

2.1. PCH carries out activities regulated by anti-money laundering (AML) HMRC supervision, and some activities that are covered by other legislation:

PCH activity	Regulation/legislation and checks required
	<ul style="list-style-type: none"> • Subject to POCA, Terrorism Act and other AML legislation • Customer due diligence checks required
Other property sales where we are selling PCH (or subsidiary) owned properties (including RTB/RTA, open market outright or shared ownership sales, commercial property, disposals, etc).	<ul style="list-style-type: none"> • Customer due diligence checks required • Subject to POCA, Terrorism Act and other AML legislation
Limited consumer lending (to help leaseholds spread the cost of major works payments)	<ul style="list-style-type: none"> • Customer due diligence checks required • Subject to FCA Consumer Credit Authorisation regulation • Subject to POCA, Terrorism Act and other AML legislation
Rent refunds	<ul style="list-style-type: none"> • Internal checks and due diligence checks required • Subject to POCA, Terrorism Act and other AML legislation
Commercial property lettings	<ul style="list-style-type: none"> • Customer due diligence checks required • Subject to POCA, Terrorism Act and other AML legislation
Social Housing lettings	<ul style="list-style-type: none"> • Right to Rent checks by local authority • Subject to POCA, Terrorism Act and other AML legislation
Appointment and payment of contractors, suppliers and consultants	<ul style="list-style-type: none"> • Procurement and due diligence checks required • Subject to POCA, Terrorism Act and other AML legislation

2.2. The principal offences of POCA/money laundering are:

- concealing, disguising, converting, transferring or removing criminal property from UK
- entering into or becoming concerned in an arrangement which facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- acquiring, using or possessing criminal property

2.3. There are 'third party' money laundering offences that relate to the suspicion or knowledge that money laundering is taking place:

- failing to disclose knowledge or suspicion of money laundering to the Nominated Officer or in the case of the Nominated Officer, failing to report to the NCA
- tipping off any person that such a disclosure has been made in such a way as to reduce the likelihood of their being investigated or prejudicing investigation

2.4. Under the Terrorism Act 2000, we must report suspicions of offences related to terrorist financing. The risk of PCH's business being targeted by terrorists is assessed as low.

2.5. This policy sets out that PCH will meet the following obligations (these are specifically in relation to HMRC supervised 'Estate Agency' activity, however we also apply them to activities where there is a risk of money laundering):

- Appoint a Nominated Officer (NO) responsible for reporting suspicious activity to the National Crime Agency (NCA) (reporting template in Appendix C) – Head of Governance is NO and Sales and Marketing Manager and Financial Controller are Deputy NOs
- Ensure staff are aware and provided with regular training
- Fit and proper person
- Carry out a formal, annual assessment of money laundering risks, including market changes and changes in products, customers and the wider environment (risk assessment in Appendix D)
- Ensure internal procedures, systems and controls, including staff awareness, adequately reflect the risk assessment (Appendix D)
- Undertake customer due diligence (CDD) checks and ongoing monitoring to ensure compliance with procedures (Appendix B)
- Ensure customer identification and acceptance procedures reflect the risk characteristics of customers and take further measures for higher risk situations that may be identified (procedures shown in Appendix B)
- Maintain accurate, up to date records of identification checks and appropriate retention of records (Appendix B)
- Manage control systems
- Review this policy annually
- Provide compliance assurance to EMT and Board annually

3. Customer Due Diligence (CDD)

3.1. Customer due diligence (CDD) means:

- taking steps to identify customers and checking they are who they say they are ('know your customer'), even if they are known to PCH
- identifying any beneficial owner (the person who is behind the customer and who owns or controls the customer, or the person on whose behalf a transaction or activity is carried out)
- checking the source of the funds
- conducting ongoing monitoring of the relationship, to ensure transactions are consistent with what PCH knows about the customer and maintaining records of these checks
- carrying out our own CDD and not rely on third parties
- review the electronic identity verification (EIDV) (where used) with the evidence provided and complete a risk assessment
- a risk assessment is completed and advice provided for each SO/RTB/RTA property sale

3.2. CDD must be carried out before any relevant transactions take place (see Appendix B for procedures). The extent of CDD depends upon the level of risk. There is information on 'enhanced due diligence' (EDD) and when it may be necessary in Appendix B.

3.3. If an employee cannot comply with the CDD measures, they must take advice from the NO/Deputy NO who will consider whether to make a suspicious activity report. They must not:

- carry out a transaction with or for the customer
- establish a business relationship or carry out an occasional transaction with the customer

4. Cash Payments and Refunds

4.1. PCH does not normally accept physical cash payments. If a request to make such a payment is received, the Financial Controller or Head of Incomes must be consulted beforehand. If they agree, staff must carry out CDD before accepting the payment.

