

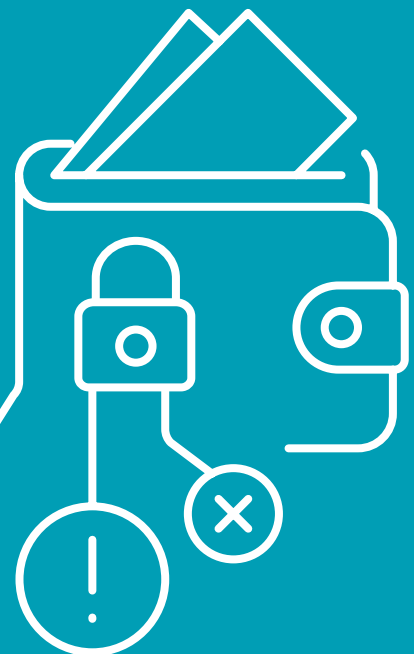
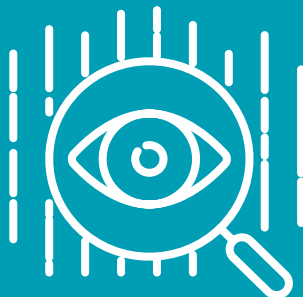
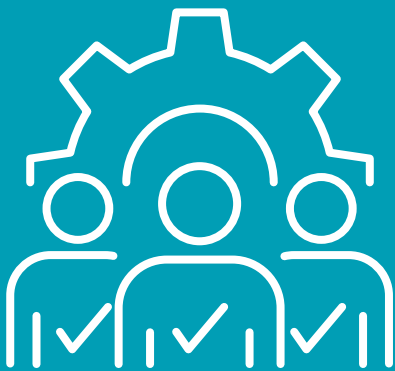


Regulating
Property
And
Probate
Lawyers

The CLC Annual Anti-Money Laundering Report

(Period: 6 April 2024 – 5 April 2025)

October 2025



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1. Foreword by the Chair of the Council for Licensed Conveyancers

The publication of the long-awaited National Risk Assessment (NRA) by His Majesty's Treasury in 2025 has once again shone a light on the multifaceted methods which criminals use to launder money in the United Kingdom. In terms of the core services that the CLC regulates, there is little change with conveyancing being once again classified as being at high risk of being exploited by those seeking to launder money. Other services, such as the use and operation of client accounts and Trust and Company Service Providers (TCSPs) have also been assessed as high risk in the new NRA, mirroring the 2020 NRA conclusions.

There is little doubt that criminals continue to consider property as an attractive investment, due to the ability to launder large sums of money in a single transaction, which means that CLC Practices remain at the front lines in the fight against money laundering. The new NRA assesses that up to £10 billion could be laundered through UK property on an annual basis which is a profound cause for concern¹. Money laundering not only aids criminals in hiding dubious assets which are often the proceeds of crime but also has widespread impact on economies including distorting property prices. Research by Smartsearch has indicated that illicit funds in the property market have had the effect of inflating prices by an average of £3,000 across the UK and by more than £11,000 in London².

Client accounts are inherently susceptible to being misused by criminals. Such misuse can be mitigated by a concerted approach including robust and efficient AML controls, coupled with effective regulatory supervision. The CLC's AML supervision has been refined and developed since being appointed as a professional body supervisor. Our approach is targeted and proportionate ensuring that the legislation and guidance is adhered to but also that regulated practices are effectively applying the principles to conveyancing to ensure that money laundering attempts are identified and stopped. Spotlight on Corruption, in their review of all AML regulators AML reports, highlighted the CLC as having undergone the "biggest shift in supervisory approach, jettisoning its rolling three-year inspection programme in 2023 in favour of a more risk-based approach to supervision³.

The CLC has also recently published its own sectoral risk assessment, which takes a more focussed look at the services the CLC regulates from Conveyancing to probate and trust work as well as the limited ways in which CLC practices engage in TCSP work. It has been fully updated in light of the NRA 2025 and can be accessed [here](#). We would urge CLC practices to read this carefully and consider its implications for their own practices.

Despite an element of continuity to the NRA 2025, the CLC has identified some significant changes. One of the most significant changes is that cryptoassets have been upgraded from medium risk in 2020 to high risk in 2025 and this reflects such assets being increasingly present in money laundering intelligence in the last five years. The NRA 2025 concludes that cryptoassets are "...increasingly used for laundering all forms of proceeds of crime." This risk is not confined to traditional crypto such as Bitcoin and notably encompasses other popular forms of crypto such as stablecoin⁴.

1 See the NRA 2025 at paragraph 5.252.

2 <https://www.financialreporter.co.uk/money-laundering-inflating-uk-house-prices-by-up-to-11000.html>

3 <https://www.spotlightcorruption.org/wp-content/uploads/2025/03/Broken-Record-report.pdf>

4 The CLC's sectoral risk assessment has a large section devoted to the key changes in the NRA which we would urge practices to read carefully.



The CLC is committed to developing its risk-based approach and we continue to gather and analyse relevant data from a range of sources to inform and refine our approach. In the relevant period we have used data gathered from the Annual Regulatory Return (ARR) to build an even more comprehensive risk profile of practices and the results have led to targeted work taking place that has identified AML issues which practices have addressed to come into compliance with our codes.

We have also published several AML guidance documents in the relevant period, including a refresh of our red flags for CLC practices and also a new AML, CTF and sanctions policy and procedure guidance and template. We are continuing to review the content of the CLC's AML toolkit and are striving to make sure that the content is as accessible and as relevant as ever to assist practices in meeting their obligations under the MLRs and safeguard their practices from being used by those seeking to launder money.

Although there are clearly persistent issues being identified with AML in our monitoring and supervision work, the CLC is taking ever more robust action to deal with non-compliance. As was noted in the previous Regulation 46A report, the CLC intervened into a practice in April 2024 in part due to AML issues. This is a milestone and represents the first time this has been done. We believe it demonstrates the seriousness which we take such issues and that we will not hesitate to use our most serious enforcement measures where justified.

