

Anti-Money Laundering Policy

1.0 Introduction

- 1.1 Money laundering means exchanging money or assets that were obtained criminally for money or other assets that are 'clean'. The 'clean' money or assets do not have an obvious link with any criminal activity. Money laundering also includes money related to terrorism, regardless of how it was obtained.
- 1.2 The housing sector has a significant role to play in tackling the problems caused by crime. Effective use of systems and internal controls will assist with identifying how money laundering occurs and affects the sector. It also has benefits for communities, not only in the disruption of criminal activity, but helping to reduce related anti-social behaviour.
- 1.3 Southern Housing is committed to the highest ethical standards and good governance. It has adopted a zero tolerance to all forms of fraud, bribery, and corruption, including money laundering. The conduct of Board and Committee members, staff, consultants, contractors and suppliers and others involved in delivering Southern Housing's business is critical to achieving this.
- 1.4 General rules relating to conduct and disciplinary action are contained within employment terms and conditions, standing orders and specific policies relating to conduct and probity.
- 1.5 Money laundering can take a number of forms:
 - Handling the proceeds of crime/terrorist money (e.g. tenancy, Welfare Benefit and Right to Buy fraud)
 - Direct involvement in criminal or terrorist property activity
 - Entering into arrangements that facilitate other people committing laundering of criminal or terrorist property, money, or assets
 - Investing the proceeds of crime into other financial products or into the acquisition of other property/assets.
- 1.6 All Southern Housing employees, resident governance members¹, Board, and Committee members must be aware of the actions being taken to prevent criminal activity through money laundering or similar impropriety and ensure all suspected cases are reported.
- 1.7 The Policy sets out the requirements that must be followed to ensure Southern Housing complies with:

¹ As defined in our *Resident Governance Framework*

- Its legal requirements and
- The National Housing Federation (NHF) guidance on anti-money laundering, which emphasises the impact on the sector.

1.8 Everyone within Southern Housing must appreciate money laundering and other irregularities will not be tolerated. They must recognise they have a role in ensuring Southern Housing acts with integrity. Staff and governance members must ensure any incidents are responded to professionally and quickly. Failure to comply with this Policy may lead to disciplinary and/or criminal action being taken.

2.0 Key Policy requirements

2.1 All employees must be vigilant and challenge unusual behaviours to help reduce the opportunity for criminal activity taking place through money laundering. This includes:

- Ensuring all customers provide sufficient proof of their identity at first contact with Southern Housing (see [section 6.0](#))
- Understanding the source of funds for transactions (see [section 6.0](#))
- Being vigilant in relation to transactions that carry a higher risk of money laundering (see [section 6.0](#))
- Investigating unusual transactions (see [section 8.0](#))
- Reporting concerns (see [section 9.0](#)).

3.0 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

3.1 [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) (the '2017 Regulations') apply to a number of credit and financial services carried out by Southern Housing. It includes large cash transactions worth at least £8,500 as a single transaction, or set of associated transactions.

3.2 The 2017 Regulations apply to the following Southern Housing activities:

- Shared ownership resales
- Loans made by Southern Housing, for example to leaseholders.

3.3 The following activities do not fall within the regulations, but we have included them within our procedures as best practice:

- Receiving Welfare Benefit payments or giving assistance with Welfare Benefit claims, where the payment or benefits amounts to a large cash transaction
- Right to Buy transactions
- Lease extensions
- Debt advice, particularly if it involves advice on loan refinancing and loans to employees (e.g. season ticket loans)
- New property purchases (new sales).

3.4 During these activities, Southern Housing is required to:

- Put in place checks, controls, and procedures to anticipate and prevent money laundering or terrorist financing, including carrying out an organisation-wide anti-money laundering risk assessment
- Train employees in those procedures and in the law relating to money laundering and terrorist financing
- Appoint a nominated officer, who Southern Housing refers to as the Money Laundering Reporting Officer (MLRO), to receive/consider internal disclosures and make Suspicious Activity Reports to the National Crime Agency. The MLRO for Southern Housing is the Director of Governance & Regulation.
- Put in place due diligence measures to:
 - ✓ **identify customers and verify their identities before entering into a business relationship or transaction**
 - ✓ **obtain information on the purpose or nature of the business relationship**
 - ✓ **conduct ongoing monitoring of the business relationship as appropriate.**
- Ascertain and understand the source of a customer's funds
- Keep records obtained for five years following the end of the business relationship. Store records obtained in respect of source of funds for a specific transaction where there is a continuing business relationship, which can be destroyed after ten years following the date of the transaction.
- Keep records of changes to anti-money laundering policies and procedures.

