Anti – Money Laundering Policy

2025-2028

Anti-Money Laundering Policy

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Contact Officer:	Corporate Head of Risk and Assurance
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Version Reviewed by: **Version Approved by:**	ELT: 26 March 2025 Audit & Risk Committee: 30 April 2025
Policy Links:	NHF Code of Governance RSH Governance and Financial Viability Standard and Code of Practice Anti-Fraud and Corruption Policy Anti-Bribery Policy Disciplinary Procedures Money laundering Procedures

Brief Policy Summary:
Lincolnshire Housing Partnership (LHP) is committed to the prevention of LHP exposure to money laundering activities. This policy sets out LHP's approach to preventing and mitigating the risks of money laundering in its activities and where instances occur, to have clear investigation plans and processes to comply with the relevant legislation.

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INTRODUCTION

1. The purpose of this Policy is to outline how Lincolnshire Housing Partnership (LHP) will prevent criminal activity through money laundering. The policy sets out the principles which must be followed, all of which apply to the Board and Committee members and employees at all levels. LHP is committed to ethical standards of business conduct and adopts a zero-tolerance approach to financial misconduct, including money laundering.

2. The principal pieces of UK legislation covering anti-money laundering and counter-financing of terrorism:

   - **The Proceeds of Crime Act 2002 (POCA)**
   - **Money Laundering Regulations 2017 (MLR 2017) and Amendments**

WHAT IS MONEY LAUNDERING?

3. Money laundering includes all forms of handling or possessing criminal property and facilitating any handling or possession of criminal property. Criminal property may take any form, including money or money's worth, securities, tangible property and intangible property. Money laundering is also taken to encompass activities relating to terrorist financing as well as proceeds from terrorism.

4. The purpose of money laundering is to hide the origin of the criminal sourced money so that it appears to have come from a legitimate source. No organisation is safe from the threat of money laundering, particularly where it is receiving funds from sources where the identity of the payer is unknown. LHP may be targeted by criminals wishing to launder the proceeds of crime.

5. In addition, it is possible that the proceeds of crime may be received from individuals or organisations that do not realise that they are committing an offence. It is no defence for the payer or the recipient to claim that they did not know that they were committing an offence if they should have been aware of the origin of the funds.

6. All staff dealing with the receipt of funds or having contact with third parties must, therefore, be aware of this Policy.

CONSEQUENCES OF FAILING TO IDENTIFY MONEY LAUNDERING

7. Failing to identify possible instances of money laundering, and making the appropriate reports, are serious offences. Individuals can be personally liable to prosecution.

- **Proceeds of Crime Act 2002**
  Under the Act you may be guilty of an offence if you help an individual to launder funds from a criminal source. If you know or suspect that the funds may be from a criminal source you must make the appropriate disclosure, or you may receive a fine and/or imprisonment for up to 14 years. The Act relates to **all** organisations and sectors.

- **Money Laundering Regulations 2017**
  The Regulations make important amendments to the existing Money Laundering, Terrorist financing and Transfer of Funds (Information on the payer) Regulations 2017. They implement the EU fifth anti-money laundering Directive. They contain rules for how various businesses and professionals must operate. The Regulations primarily relate to "regulated" sectors. Some activities within the housing sector can fall as regulated activities. Regardless of that, current recognised 'good practice' advises that Registered Providers (RPs) apply the key principles of the Regulations in any event. Failure to report money laundering or failure to have adequate policies in place to minimise the risk of money laundering, may call into question the integrity of LHP, and could constitute an offence. Regulated activities are:

  - Most UK financial firms (banks, building societies, money transmitters, bureaux de change, cheque cashers, savings and investment firms).
  - Legal Professionals (when undertaking some activities).
  - Accountants, tax advisors, auditors, insolvency practitioners.
  - Estate Agents.
  - Casinos.
  - High value dealers when dealing in goods worth over 15,000 Euro (approximately £10,000) and
  - Trust or company service providers.

- **Terrorist financing legislation**

  Whereas money laundering is concerned with the process of concealing the illegal origin of the proceeds from crime, terrorist financing is concerned with the collection or provision of funds for terrorist purposes. The primary goal of terrorist financers is to hide the funding activity and the financial channels they use. The source of the funds concerned is immaterial, and it is the purpose for which the funds are intended that is crucial.

- Section 15 to 18 Terrorism Act 2000 create offences, punishable by up to 14 years imprisonment, of:
  - Raising, possessing or using funds for terrorist purposes.
  - Becoming involved in an arrangement to make funds available for the purposes of terrorism.

  Facilitating the laundering of terrorist money (by concealment, removal, transfer or in any other way).

IMPLEMENTING THE REGULATIONS

8. Regardless of whether activities are regulated or not, it is good practice to ensure:
   - Systems and procedures in place to prevent money laundering.
   - Staff are made aware of the procedures and systems.
   - Staff are trained in how to recognise and deal with transactions which may be related to money laundering.
   - All third parties dealing with LHP who fall within certain criteria are properly identified.
   - Identification and transaction records are maintained.
   - A record of identification for all persons engaged in business must be retained for a period of five years after the end of that business relationship and
   - A Money Laundering Reporting Officer is appointed.