In terms of the future, we are pleased to note that the government is moving forward with a new version of the Money Laundering Regulations which, it is expected, will be laid before parliament in early 2026. Some of the measures introduced will have a significant effect on CLC practices and so the CLC has been closely involved in its development and has responded recently to the latest technical consultation⁵. We do have reservations about the proposals for pooled client accounts, which have been expressed fully in our consultation response, however we are largely welcoming of the other changes put forward which we think will streamline the obligations on CLC practices.

On 21 October 2025, HM Treasury announced that AML supervision conducted by the 22 Professional Body Supervisors (PBSs – which includes the CLC) would be consolidated into the FCA as a Single Professional Services Supervisor, who will oversee supervision of legal, accounting and trust or company service providers for AML/CTF purposes.

Details of the new arrangements and transition periods are still to be developed and announced. Whilst the CLC is disappointed in the decision⁶, in the interim the CLC will continue to perform its responsibilities as a Professional Body Supervisor in a proportionate manner and will work closely with HMT, the FCA, other regulators and the regulated community to ensure a smooth transition to the new arrangements.

Dame Janet Paraskeva

November 2025.

⁵ The consultation response can be found here:
<https://www.clc-uk.org/wp-content/uploads/2025/10/CLC-Submission-for-HMT-re-MLR-on-Pooled-Client-Accounts-30.9.25.pdf>

⁶ The CLC released a statement on the new AML regime which can be found here:
<https://www.clc-uk.org/proposed-changes-to-aml-supervision/>



2. The CLC's regulatory landscape

The following section covers the CLC's remit and role in Anti-Money Laundering and Combating Terrorist Financing (AML/CTF).

Background & Context

The Council for Licensed Conveyancers (CLC) regulates specialist conveyancing and probate lawyers in England and Wales⁷. The CLC was established by the Administration of Justice Act 1985 (the 1985 Act) which enabled the regulation of what is known as a Recognised Body (RB): a practice⁸ that must be wholly owned by the authorised person/s who will operate and manage the business and deliver the regulated services direct to the public.

The CLC is also subject to the Legal Services Act 2007 which introduced the ownership of practices by non-authorised persons and led to the creation of Alternative Business Structures (ABS). The CLC's regulated community is made up of RBs and ABSs and covers a broad range of practice sizes from sole practitioners (SPs) up to large practices with multi-million-pound turnovers.

The CLC's authority as a Professional Body AML Supervisor (PBS) is conferred by Schedule 1 of the Money Laundering Regulations (MLRs) which is the primary piece of AML legislation in the United Kingdom.

The CLC's regulatory activities include:

- Setting educational and training standards for entry into the conveyancing and probate profession.
- Setting licensing and authorisation standards for entry into the profession to provide conveyancing and probate services directly to the public.
- Setting standards to regulate professional practice, including conduct, and ongoing professional competency.
- Setting standards to maintain adequate professional indemnity insurance and a compensation fund.
- Ensuring compliance with those standards.
- Monitoring the work and conduct of, and providing guidance to, regulated bodies.
- Investigating allegations of misconduct and taking appropriate disciplinary action.
- Contributing to policy development.
- A preventative working model that seeks to identify and rectify issues with practices' co-operation before harm is caused wherever possible.

7 At the end of the relevant period for this report, the CLC regulated 200 practices (RBs and ABSs) made up of 16 sole practitioners and 184 practices.

8 A sole practitioner, partnership, limited liability partnership or a company.



AML Responsibilities

The CLC's specific obligations and duties as a professional body AML supervisor are set out in the MLRs. In particular, Regulation 46 requires that the CLC takes a risk-based approach to supervision which is guided and informed by the risk assessments that we conduct of our supervised population. The MLRs also require that the frequency and intensity of supervision is based on the supervised population's risk profile and more specifically that:

- Employees and officers of the CLC must have access to relevant information on the domestic and international risks of money laundering terrorist financing which affect its own sector;
- The CLC must keep written records of actions taken, including reasons for deciding not to act in a particular case.
- The CLC must take effective measures to encourage the supervised population to report potential or actual breaches of the MLRs to it.

Regulation 47 sets out the information on money laundering that the CLC is required to provide to its supervised population relevant to its own sector. The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 also added a new Regulation 46A, which requires AML supervisors to publish an annual report that sets out:

- Measures taken to encourage reporting by the regulated population of actual or potential breaches of the MLRs.
- The number of reports of actual or potential breaches received by the CLC.
- The number and description of measures carried out to monitor and enforce compliance by relevant persons with their obligations under the MLRs, the Terrorism Act 2000 and the Proceeds of Crime Act 2002.



Overview – AML Monitoring & Compliance

Our Approach

The CLC employs a managed compliance model of regulation which is an approach that is focussed on mitigating the risk to consumers which is inherent in conveyancing and probate. This approach is founded on the principle that in the event of a regulated practice becoming non-compliant with CLC codes⁹, proactive regulation can secure a swift return to compliance before harm crystallises.

Managed compliance typically involves a timebound action plan that is designed to remedy the deficiencies that have been identified. The CLC ensures that the action plan is adhered to and will only sign off the report or review when the practice has taken appropriate corrective action.

It is crucial to note that this approach works in parallel with our wide range of enforcement tools such as referring serious concerns to the Adjudication Panel (AP) for a public hearing. Breaches of the CLC's AML codes are taken seriously by the CLC and may lead to more serious formal action depending on the circumstances and the type of breach that has occurred which will be explored in more detail below¹⁰.

This preventative approach is tailored towards identifying and resolving problems at an early stage of the process - prior to them becoming a real problem and potentially causing harm to members of the public. The CLC's view is that this approach, which seeks to prevent the occurrence of harm and achieve compliance as quickly as possible, best serves the public and client interest.

Each practice is assigned a Regulatory Supervision Manager (RSM) or Regulatory Supervision Officer (RSO). The RSO/RSM is the main point of contact for the practice whether that is to address questions around the code of conduct or to self-report issues. We find that having such a point of contact encourages an open relationship between the CLC and the practices we regulate.

This approach does involve close monitoring of practices, and the CLC uses a number of supervisory and enforcement tools, both proactive and reactive, which are described below in detail. The approach taken by the CLC is dictated by the circumstances and risks. The monitoring of practices commences during the licence application process¹¹ and continues throughout their time being regulated by the CLC.