3.5 To meet the requirements of the 2017 Regulations, Southern Housing will:

- Ensure anti-money laundering risks and controls are assessed and managed in relevant departmental risk registers. This information would be available on request to the relevant authority.
- Undertake a risk assessment for each new customer or transaction in respect of the areas of business covered by this Policy
- Appoint a Board member or member of the management team to be responsible for compliance with the 2017 Regulations. The member of the management team responsible is the Director of Governance & Regulation.
- Check employees carrying out work relevant to anti-money laundering are screened and provided with regular training, both on the 2017 Regulations and Southern Housing's policy and procedures

- If a simplified customer due diligence can be relied upon we will support that decision with documentary evidence
- Introduce enhanced customer due diligence for high risk cases, including those involving politically exposed persons (PEPs), or where false documents have previously been provided or where questions have arisen. Southern Housing defines PEPs as per FCA guidance. Southern Housing will not refuse to transact just because someone is a PEP. Southern Housing will however ensure information from applicants for all home purchase transactions will specifically question whether an applicant is a PEP. This will apply to due diligence checks from solicitors.
- Report all suspicions of money laundering to the National Crime Agency
- Retain all customer due diligence records (i.e. documents and evidence) in accordance with the rules, as set out above. Southern Housing will delete all personal data after this timescale unless any legal exemption applies.

4.0 The Proceeds of Crime Act 2002

4.1 The [Proceeds of Crime Act \(POCA\) 2002](#) applies to all individuals within the UK, and offences under this Act carry severe penalties including imprisonment for up to 14 years.

4.2 The primary offences relating to money laundering under this Act are:

- Concealing, disguising, converting, transferring, or removing criminal property from England and Wales
- Entering into or becoming involved in an arrangement that a person knows or suspects facilitates the acquisition, retention, use, or control of criminal property by or on behalf of another person
- The acquisition, use and/or possession of criminal property regardless of value.

An offence is committed even if the proceeds of crime are used in a transaction between Southern Housing and a customer. Proceeds of crime can result from offences that seem trivial.

4.3 There are also two secondary offences for transactions to which the 2017 Regulations apply:

- Failure to disclose knowledge or suspicion of money laundering to the nominated MLRO or, in the case of an MLRO, their failure to report to the National Crime Agency as appropriate
- Tipping off any person that a disclosure has been made or that an investigation is taking place.

5.0 The Terrorism Act 2000

5.1 The primary money laundering offences under the [Terrorism Act 2000](#) are:

- Being involved in or having a concern in an arrangement that facilitates the

retention or control by concealment, removal from England & Wales, Scotland or Northern Ireland, or transfer to others, of property that is:

- likely to be used for the purposes of terrorism
 - proceeds of the commission of acts of terrorism or
 - proceeds of acts carried out for the purposes of terrorism.
- Failing to disclose and tipping off offences apply in the same way as under POCA.

6.0 Obtaining proof of identity and evidence as to source of funds

6.1 It is essential Southern Housing obtains proof of identity when:

- We're establishing a business relationship with a customer. A customer includes the anticipated purchaser of a shared ownership property from an existing owner.
- We suspect money laundering or terrorist financing
- We have doubts about a customer's identification information previously obtained
- Carrying out an 'occasional transaction' worth £8,500 or more.

6.2 See Appendices A and C for guidance on the Government's approved list of acceptable forms of identification. We'll report any reluctance to provide proof of identity, undue delay, or refusal to the MLRO. We'll retain copies of the evidence obtained of a customer's identity in accordance with the rules as set out above.

6.3 In addition, we will ask customers to provide evidence as to the source of their funds and keep copies. This is not just seeing a bank statement showing the money in the bank, it's about understanding how they have come to be in possession of that money.

Supporting documentary evidence is required to demonstrate the story makes sense e.g. payslips, evidence of inheritance/gift, including who it's from and whether that third party raises any suspicions. We must also conduct these checks when the money they're providing exceeds £8,500 in one or more of a series of transactions from that transaction or a number of third parties. We must also check the evidence against everything else we know about the customer (e.g. have they previously been receiving housing benefit?). It's normally this evidence that raises or removes suspicions of money laundering, rather than the proof of identity.

6.4 If, in the process of obtaining this evidence, it transpires a record held by an official register is incorrect e.g. Companies House, staff must report it to the MLRO, who then has an obligation to report this to that registrar. This obligation is independent to all other reporting obligations under this Policy and its procedures.