4.2. Where refunds are requested, they should be in line with current policy and staff should carry out CDD and consider the value very carefully as well as any unusual patterns of overpayment proceeding the refund request. Financial Regulations set the delegation levels for staff signing off refunds. Any significant overpayment resulting in the need for a refund will need to be properly investigated and authorised by a member of the Executive Team before payment is made.

5. Reporting Suspicious Activity

5.1. All staff are required to report suspicious activity if they have reasonable grounds for suspecting money laundering.

5.2. Staff must report to the Nominated Officer (NO) (Head of Governance) or the Deputy NO (Sales and Marketing Manager or Financial Controller) via email or using the internal reporting form shown in Appendix C) as soon as possible. The NO will decide whether to make a report to the National Crime Agency (NCA).

5.3. The NO can make a suspicious activity report even if no transaction takes place. The report should include as much relevant information about the customer, transaction or activity as PCH has on its records.

5.4. As noted above, it is a criminal offence to do or say anything that 'tips off' someone that a suspicious activity report has been made. It is essential that no-one informs the customer that:

- the transaction is being or was delayed because a suspicion has been raised
- details of a transaction have or will be reported to the NCA
- law enforcement agencies are investigating the customer or transaction

6. Staff Awareness and Training

6.1. As part of their induction, within 3 months all new employees carry out fraud training which includes anti-money laundering; this is noted as a basic course on the training matrix for each role and is repeated every 2 years except for non-desk-based staff who review the fraud animation every 2 years.

6.2. All staff undertaking activities considered to be 'high risk' (in a role responsible for relevant transactions, initiating and/or establishing business relationships or in a position to identify suspicious activities) undergo additional, specialist anti-money laundering training annually (those marked with * are named on the HMRC AML registration):

Department	Team	Job role	Course
Development	Sales	*Admin Assistant	Intermediate
	Development	*Head of Development	Intermediate
	Sales	*Sales & Marketing Manager (Deputy Nominated Officer)	Intermediate
	Sales	*Sales Administrator	Intermediate
	Sales	*Sales Officer x2	Intermediate
	Sales	*Senior Sales Officer x2	Intermediate
	Sales	Valuation Surveyor	Basic
	Sales	Assistant Sales Officer	Intermediate
Housing Choices		Housing Choices Officer	Intermediate
		Viewing Officer	Intermediate
Finance		*Financial Controller (Deputy Nominated Officer)	Intermediate
		Incomes & System Manger	Intermediate
		Senior Accounts Receivable	Intermediate
		Finance Officer Accounts Receivable	Intermediate
		Finance Assistant	Intermediate
Procurement		Buyer	Intermediate
		Procurement Coordinator	Intermediate
		Procurement Administrator	Intermediate
		Head of Procurement	Intermediate
Commercial & Leasehold		Beacon Officer	Intermediate
		Leasehold Officer	Intermediate
		CP & Leasehold Manager	Intermediate
		Leasehold Team leader	Intermediate
		Assistant Housing Officer	Intermediate
Governance		*Head of Governance (Nominated Officer)	Intermediate
		*Governance Officer (Information & Compliance)	Intermediate
EMT		*CEO	Intermediate
		*Executive Director of Homes and Neighbourhoods	Intermediate
		* Executive Director of Corporate Services	Intermediate
		* Executive Director of Business Services & Development	Intermediate

7. Responsibilities

7.1. Head of Governance is the Nominated Officer (NO) for money laundering reporting purposes and is responsible for:

- maintenance of this policy, which is reviewed annually with relevant managers, or when good practice/legislation changes or lessons learnt

- deciding what activity needs to be reported to the NCA (the NCA is then responsible for any subsequent action)
- updating the risk assessment annually
- overseeing appropriate internal controls
- reporting annually to EMT and Audit and Risk Committee

7.2. The Sales and Marketing Manager and Financial Controller deputise for the NO when they are unavailable and participate in the assessment of risks and reporting SARs. The Sales and Marketing Manager will also:

- review randomly selected records produced during the preceding period to ensure compliance with Policies and Procedures
- ensure all appropriate supporting documentation are held
- carry out any corrective action required as a result of non-compliance

7.3. EMT and Board (delegated to the Audit and Risk Committee) are responsible for:

- establishing and maintaining an environment that is resistant to money laundering
- annually checking the adequacy of systems and internal controls to gain assurance over their effectiveness (internal audit to be used as appropriate)
- implementing remedial and improvement actions to strengthen and improve controls

7.4. Relevant managers are responsible for:

- implementing this policy and monitoring its effectiveness within their team
- ensuring their team comply with appropriate CDD, maintain accurate up to date records and apply the appropriate retention of those records from completion of the transaction
- assisting with the review of the policy and risk assessment
- facilitating the required training

8. Equality, Diversity and Inclusion

8.1. PCH will apply this policy consistently and fairly and will not discriminate against anyone based on any relevant characteristics, including those set out in the Equalities Act 2010.