If the managed compliance approach is not appropriate because of the serious or systemic nature of an issue, then the CLC will not hesitate to escalate serious AML matters. For example, if the AML or other concerns are widespread within a practice, then it may be appropriate to escalate the matter for disciplinary action alongside securing a return to compliance. The CLC has an AML enforcement policy in place which describes how and when we escalate AML issues as well as detailed threshold guidance.

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⁹ Including the Anti-Money Laundering and Counter-Terrorism Financing Code:

¹⁰ See page 8 of this report for a summary of the CLC's enforcement tools.

¹¹ New applicants to the CLC have their policies and procedures (including AML policies/procedures) reviewed by a member of the monitoring team.

¹² For example see the case study at page 40 of this report for an example where an inspection was escalated quickly due to the seriousness of the issues identified.

¹³ The policy can be found here: <https://www.clc-uk.org/wp-content/uploads/2025/01/2024-AML-Enforcement-Policy-and-Procedure.pdf>



The Senior Management Team (SMT) at the CLC are closely involved in scrutiny of the AML programme and meet with the Deputy Director of AML and Sanctions on a regular basis to plan the year's AML work as well as playing a role in reviewing major reports, disciplinary referrals and consultation responses. SMT also attends disciplinary meetings where decisions are made as to whether disciplinary action should be pursued, including in cases with AML concerns.

All staff at the CLC undergo AML training on a regular basis. Staff who are closely involved with AML, such as the Money Laundering Reporting Officer (MLRO), receiving an enhanced level of AML training. Regular updates on AML¹⁴ are cascaded down to members of the monitoring team and our team of panel inspectors who work with AML issues on a daily basis.

The non-executive Council of the CLC are kept informed about AML activities and receives regular reports on AML which are reviewed at the quarterly Council meetings and by exception when necessary. The quarterly reporting to Council is regularly updated to ensure it is providing detailed and relevant information about the CLC's AML activities, insights and risks.

Enforcement tools:

The enforcement tools available to the CLC are outlined below.

- **Managed compliance** – may consist of an action, plan or directions which are designed to remedy breaches and bring an individual or practice back into compliance with the CLC's codes. Can also include other tools such as re-inspections and requiring undertakings or independent audits to take place.
- **Informal sanctions** – enforcement tools which may be imposed by the CLC unilaterally and without regard to the provisions of the 1985 Act or the 2007 Act. Such sanctions are not publicised on the CLC's website, nor are they appealable.
- **Formal sanctions** – for RBs sanctions can only be imposed by the Adjudication Panel (AP) under the 1985 Act. For ABSs, sanctions can be imposed either by the CLC under the provisions of the 2007 Act or by the AP. Such sanctions are publicised on the CLC's website and may be subject to appeal.

When considering which of these tools are appropriate the CLC will consider:

- The seriousness of the breaches and their extent;
- Whether the breach would undermine confidence in the profession;
- The practice's past compliance history including the most recent inspection or desktop review;
- Whether the AML issues relate to files that were reviewed and the risk profile of the transactions involved;
- The practice's cooperation with the CLC and how they have implemented any actions.
- Whether the steps taken following inspection have achieved the desired outcome or not.
- Whether any client harm has occurred and, if so, the extent and type of that harm.
- The AML enforcement policy and the CLC's disciplinary policy.
- The CLC's threshold guidance for AML action contained in our overarching AML policy.

¹⁴ Which can be derived from LSAG meetings, intelligence received, trends from inspections, notable cases, new guidance and new legislation.



Sector risk assessment

The practices that the CLC regulates are engaged in services which have been identified by the National Risk Assessment of 2025 (NRA) as being at risk of exploitation by money launderers. This risk is most prevalent in conveyancing services which was classified as being at high risk of exploitation due to the nature of the service which enables large amounts of money to be laundered in a single transaction.

The operation of a client account and trust and company service providers (TCSPs) were also identified as being at high risk of exploitation in the NRA. Every CLC practice uses a client account and the CLC's own research has identified that some practices are engaged in TCSP services.

The CLC concluded a thematic review into TCSPs in 2024 and concluded that in relation to trusts and trust related services, the ML risk was medium while the ML risk of other TCSP services such as company service providers was low. The sectoral risk assessment has been fully updated now to reflect the findings of the 2025 NRA.

While probate and estate administration are not explicitly mentioned in the latest NRA, the CLC considers that there is a lower risk of money laundering in these services and has taken this into account in the sectoral risk assessment. This risk assessment, which is updated annually, can be found [here](#).

Inspections and desktop reviews – continuing a more focussed risk-based approach

The CLC selects practices for inspection using a risk-based model. This enables us to prioritise resources on higher risk practices based on factors such as previous AML compliance and intelligence received.

The CLC also ensures appropriate coverage of the lower risk practices from our regulated community and include a selection of randomly selected low risk practices every year for inspection or review¹⁵. We have also continued to develop our desktop AML reviews and have now undertaken a number of these reviews which entail a remote assessment of a practice's compliance with the CLC's AML codes and AML legislation.

The CLC adopts the approach that a non-compliant finding for AML will render the entire inspection report to be non-compliant unless there are exceptional circumstances in place¹⁶. This approach reflects the importance that we place on AML and the need to ensure that money laundering is tackled in the UK.

¹⁵ It is important to note that RSM's/RSO's also meet with new practices within the first six months of operation and carry out an inspection on or around their first year of trading irrespective of risk level. The CLC also has a range of other supervisory tools which are conducted irrespective of risk level such as the Annual Regulatory Return (ARR).

¹⁶ This approach has been in place since 2019 and is articulated in the CLC's overarching AML supervision policy which is currently being revised.