YOUR RESPONSIBILITIES AS AN EMPLOYEE

9. Your responsibilities as an employee in relation to preventing money laundering are as follows:
   - To be alert to where LHP may be targeted by individuals trying to launder the proceeds of crime.
   - To avoid alerting anyone dealing with LHP that you have a suspicion that they may be attempting to launder, or have laundered, the proceeds of crime and

- To report any suspicions of money laundering to the organisations Money Laundering Compliance Officer (MLCO) using the specified forms.

10. It is not an employee’s responsibility to decide whether a suspicious transaction actually constitutes money laundering. **If you have any suspicions that a transaction may involve laundering the proceeds of crime, then you must report it to the MLCO**.

IDENTIFYING SUSPICIOUS TRANSACTIONS

11. It is not possible to provide an exhaustive list of the ways to spot money laundering or state every situation in which you should be suspicious. It will very much depend on the circumstances.

12. However, in providing guidance, the National Crime Agency (NCA) has produced a list of possible ‘indicators of suspicion’ for money laundering activity:

    - Is the person's behaviour unusual in the circumstances?
    - Has the person refused to supply any form of identification and if so, why?
    - Is the activity unusual in itself?
    - Is the activity unusual for the customer?
    - Do I have other knowledge which leads me to believe the customer or activity is criminal?
    - Money is paid by a third party with no link to the transaction

13. Examples relevant to LHP activity, in which money laundering could be taking place:

    - A purchaser of a property pulls out unexpectedly when asked for ID.
    - A customer presses for completion of business before necessary checks taken.
    - Overpayments or duplicate payments made by a customer followed by a refund, or a request for a refund.
    - Right to Buy property sold before expiry of discount period.
    - Purchase of assets, land and buildings re-sold within 3-12 months.

IDENTIFICATION ISSUES & CUSTOMER DUE DILIGENCE

14. It would be difficult for LHP to identify all of the people with whom it has business dealings. However, it is important to identify individuals and organisations where there may be a higher risk of receiving the proceeds

of crime. It should be noted that this Policy not only refers to one off transaction but could relate to a series of transactions including:

- Cheque/credit card payments.
- BACS transfers; and/or
- Direct Debit/Standing Order payments.

15. Customer due diligence means taking steps to identify the customer and checking they are who they say they are. Some of the best means of verifying a people identify are identify are obtaining two if the following:

- Current full signed Passport.
- Resident Permit issued to EU nationals by Home Office.
- Current UK/EU Photo Driving Licence.

16. In addition to the name(s) used and date of birth, where this is available, it is important that the current permanent address should be verified as it is an integral part of identity using different items to verify the individual.
17. Obtaining identification from partner and/or franchise organisations can be difficult; therefore, LHP should take care when entering into any new agreements to ensure that adequate identification, including knowledge of the owner(s) of the business, is obtained.
18. For companies, it is useful to obtain a Companies House Search to identify who the Directors are. Personal identification should then be obtained for the representatives of the company together with proof of their authority to act on behalf of the company. Care should be taken if it becomes clear that the individual has only recently become a director of the company or if there has been a recent change in the registered office.
19. For any other type of organisation (for example, a sole trader or partnership) personal identification should be obtained for the individuals together with documents indicating their relationship to the organisation.
20. Copies of any evidence provided in support of the identification of an individual or organisation should be kept on a central file so that it can be referred to later if necessary.

CASH BASED BUSINESSES

21. LHP is no longer a cash-based business. However, cash-based businesses are ideal vehicles for money laundering. Where you are dealing with a business which deals in cash on a regular basis you must be aware that there is a higher chance that the business bank account may have been used to launder the proceeds of crime.

CONCERNS RECEIVED

22. If LHP receives a complaint that criminal activity may be taking place and may be generating funds, then LHP is in receipt of information which may require disclosure to the NCA.

23. The criminal activity could involve:

    - Terrorist activity.
    - Tax evasion.
    - Employing illegal immigrants or assisting in their trafficking.
    - Employing individuals who are known to be illegally claiming benefits.
    - Any form of fraudulent activity.
    - Dealing in drugs or other illegal substances.
    - Dealing in "bootleg" alcohol and cigarettes.
    - Dealing in illegal pornographic material; and
    - Prostitution, protection schemes or counterfeiting.

24. This list is not exhaustive, and disclosure must be made of any instances of criminal activity that may result in a financial gain or the financing of terrorist activity. The internal disclosure form should be prepared and passed to the Money Laundering Compliance Officer (MLCO) as soon as possible after receiving the information giving rise to your suspicion.

MONEY LAUNDERING REPORTING OFFICER (MLRO)

25. The role of the MLRO is to formulate and implement the Policy. Any potential breaches or deviations from the Policy should therefore be reported to the MLRO immediately you become aware of them.

26. The responsibility for ensuring that LHP complies with the requirements of the legislation rests with the MLRO. If he/she fails to carry out his/her duty correctly he/she may face a fine and/or imprisonment for up to 14 years.

