Right Homes Estate Agents: Customer Due Diligence (CDD) Procedures

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1. Introduction

1.1 Purpose

The purpose of this document is to establish comprehensive procedures for carrying out Customer Due Diligence (CDD) checks at Right Homes Estate Agents to comply with anti-money laundering (AML) and counter-terrorist financing (CTF) regulations.

1.2 Regulatory Framework

This document is designed to comply with all relevant AML and CTF regulations.

1.3 Definition of Customer Due Diligence (CDD)

Customer Due Diligence (CDD) is the process of verifying the identity of clients, assessing their risk profile, and collecting necessary information to prevent illicit activities such as money laundering and terrorist financing.

2. Risk-Based Approach

2.1 Importance of CDD

CDD is crucial for identifying and managing the risks associated with potential money laundering and terrorist financing activities. It helps in establishing the legitimacy of clients and transactions.

2.2 Risk-Based Approach to CDD

CDD procedures will be applied based on a risk-based approach, taking into consideration the nature of the business relationship, the type of transaction, and the client's risk profile.

2.3 Customer Risk Profiling

Clients will be categorized based on their risk level, considering factors such as the type of property transaction, business relationship, and geographic location.

3. Customer Onboarding Process

3.1 Initial Engagement

Engage with clients during the initial stages of the business relationship to explain the CDD process, collect basic information, and set expectations.

3.2 Preliminary Information Collection

Gather preliminary information about the client, including name, contact details, and the nature of the property transaction, proof of ownership of properties (title deeds and any other official government documents).

3.3 Identifying High-Risk Clients

Identify clients with characteristics indicative of higher risk during the initial risk assessment. High-risk clients may be subject to enhanced due diligence.

4. Standard Customer Due Diligence (CDD) Procedures

4.1 Collection of Identity Information

Collect comprehensive identity information from clients, including full name, date of birth, residential address, and official identification documents (e.g., passport, driver's license).

4.2 Verification of Identity

Verify the identity of clients using reliable and independent sources. Conduct checks on identity documents to ensure authenticity.

4.3 Documentation Requirements

Maintain records of all CDD information and documentation in accordance with regulatory requirements. Ensure the accuracy and completeness of collected documents.

5. Enhanced Due Diligence (EDD) Triggers

5.1 Red Flags for Enhanced Due Diligence

Establish a list of red flags that may indicate the need for enhanced due diligence, including complex ownership structures, high-value transactions, or unusual transaction patterns.

5.2 Triggers for Enhanced Due Diligence

Define specific triggers that prompt the initiation of enhanced due diligence, such as high-risk client profiles, unusual transactions, or involvement in certain types of property transactions.

5.3 Determining the Need for EDD

Evaluate the identified triggers to determine the necessity of enhanced due diligence. Document the decision-making process and rationale for applying enhanced measures.

5.4 High Risk Third Country

Operating in countries or regions known for weak anti-money laundering controls and high levels of corruption increases the risk of facilitating illicit transactions. Here are the countries currently on the list as ‘high risk third country’ for AML purposes.

- Albania
- Barbados
- Burkina Faso

- Cayman Islands
- Democratic People's Republic of Korea (DPRK)*
- Democratic Republic of the Congo
- Gibraltar
- Haiti
- Iran*
- Jamaica
- Jordan
- Mali*
- Mozambique
- Myanmar*
- Panama
- Philippines
- Senegal
- South Sudan*
- Syria*
- Tanzania
- Turkey
- Uganda
- United Arab Emirates
- Yemen*

Under the UK's money laundering laws, clients from these countries must be subjected to an enhanced due diligence (EED)

6. Politically Exposed Persons (PEPs) Screening

6.1 PEP Classification Criteria

Establish criteria for classifying an individual as a Politically Exposed Person (PEP), considering their current or previous political positions and levels of influence.

6.2 Source of Funds and Wealth

Examine the source of funds and wealth of clients to identify any connections to political positions. Verify the legitimacy of the client's wealth and financial transactions.

6.3 Ongoing Monitoring for PEP Status

Implement ongoing monitoring procedures to identify changes in a client's political exposure status. Regularly update PEP screening based on changes in the political landscape.

7. Record Keeping and Documentation

7.1 Documenting CDD Decisions

Thoroughly document all decisions related to the identification and verification of clients, including the rationale for the determination and any steps taken for additional due diligence.

7.2 Record Keeping Requirements

Maintain complete and accurate records of CDD activities, including relevant documentation and communication. Adhere to data protection and privacy laws.

7.3 Data Protection and Privacy

Handle client information with the utmost confidentiality, ensuring compliance with data protection and privacy laws. Implement secure storage and access controls.

8. Employee Training and Awareness

8.1 Employee Training Programs

All employees involved in customer onboarding, transactions, and ongoing monitoring will receive regular training on CDD procedures, including the latest AML and CTF regulations.

8.2 Regular Awareness Programs

Implement ongoing communication and awareness programs to ensure that employees remain informed about emerging risks and changes in CDD procedures.

8.3 Reporting Channels for Concerns

Establish clear channels for employees to report concerns or suspicions related to client identities, transactions, or potential illicit activities. Encourage a culture of vigilance and reporting within the organization.

9. Communication with Authorities

9.1 Reporting to Regulatory Bodies

Timely and accurate reports on suspicious transactions will be submitted to relevant regulatory authorities, as required by law.

9.2 Collaboration with Law Enforcement

Cooperate fully with law enforcement agencies in investigations related to suspected money laundering or other illicit activities.

10. Penalties for Non-Compliance

10.1 Disciplinary Actions

Non-compliance with CDD policies and procedures may result in disciplinary actions, including but not limited to warnings, suspension, or termination.

10.2 Legal Consequences

Employees found to be involved in or facilitating money laundering or terrorist financing activities may face legal consequences, including criminal prosecution.

11. Review and Update of CDD Procedures

11.1 Regular Review

Regularly review and assess the effectiveness of CDD procedures to ensure alignment with regulatory requirements and industry best practices.

11.2 Updating Procedures in Response to Changes

Promptly update procedures in response to changes in the regulatory environment, business operations, or emerging risks related to customer due diligence.

This document serves as a guide for Right Homes in conducting Customer Due Diligence (CDD) checks. It is essential to ensure that all employees are familiar with and follow these procedures diligently. Regular training and periodic reviews of the CDD process will contribute to the effectiveness of Right Homes' AML and CTF efforts.

Director/MLRO

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