Breach Reporting and Monitoring

The CLC is obliged by Regulation 46 to encourage its regulated community to report AML breaches. We manage this important area in several ways, including:

- The CLC's approach to supervision and regulation establishes strong working relationships with practices, encouraging transparency and active engagement. Each practice is assigned an RSM or RSO as their point of contact.
- Practices can seek guidance and discuss compliance issues at an early stage, which prevents more serious problems from manifesting at a later stage and provides an early insight into potential weaknesses in a practice's controls. Every new practice that comes into CLC compliance is assigned an RSM/RSO and will undergo a period of enhanced monitoring that involves review of documentation and an initial meeting with the practice.
- Publishing a range of guidance and resources on breach reporting and making suspicious activity reports (SARs) in the AML Toolkit. The CLC also reviews the quality of SARs during inspections and will be undertaking a thematic review of SARs in 2025/2026.
- Providing targeted training to Money Laundering Reporting Officers, including on their reporting obligations, as part of our compliance roadshows which take place across the United Kingdom.
- Through the introduction of the CLC's Whistleblowing Policy which enables the regulated community to make anonymous reports of suspected illegality, including money laundering concerns.
- In October 2024, the Council for Licensed Conveyancers (CLC) applied to the Legal Services Board (LSB) seeking approval to amend its Ongoing Competency Code. The proposed changes aim to strengthen regulatory oversight and support continuous professional development across CLC Regulated practices. A key feature of the new Code is the introduction of an annual mandatory topic, selected from the CLC's Risk Agenda. It is anticipated that Anti-Money Laundering (AML), or related ancillary topics will be among the areas highlighted, given their pervasive relevance to conveyancing and pro-bate work. The Code also proposes a new annual reporting requirement for practices. This would apply to Heads of Legal Practice, Heads of Finance and Administration, and Money Laundering Reporting Officers. The intention is to build a robust dataset and establish baseline activity across key areas of regulatory risk, with AML being one of several priority domains. Over time, this data will support benchmarking across practice types and sizes, offering valuable insight into sector-wide engagement with risk management and compliance. At the time of writing, the CLC is awaiting the LSB's decision on the application.



Ongoing Monitoring

Our approach to ongoing monitoring is reviewed at various junctures throughout the year. Typically, our approach would call for a review of risks/approach in the following situations:

Core

- When new AML legislation is introduced.
- When trends and/or patterns emerge from monitoring (see below).
- When an AML thematic project has concluded.
- Following analysis of relevant AML disciplinary decisions.

Supporting

- When new information on risks is identified by the CLC or emerges in a particular sector of the regulated community; individual; practices; or clients of CLC practices.
- The CLC also conducts an Annual Regulatory Return (ARR) which collects data and information in a wide range of areas including AML.
- The CLC engages with various regulatory and intelligence Forums which allows the CLC to gather AML intelligence and relevant information. This also includes engagement with National Risk Assessment (NRA) workshops and surveys.
- As part of the licence renewal process, entities and individuals are also required to declare whether they have been the subject of disciplinary investigations or insolvency proceedings (which includes AML or related issues).
- The CLC also regularly reviews financial information from practices (Such as their client account reconciliations) which can have a bearing on AML and has triggered disciplinary action as reported on in the previous AML report.



Communication & Engagement on AML

The CLC is committed to ensuring that the regulated sector is informed about developments in AML legislation, guidance and best practice. We do so by using a range of approaches to obtain and share information on related risks and themes. These include:

- Monthly newsletters to regulated entities/individuals, which includes AML updates, alongside an approach of creating additional communications to cover specific risks as necessary, such as direct emails to MLROs and practice managers. The CLC also makes use of its website to publish updates and advisory notices or compliance notices on AML-related issues¹⁷.
- Social media - the CLC has a LinkedIn page which is used to share reports and highlight AML issues, alongside Twitter updates.
- Regulatory Supervisory Managers and Officers - who provide advice and support as a core function of their role involves being the first point of contact on any AML concerns¹⁸.
- The CLC has set up an AML focussed inbox which enables practices and members of the public to contact the CLC directly and report issues or submit queries on AML issues¹⁹.
- Our Risk Agenda²⁰ – which includes AML as a key theme and informs our regulated community of trends and current/emerging AML risks.
- Conferences – Our staff are invited to speak at conferences and have done so regularly. For example, the Deputy Director of AML and Sanctions gave an AML themed presentation to the Legal Eye Conference in 2023.
- Compliance roadshows for practices – four roadshows, which will include AML content, are scheduled around the UK which will take place in Q1 2026.

The CLC also engages with a wide range of external forums which include other regulators and relevant organisations as members. At the AML forums, intelligence is shared and evaluated. This adds additional support and new insights into our rolling review of ongoing issues and is particularly helpful in identifying new risks. CLC officials regularly attend meetings of the:

- Legal Sector Affinity Group.
- Legal Regulators AML Forum.
- AML Supervisors Forum.
- Legal Sector Intelligence Sharing Expert Working Group.
- Cascade.
- National Risk Assessment working groups (pursuant to the 2025 National Risk Assessment).

Intelligence sharing also occurs outside of formal Forum meetings and, for example, the CLC will refer concerns over to other regulators when we think it is necessary and appropriate. The CLC is an active partner in contributing to the development and ongoing improvement of professional body AML supervisors.

17 For example - A recent compliance notice on source of fund can be found [here](#).

18 RSM's will also communicate with and visit a new practice in its first year, as part of its initial monitoring.

19 The details of the AML inbox can be located [here](#).

20 The 2025 risk agenda can be found [here](#)



3. Risk Assessments

CLC Risk Register

As required by Regulation 17(4) of the MLRs, the CLC developed a risk register to record a risk profile of each CLC regulated practice. The register covers key AML risks including: the geographical location of a practice's clients, the percentage of overseas clients, the percentage of remote clients, the method of client verification and more specific risk areas such as whether the practice is obtaining source of funds evidence and whether it has an adequate practice wide risk assessment.

Levels of risk for each regulated entity are determined by the assessments in relation to the key AML risks, each of which is attributed a score. An overall risk score of high, medium or low for each entity is then calculated based on the total score from all criteria. The development of the risk areas was determined by the CLC's monitoring work, our Red Flag Indicators, Legal Sector Affinity Group Guidance (LSAG), the Money Laundering Regulations (MLRs), National Risk Assessments²¹ and the CLC's Anti-Money Laundering and Combating Terrorist Financing Code.

The information that populates the risk register is usually collected during onsite inspections and remote/desk-based reviews but can also be informed through other sources such as intelligence received, complaints and disciplinary investigations. Another recent source was the CLC's Annual Regulatory Return (ARR) which was undertaken at the end of 2024/2025 and included a significant number of AML questions.