27. LHP has appointed the Executive Director of Finance and Resources as its MLRO.

28. In the absence of the Executive Director of Finance and Resources, the Chief Executive is authorised to deputise.

MONEY LAUNDERING COMPLIANCE OFFICER (MLCO)

29. The MLCO is responsible for day-to-day administration relating to money laundering avoidance. Reports of suspicious transactions will be sent to

the MLCO who will collate the information and prepare the necessary reports for the NCA. They will also liaise with NCA in relation to the outcome of disclosures.

30. LHP has appointed the Corporate Head of Risk & Assurance as its MLCO.

31. In the absence of the Corporate Head of Risk & Assurance, the Chief Executive is authorised to deputise.

ADDITIONAL GUIDANCE

32. If you require any additional information or guidance in relation to the contents of this policy and your responsibilities, please contact either the MLRO or the MLCO.

Lincolnshire Housing Partnership (LHP)
Equality and Quality Impact Assessment (EQIA)

Title of Policy/Event/Decision: Anti - Money Laundering Policy

Lead Officer(s): Emily McKenna

Date of EQIA: 20/03/2025

Scope and Purpose	
Briefly describe the policy/event/decision being assessed:	The Anti Money Laundering Policy sets out the legal requirements for responding to Money Laundering concerns and outlines the required response.
What is the aim or purpose of this policy/decision?	To protect LHP from being complicit with Money Laundering.
Which departments or groups will be affected by this policy/ event/ decision?	Finance
Data Collection and Evidence	
What data or evidence have you used to identify how different groups may be affected? (e.g., tenant demographic data, service usage statistics, consultation feedback)	This policy is considered neutral. Under the Money Laundering Regulations, if LHP were to suspect a customer of a Money Laundering offence this is reported directly to the National Crime Agency (NCA) who is the primary agency responsible for handling money laundering reports. LHP is not to inform the customer of suspicions as this is an offence.
What does this data tell you about the potential impacts on different equality groups?	Not needed; confirmed with Abigail Iyaho.

RAG Impact Assessment on Protected Characteristics					

Use the RAG system to assess the level of potential impact for each protected characteristic:

- Red **(High Risk):** Significant potential for negative impact requiring immediate action to mitigate.
- Amber **(Medium Risk):** Some potential for negative impact, which can be mitigated with changes.
- Green **(Low or No Risk):** Little to no negative impact identified. Ensure that you state reasons (the why) for your justifications.

Protected Characteristic	**Impact *(Positive, Negative, Neutral)***	**RAG Rating**	**Description of Potential Impact**	**Mitigation/ Enhancement Actions**	**Responsible Officer**
Age	Neutral	**Green**	No direct impact	No action required	N/A
Disability	Neutral	**Green**	No direct impact	No action required	N/A
Gender Reassignment	Neutral	**Green**	No direct impact	No action required	N/A
Marriage and Civil Partnership	Neutral	**Green**	No direct impact	No action required	N/A
Pregnancy and maternity	Neutral	**Green**	No direct impact	No action required	N/A
Race	Neutral	**Green**	No direct impact	No action required	N/A
Religion or Belief	Neutral	**Green**	No direct impact	No action required	N/A
Sex	Neutral	**Green**	No direct impact	No action required	N/A
Sexual Orientation	Neutral	**Green**	No direct impact	No action required	N/A

Mitigating Negative Impact	
What actions will you take to reduce or mitigate any identified negative impacts? Provide specific mitigation measures for each characteristic where a negative impact (Red or Amber rating) was identified.	No action required; confirmed with Abigail Iyaho.
Who is responsible for implementing these actions?	No person responsible; confirmed with Abigail Iyaho.

Consultation and Engagement	
Have you consulted any stakeholders or equality groups? If so, who and how?	No action required; confirmed with Abigail Iyaho.
What feedback have you received, and how has this influenced your assessment?	No action required; confirmed with Abigail Iyaho.

Decision Making	
How has this EQIA informed or influenced the final decision?	• The policy is purely operational and regulatory with no direct impact on individuals. • It does not influence service delivery, employment practices, or customer interaction. • It is designed to comply with legal and financial obligations, rather than shaping decision-making that affects people.
Were any changes made to the policy/decision as a result of the EQIA?	No changes required; confirmed with Abigail Iyaho.

Monitoring and Review	
How will you monitor the actual impact of the policy/decision once it is implemented?	Not needed; confirmed with Abigail Iyaho. • **Review internal reporting trends:** Track whether money laundering reports or investigations disproportionately involve individuals from particular demographics (e.g., racial, ethnic, or socio-economic backgrounds). • **Monitor decision-making** – Ensure that employees making AML-related decisions (e.g., reporting suspicions) apply the policy **objectively and fairly**.
When will the policy/decision be reviewed?	April 2028
Sign-Off EQIA Completed By: *Lead Officer(s) Name(s): Date:*	Emily Mckenna 20/03/25
Approved By: *Approval Name: Date:*	Abigail Iyaho 20/03/25