7.0 High risk areas - property purchase and affordable housing schemes

7.1 Money launderers may target Registered Providers specifically through property purchase and affordable housing schemes, such as shared ownership. Southern

Housing employees in these areas of the business must be extra vigilant by double checking identification documents and customer income levels:

- Housing – including any teams responsible for customer verification, allocations, and monitoring tenancies
- Development & Sales – including any teams responsible for property purchase and shared ownership.

7.2 Other criminal activities, or its proceeds, could materialise more widely across Southern Housing's business. We must note all contact with customers, particularly if we observe any unusual behaviours indicating possible criminal activity.

8.0 Suspicious circumstances

8.1 The following circumstances will raise a potential suspicion of money laundering:

- Checking a new customer's identity is difficult (e.g. there is reluctance to provide details of their identity)
- The size of the transaction is not consistent with previous activity, or the financial circumstances of an existing customer have changed dramatically (e.g. a customer on housing benefit suddenly has the funds to buy a house)
- The evidence as to source of funds does not match what is otherwise known about the customer, or is not available
- Money is paid by a third party who has no obvious link with the transaction
- The customer wants to pay a large sum in cash
- A customer puts pressure on you to accept their business before you can carry out the necessary checks
- A customer makes an approach to purchase a property then pulls out when asked for identification
- An individual, organisation, or third party offers to fund a specific project or initiative for no apparent reason.

8.2 In any of the above circumstances, we'll seek a reasonable explanation as well as clarification of where the money is coming from. It is not 'tipping off' to explain to a customer that it's necessary to obtain this evidence for the purposes of Southern Housing's regulatory compliance. Southern Housing must only accept original, hard-copy bank statements for the source account clearing showing the accumulation of the funds, and keep copies.

If a satisfactory explanation cannot be provided or we still have suspicion, staff must report the concerns to the MLRO (see the process for reporting concerns to the MLRO at [Appendix B](#)).

9.0 Responsibility and reporting arrangements

9.1 Everyone within Southern Housing has a general responsibility to immediately report any reasonable suspicion or actual money laundering. The process for raising concerns is outlined separately in [Appendix B](#).

9.2 The Director of Governance & Regulation, as Southern Housing's MLRO, makes assessments to establish the risk of actual or suspected money laundering taking

place. If there is sufficient evidence available to support the allegation, the MLRO is responsible for submitting a Suspicious Activity Report to the National Crime Agency after seeking legal advice or guidance, if necessary. If the MLRO identifies failings in any policy, procedure, or process when reviewing cases of actual or suspected money laundering, they'll report these to the:

- Relevant service areas
- Internal Audit team and
- Audit & Risk Committee

to ensure any emerging risks are managed.

9.3 The Director of Governance & Regulation is responsible for this Policy and is Southern Housing's MLRO.

9.4 Managers monitors any control improvements arising from internal money laundering investigations to ensure they are implemented.

9.5 The Audit & Risk Committee is responsible for:

- Monitoring all reports of actual or suspected money laundering through the quarterly fraud report, and
- Commissioning special investigations into matters of concern relating to internal controls.

9.6 Audit & Risk Committee will update Board on the adequacy and effectiveness of all internal controls.

10.0 Communications and awareness

10.1 The anti-money laundering arrangements will be:

- Cascaded to all employees carrying out work relevant to anti-money laundering through regular training on the 2017 Regulations and Southern Housing's policy and procedures
- Publicised on the Southern Housing Intranet
- Made available to all employees at their induction and through annual mandatory training
- Publicised periodically through employee communications
- Promoted through targeted training for managers and employees in high risk business areas.

11.0 Related documents

- Related People policies including [Code of Conduct](#) and Disciplinary Policy and Procedure
- NHF Codes of Conduct and Governance
- [Whistleblowing Policy](#)
- Appendix A - the Government's approved list of acceptable forms of identification
- Appendix B – The anti-money laundering procedure, which sets out how reports

must be made, the role of the MLRO, the reporting requirements including the form

- Appendix C – HM Revenue & Customs guidance on responsibilities
- [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#).

12.0 Review

- 12.1 We'll review this Policy every two years to incorporate legislative, regulatory, best practice developments, or address operational issues.

Policy controls

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Policy owner	Director of Governance & Regulation
Policy author	Alison Wignall, Director of Governance & Regulation (Optivo)

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1.0	16.12.22	New policy	Alison Wignall, Director of Governance & Regulation (Optivo) Audit & Risk Committee
1.1	12.04.24	12.1 – added we'll review this Policy every two years	Head of Governance & Regulation Director of Governance & Regulation