8.2. PCH will make this policy available in other languages and formats on request.

9. Related documents

- Fraud Policy
- Appendices

10. Policy Review

Version/Date	Consultation & Approval Process				Review
	Staff/ Stakeholders	Committee/ Board	EMT	Staff Forum	
AML v6 July 2022	Jan-Jun 2022	Due ARC July 2022	TBC	x	July 2024
Update 13 Apr 2023: removed retention info as held within	n/a	n/a	n/a	n/a	July 2024

separate retention register					
Update Jul 2023 including learning from HMRC AML visit	Working with Sales team	n/a	24 Jul 2024	X	Jun 2025

Policy Appendix A

PCH Anti- Money Laundering Risk Assessment

Last updated 24 Jul 2024

PCH is Plymouth's largest housing association with over 16,000 properties. We operate across the Plymouth City Council area and travel to work area, which covers villages and market towns in Devon and Cornwall. We have 650 staff providing landlord and support services.

PCH is a not-for-profit organisation with charitable status and is regulated by the Regulator of Social Housing. Our core values are to care, listen, respect, and do the right thing.

Some of PCH's activities carry a risk of money laundering and our policy and risk assessment set out our risk-based approach to compliance. We ensure that in all appropriate parts of our organisation we make relevant customer due diligence (CDD) checks. The transactions involve third parties, such as solicitors, banks, building societies, etc. who are subject to the same legislation. Transactions are dealt with via email, letter phone or face to face.

Property sales are particularly at risk of being targeted for money laundering and the National Risk Assessment states that "the purchase and sale of properties and therefore estate agency services are at **medium** risk of money laundering" and that "the risk of terrorist financing through the property sector is **low**" (Dec 2020 [NRA 2020 v1.2 FOR PUBLICATION.pdf \(publishing.service.gov.uk\)](#)). PCH has Anti-Money Laundering (AML) procedures, individual sales risk assessments and an identity check for each sale. We occasionally act for customers who are foreign nationals and have the right to remain in the UK; we also check the [FATF website](#) for 'high-risk and other monitored jurisdictions'. We meet almost all our customers face-to-face.

Our social housing tenants have the Right to Buy or Acquire the home they rent from us, and we deal with around 100 applications and between 30-40 sales each year. Average property values are £95k for flats and £175k for houses (this is before the RTB/A discount is applied, which can reduce the price by between 35% and 70%). Although we know the buyer (as they are tenant to whom we let the property) we also carry out CDD.

PCH has over 400 shared ownership (SO) properties and if the resident wishes to sell their home, the lease requires the sale to come through PCH. This is classed as 'Estate Agent' activity, which is supervised by HMRC's AML Regulations. Although we know the vendor (as we have previously sold the property to them, either as a new build or a resale) we also carry out CDD. We deal with around 84 new sales and 15 SO resales each year. SO buyers must be a UK resident.

We have a commercial subsidiary company, PCH Regeneration (PCHR), which develops new open market homes for sale. PCHR has sold 14 open market homes last year with a value around £325k. Open market homes buyers can be from any walk of life or country, however all have been UK residents to date.

Occasionally, PCH may dispose of a vacant property or assets on the open market as it is no longer viable. Buyers are checked to ensure the sale meets the needs of the community. We dispose of around 7 properties a year.

We provide rent refunds in some circumstances and very rarely give these refunds in cash (as stated in our policy).

Our social housing lettings have separate legislation and procedures that require checks that potential tenants have a Right to Rent and these are the responsibility of the local authority. We then carry out affordability and credit checks.

We have a portfolio of 170 commercial properties for rent/lease across Plymouth and let around 14 pa. CDD checks are carried out on the leaseholder to ensure they are who they say they are and that they have the finances to cover the rent of the property.

We have separate procurement procedures and checks for the appointment and payment of contractors, suppliers and consultants who provide services to PCH.

PCH has consumer credit authorisation with the FCA for limited consumer lending to leaseholders for major works costs; there are clear regulations and procedures.

PCH has considered the HMRC specific requirement to ensure vigilance in the proliferation of terrorisms groups and biological/chemical weapons ([Home \(fatf-gafi.org\)](http://Home.fatf-gafi.org)) and has incorporated this within the risk assessments for politically exposed persons and non-UK residents.

The mitigations for most money laundering risks include the procedures and/or referral to manager of Nominated Officer (NO).