Each practice is allocated to a Regulatory Supervision Manager (RSM) or Officer (RSO). The RSM's and RSO's meet at the beginning of the year to decide which practices will be inspected. Risk factors for each practice (such as previous AML compliance) are taken into account and influence what type of inspection would be appropriate (e.g. a full onsite inspection or desk-based review).

The CLC revised the AML risk register in 2023 to bring it in line with the latest legislation (such as the Fifth Money Laundering Directive – 5MLD) and to expand the range of AML risks and factors including: matter risk assessments, the frequency of Suspicious Activity Reporting (SARs) and whether the practice has an independent audit function.

The risk register is frequently updated with feedback from the monitoring team and the latest AML developments.

The updated risk register includes an AML dashboard which enables real-time reporting to take place. This has assisted the CLC in providing reports of CLC practice's AML compliance to the Council and reporting to external bodies.

21 The most recent National Risk Assessment was published in 2025 and can be accessed [here](#).



The risk factors used to assess practice AML risk are summarised in the table below.

Table 1

CLC – Categories of Risk Factors			
	Common High Risk Factors	Common Medium Risk Factors	Common Low Risk Factors
1	No AML Policy or Procedure	Nationwide client base	Compliant and robust PCPs
2	No practice-wide risk assessment	Less than 75% of clients met in person	100% of Clients met in person
3	MLRO not completed enhanced AML training	Minor amendments required to PCPs	Dual verification of client ID
4	No evidence of CDD/EDD on files	Only one type of ID verification	Local client base
5	No source of funds/wealth checks on files	Self-assessed risk level as medium	Regular AML training for MLRO and relevant staff
6	Poor AML culture through organisation	Matter risk assessments are not repeated at later stages in the transaction (one stage)	Consistent and appropriate application of source of funds/wealth checks on clients
7	High % of clients outside local area and/or overseas clients	Source of funds checking is completed but not thorough enough/incomplete or fully evidenced on file	Documented evidence of CDD/EDD and source of funds & wealth on file
8	Lack of matter-based risk assessments or wholly inadequate assessments	Lack of internal suspicion reports	Comprehensive three stage (initial, interim and final) matter-based risk assessments
9	High risk trust or company formation work (eg offshore or complex trusts)	Inadequate CDD in relation to existing trust work	Low risk trust work (eg express trusts created from wills or property being placed into trust)
10	AML issues identified in all or a large percentage of the file reviews undertaken at inspection or review	Training for MLRO and staff has been undertaken however this has not been recorded.	No or minor AML issues identified on the files that have been reviewed during the inspection.
11	Sanctions checking completely absent	Sanctions checks have been undertaken but not properly recorded.	Good evidence located on file that sanctions lists have been checked.



Risk & Compliance Data

The tables below summarise the in scope practices and individuals together with the risk categorisation of the practices.

Table 2

General Population Data		
	2024/2025 (As at April 2025)	2023/2024 (As at April 2024)
Total size of relevant population	200	205
Relevant firms	184	187
Relevant sole practitioners	16	18
Beneficial Owners, Officers and Managers (BOOMs)	519	546

Table 3

AML / CTF Population Data			
		2024/2025 (As at April 2025)	2023/2024 (As at April 2024)
High Risk	Number of firms	19	24
	Number of sole practitioners	2	2
Total		21	26
Medium Risk	Number of firms	30	20
	Number of sole practitioners	5	3
Total		35	23
Low Risk	Number of firms	128	139
	Number of sole practitioners	9	13
Total		137	152



Risk Ratings of Practices

Trends:

As the figures above show, the number of practices²² which have been classified as “high risk” and “Low risk” has decreased notably in the relevant period when compared to the prior period. Practices that have been assessed as “medium risk” have increased by 12 practices in the relevant period. The number of regulated practices has also decreased by 5 since the previous assessment period which has also impacted the change.

The trend towards higher “medium risk” practice assessments is due to an improvement in compliance and amendments to the risk register assessment criteria.

The CLC would also emphasise that the risk ratings of practices outlined above is seen by us as a subcategorization of National Risk Assessment which, for conveyancing services, concludes that conveyancing and thereby conveyancing practices are at a high risk of exploitation by money launderers. Although a number of firms above are classified above as “low risk” this should be seen as “lower risk” relatively speaking but within the high-risk environment that CLC practices operate.

22 Either sole practitioners or CLC practices which can be Recognised Bodies or Alternative Business Structures (ABSs).



Chart 1 - Practices by risk category

Number of CLC Practices in Each Risk Category (This Reporting Period – 2024/2025)

Note 7 new practices had not been inspected at the end of the reporting period and did not have a risk rating assigned.

