in ownership, or immediate resale (flipping) of property at a higher, artificially inflated value;

6. A previously sold property which reappears on the market having been extensively renovated, without an obvious source of funding (run-down properties may be bought legally, but then renovated using criminal funds);

7. Customer similarity (a group of purchasers with similar profiles purchasing new builds or off-plan). This can be an indicator of organised mortgage fraud (mortgage fraud for profit) or 'flipping';

8. Inconsistent or weak reasons for paying cash; offering large amounts of cash as the means of payment for property purchases, deposits, rent, interest or fees;

9. The use of cash coupled with a quick sale, or cash exchanges directly between seller and buyer, including cash deposit;

10. Doubtful or unusual sources of funds. This includes unusual involvement of third parties, cash gifts, or large payments from private funds, particularly where the buyer appears to have a low income. This type of funding may be an attempt to disguise the true owner of the property;

11. Poor explanations for the early redemption of previous mortgages, especially where there has been a penalty cost involved.