The following risk register considers the types of transactions that PCH might encounter and the related money laundering risk score once the mitigations have been put in place (5 being high risk and 1 being low risk):

Money laundering risk	Controls and mitigations	Likelihood	Impact	Risk score
Property purchase where buyer is existing customer - RTB/A	<ul style="list-style-type: none">• AML sales procedures and individual sales risk assessments• Identify customer using Customer Due Diligence (CDD) procedures (and Enhanced Due Diligence (EDD) if necessary). Ensure all transactions conducted through customer's bank account. Confirm that customer identification data held is current and update.	1	2	3
Property purchase where buyer is new customer – open market outright and SO sales, disposal	“	1	2	3

Money laundering risk	Controls and mitigations	Likelihood	Impact	Risk score
SO resale (vendor) (HMRC Estate Agent regulated activity)	“	1	2	3
SO resale (buyer) (HMRC Estate Agent regulated activity)	“	1	2	3
Buyer decides not to proceed with property purchase on realising AML checks to be carried out	<ul style="list-style-type: none"> • AML procedures • If suspicious, report to Nominated Officer (NO) and do not undertake any business with buyer • Be aware not to ‘tip off’ buyer 	2	1	3
Transaction with politically exposed person (PEP)	<ul style="list-style-type: none"> • AML procedures • Identify customer using EDD • Search the FATF website for 'high-risk and other monitored jurisdictions' to check for high-risk countries and terrorism activity (HMRC requirement) 	1	2	3
Transaction with non-UK resident	<ul style="list-style-type: none"> • AML procedures • Ensure all transactions conducted through UK bank account • Verify status of customer as to UK residence • Search the FATF website for 'high-risk and other monitored jurisdictions' to check for high-risk countries and terrorism activity (HMRC requirement) 	1	2	3
Transaction where the source of funds is unclear	<ul style="list-style-type: none"> • AML procedures • Consider EDD to clarify source of funds • If suspicious, ask for further evidence and refer to manager or NO for advice 	1	2	3
Transaction where checking customer’s identity is difficult or they are reluctant to provide information	<ul style="list-style-type: none"> • AML procedures • Consider EDD: <ul style="list-style-type: none"> ○ Obtain verification from other source such as the DWP, HMRC etc. ○ Establish reasons for reluctance • If suspicious, refer to manager or NO for advice 	2	1	3
Transaction involves a company, partnership or trust and it’s unclear who the customer is or whether they are UK based	<ul style="list-style-type: none"> • AML procedures • Checks via a third-party organisation (i.e. Dunn and Bradstreet) • If suspicious, refer to manager or NO for advice 	1	1	2

Money laundering risk	Controls and mitigations	Likelihood	Impact	Risk score
Transaction involves a third party (i.e. request that money paid by/to a third party with obvious connection)	<ul style="list-style-type: none"> • AML procedures • Establish nature of relationship between customer and third party • Confirm reason for third party involvement in transaction • Ensure payment from third party is made through customer's bank account • Consider EDD • If suspicious, refer to manager or NO for advice 	1	2	3
Transaction size not consistent with previous activity or financial circumstances (i.e. customer on benefit suddenly has funds for property purchase/deposit)	<ul style="list-style-type: none"> • AML procedures • Consider EDD: <ul style="list-style-type: none"> ○ Enquiries as to source of funds, establish who is financing the transaction ○ Ensure all payments made through customer's bank account • If suspicious, refer to manager or NO for advice 	1	1	2
Transaction carried out without meeting customer face to face/via video call	<ul style="list-style-type: none"> • AML procedures 	2	1	3
Request to pay in cash	<ul style="list-style-type: none"> • AML policy • Enquire as to reason for wishing to pay in cash • PCH does not receive cash payments - in exceptional circumstances, can be accepted with sign off by senior manager 	1	1	2
Transaction involves multiple payments of smaller amounts, possibly through different accounts (possibly to avoid thresholds)	<ul style="list-style-type: none"> • AML procedures • Enquire as to reason for multiple payments • Establish nature of relationship between customer and third party, and confirm reason for third party involvement in transaction • Consider EDD • If suspicious, refer to manager or NO for advice 	1	1	2
Rent/sales deposit refunds	<ul style="list-style-type: none"> • AML policy (CDD and sign off by senior manager) • Finance/sales procedures • Financial Regulations • Monthly rent account in credit report 	1	1	2
Limited consumer lending to leaseholders for major works	<ul style="list-style-type: none"> • Leasehold lending procedures 	1	1	2

Money laundering risk	Controls and mitigations	Likelihood	Impact	Risk score
costs – non-compliance with FCA consumer credit authorisation				