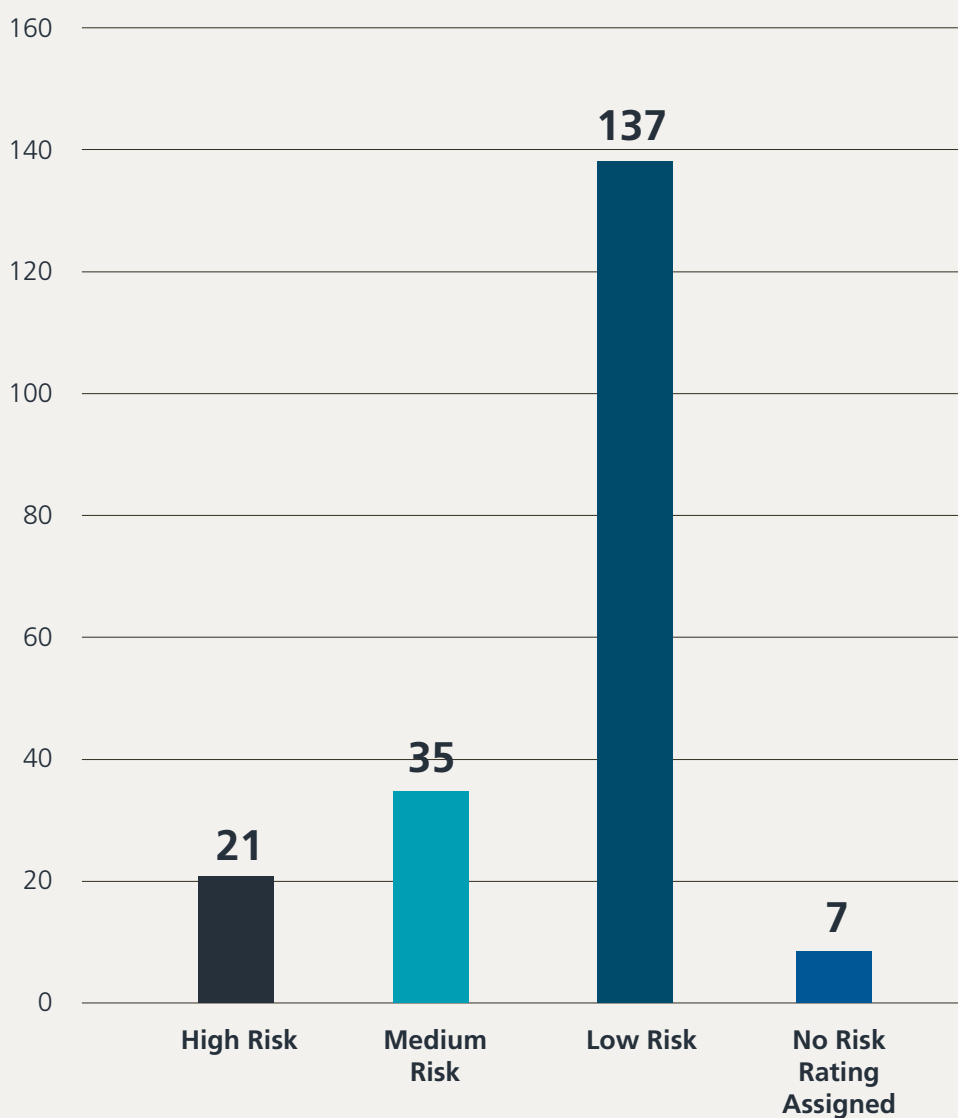
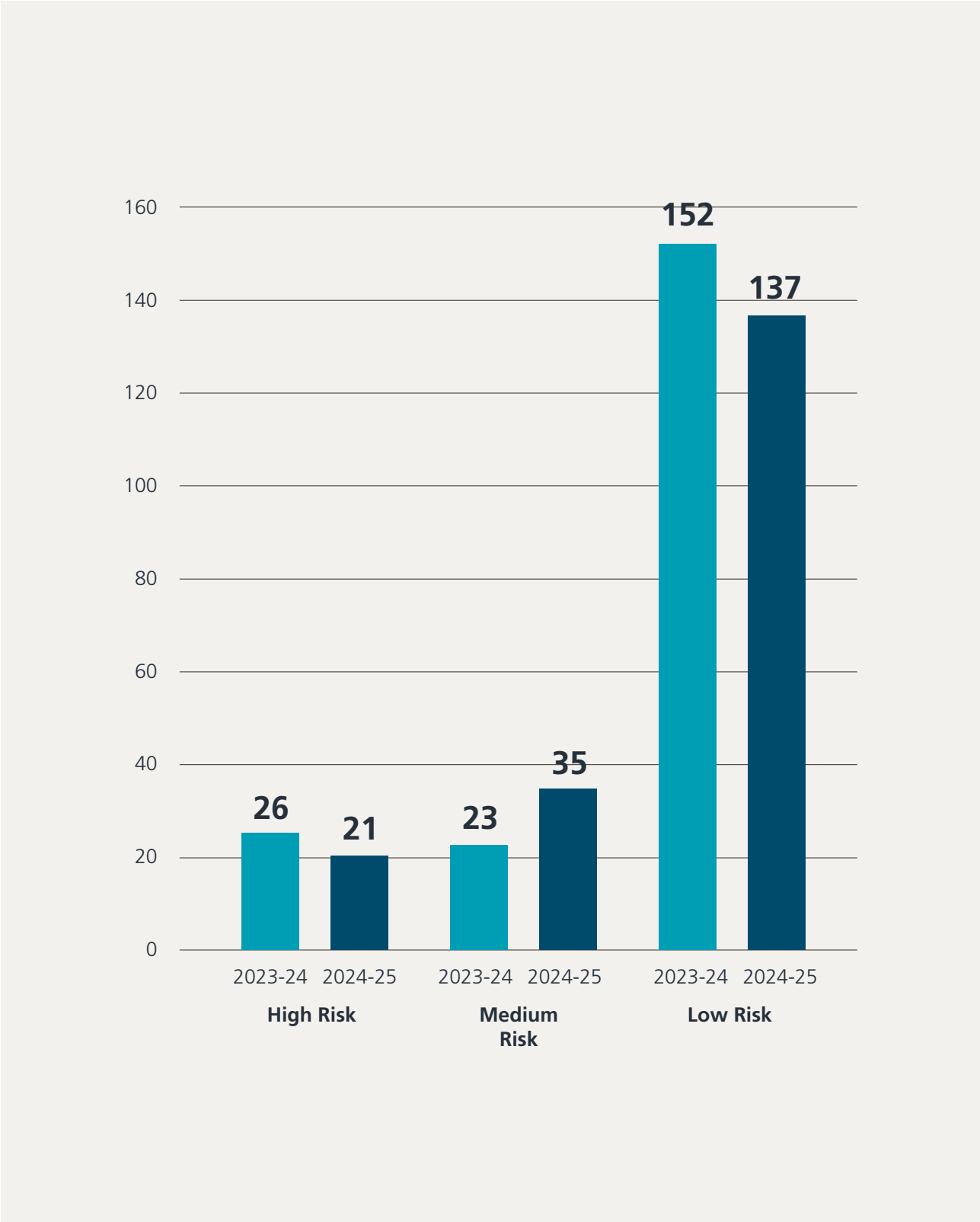




Chart 2 - Risk totals comparison

Comparison of Number of CLC Practices in Each Risk Category:
Over Last Two Reporting Periods (2023-2024 and 2024-2025)





4. AML Monitoring, Compliance and Enforcement

Inspection Data

In the current reporting period the CLC conducted the following work:

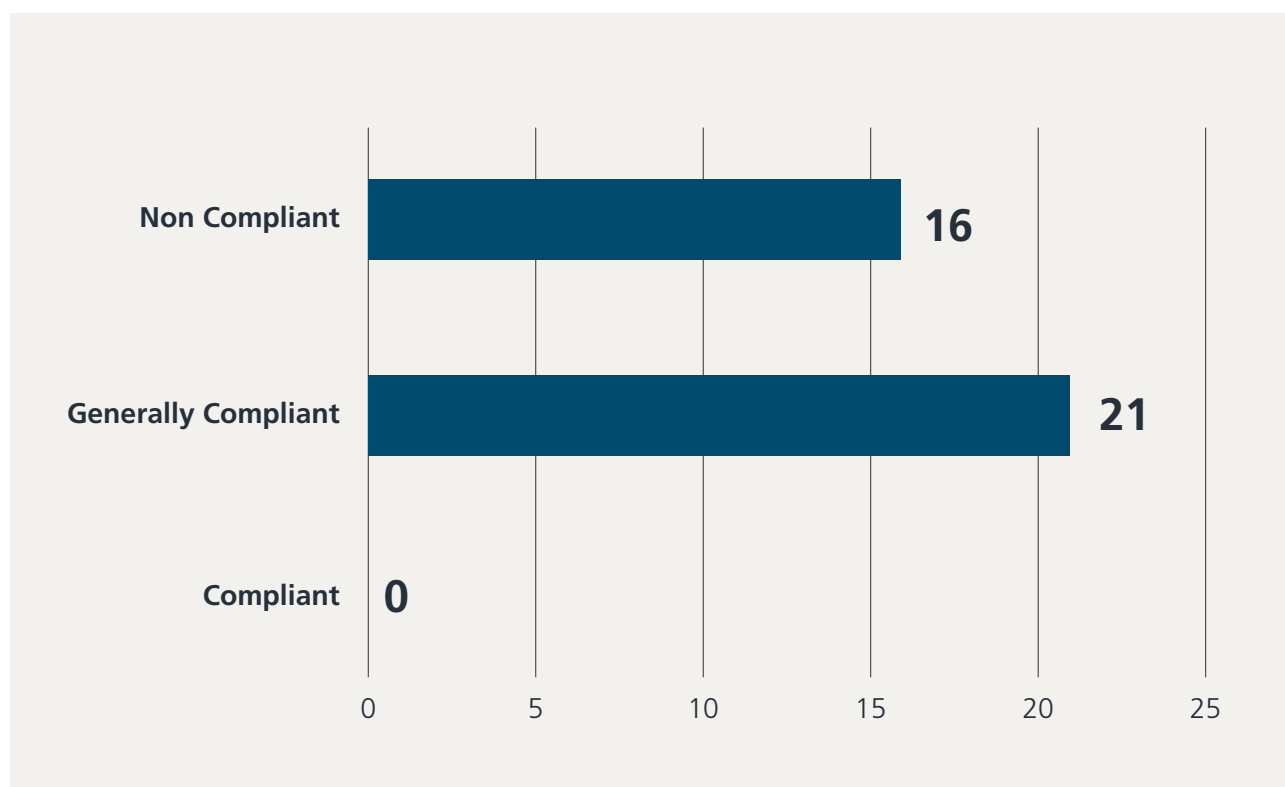
- 30 onsite practice monitoring inspections were carried out which assessed AML.
- 7 AML desk-based reviews were conducted.

Out of 37 total inspections/reviews, the AML findings of these inspections were that:

- No practices were considered compliant.
- 21 were considered generally compliant. (c.57% of inspections).
- 16 were considered non-compliant. (c.43% of inspections).

Chart 3

AML findings by compliance category in reporting period





Common themes of non-compliance during the relevant period (April 2023 – April 2025)

The table below outlines the main categories where non-compliance was found. Note that practices frequently have multiple areas of non-compliance.

Form of non-compliance	Occurrences
Inadequate documented policies and procedures	15 practices in the relevant period
Inadequate CDD procedures	13 practices in the relevant period
Inadequate EDD procedures	7 practices in the relevant period
Inadequate ongoing monitoring	11 practices in the relevant period
Inadequate practice-wide risk assessment	15 practices in the relevant period
Inadequate client/matter assessment/record	12 practices in the relevant period
Inadequate training	14 practices in the relevant period
Inadequate electronic checks	4 practices in the relevant period
No check on financial sanctions	2 practices in the relevant period
Inadequate record keeping	10 practices in the relevant period

Compliance work

Of the 16 practices found to be Non-Compliant in AML during the relevant period, we can report that 15 of these practices have been brought back into compliance through the implementation of time bound action plans. The remaining practice (Practice A) was intervened into by the CLC. In relation to Practice A, shortly after the inspection was completed, the CLC intervened into the practice based on the findings of that inspection. This is a good example of the managed compliance process being escalated very quickly to the most serious form of enforcement the CLC has when we conclude that managed compliance alone would not be sufficient to address the concerns²³.

All the practices that the CLC assessed as generally compliant have implemented the actions identified to bring them into full compliance with the CLC codes.

Following on from these inspections, the CLC has commenced disciplinary action against some of these practices where the CLC concluded that the breaches of the AML code met the threshold for disciplinary action. Further details can be found on page 25 of this report.

²³ For a full breakdown of Practice A please see page 40 of this report where it is presented as a case study.



Timeframes of AML actions and further work

Practices are provided with 14 days from receipt of the inspection report to implement AML corrective actions and/or rectify areas of non-compliance. This approach has been in place since 2019 and emphasises the importance that the CLC places upon maintaining AML compliance. The CLC will if necessary escalate serious matters which was most clearly evidenced in an intervention which took place this year arising from an inspection where serious AML and accounts code breaches were identified.

RSMs and RSOs work closely with practices in the post-inspection period to ensure that AML actions, are implemented and complied with to our satisfaction. The inspection report is only signed-off (closed) once all outstanding actions have been signed off. If any practice fails to comply with the actions in the required timeframe - or by any extension given - then the CLC would take proportionate steps, including further regulatory action should it be required.

Inspection Themes

Comparison to 2023/2024:

The table below compares the areas of non-compliance over the past two reporting periods, which highlights the changing trends in AML non-compliance.

Form of non-compliance	2024/2025 (6 April 2024 - 5 April 2025)	2023/2024 (6 April 2023 - 5 April 2024)
Inadequate documented policies and procedures	40%	48%
Inadequate CDD procedures	35%	48%
No client risk assessment/record	0%	26%
Inadequate client risk assessment/record	32%	24%
Inadequate training	38%	24%
No training	0%	0%
No practice wide risk assessment	0%	5%
Inadequate practice wide risk assessment	40%	5%
Inadequate record keeping	27%	26%
No check on financial sanctions	5%	2%



Top three issues and mitigations from current reporting period

A. AML policies and procedures:

40% of the practices that were inspected/reviewed in the relevant period had deficient AML policies/procedures. This is a recurring theme from the last reporting period although it is encouraging to note that the overall percentage has decreased.

As has been noted in the last reporting period, the CLC has developed clear standards on what should be in AML policies/procedures based on the legislative requirements and our specific sector. Our view is that a good AML policy/procedure is a cornerstone of an effective AML culture which has a bearing can be cascaded to all staff and sets clear limits and guidelines.

The CLC's AML policy checklist (link below) sets out very clearly our expectations of what must be in an AML policy/procedure. As an example of the high standards we operate, we require that practices must set out their position on an independent audit even if they are a sole practitioner and technically exempt from such "internal controls" under the MLRs.

The CLC's conclusion is that the percentages of practices with inadequate AML policies/procedures will fall over time and are primarily due to the high standards we are holding practices to as evidenced in the AML policy checklist.

Current mitigations:

- The CLC has developed an AML policy checklist which can be located in our AML toolkit and is available for practices to use. This checklist is used when reviewing AML policies as part of inspections or dedicated AML reviews. The checklist was published in February 2024 and can be found [here](#).
- The CLC has also published new AML, CTF and Sanctions policy and procedure guidance on 20 May 2024. This guidance replaced an older template and has been updated with the latest AML developments and reflects our collective experience in AML monitoring and supervision. This new guidance, which contains a policy/procedure template for practices to use, can be found [here](#).

Planned mitigations:

- The CLC will continue to assess practices AML policies/procedures in line with the AML policy checklist as a key part of our monitoring inspections and reviews. Given the high coverage the CLC achieves (approximately a quarter of our regulated population every calendar year) we anticipate that the quality of AML policies/procedures will continue to improve over time.
- The CLC also collects information from practices in its Annual Regulatory Return (ARR) in which we ask targeted questions of practices on topical and high risk areas. Some of the questions that are asked relate to AML policies/procedures. The CLC reviews these answers carefully and will conduct targeted follow-up work where we judge it is necessary (for example if an AML policy/procedure has not been reviewed annually).



B. Inadequate Practice Wide Risk Assessment (PWRA):

A PWRA captures a practice's assessment of AML risk and as such focuses the practice's entire AML approach. A seriously deficient PWRA can often indicate a poor AML culture at the practice while a good one tends to indicate a practice that has considered the risks and is serious about discharging their obligations under the MLRs.

This finding represents a notable increase from the previous year. It should be noted, however, that at the start of the relevant period, in April 2024, the CLC published a new PWRA template which includes an update on what we expect practices to include in such documents including an assessment of proliferation financing (which is a common deficiency) and an assessment of all the services that a practice offers.

Other common failings under this area include practice's coming to an inappropriate conclusion, failing to come to a risk conclusion and failing to take into account all the relevant factors practices are required to address under Regulation 18 of the MLRs. This Regulation outlines that Relevant Persons, which includes CLC practices, must take into account its customer, the countries or geographic areas in which it operates, its products or services, its transactions and its delivery channels.

Current mitigations:

- The CLC launched a revised template PWRA in April 2024 which is in the CLC's AML toolkit and can be found [here](#). It contains all of the elements that should be in a PWRA to be fully compliant with the MLRs.
- The CLC also recently published its own [sectoral wide risk assessment](#) which has been fully updated in light of the new National Risk Assessment (NRA) 2025. This assessment is tailored to the services that CLC practices offer and is aimed at practices and their identification of risk.

Planned mitigations:

- The CLC will continue to review PWRAs as part of its routine and targeted monitoring and inspection work. As noted above, the CLC inspects or reviews approximately a quarter of its regulated population every calendar year which is a key tool in driving up standards and compliance.
- The CLC will be reviewing answers to the ARR and will undertake targeted work where necessary. The ARR contains a number of targeted questions to do with PWRAs and follow up work, which can range from reviewing policies and procedures to undertaking desktop reviews or inspections, will take place where we receive concerning responses.



C. Inadequate training:

CLC practices are obligated, under the AML & CTF code, to ensure that “appropriate and regular” training takes place (paragraph 8(b)). AML training must be undertaken annually for all staff and for certain members of staff, such as the Money Laundering Reporting Officer (MLRO) and the Deputy MLRO, enhanced AML training is required that is commensurate with their role and the responsibilities that come with it. A record of this training must also be retained.

AML training is a fundamental pillar of compliance as employees are undoubtedly the first line of defence against money laundering. Where deficiencies in training have been identified, we have required practices to provide evidence of suitable AML training as soon as possible to come back into compliance. Ensuring that all staff are appropriately trained in AML minimises the risks associated with money laundering considerably and can lead to a proactive and positive compliance culture.

Although we have noted issues with frequency and recording of training undertake, it should be emphasised that the CLC findings do not relate to a complete lack of training (which is extremely rare) but rather inadequate training.

Current mitigations:

- The CLC published a new AML & CTF guidance document in May 2024 which contains a model training record that practices can adopt for their practice. The record covers details of the training, topics covered, the name of the attendee, the training provider and both the attendee and trainer’s signature. This guidance can be found [here](#).

Planned mitigations:

- The CLC reviews AML training consistently as part of all desktop reviews and onsite inspections. We will continue to do so into the next reporting period and beyond. Where training issues are identified we will ensure that the practice comes back into compliance through an action plan as quickly as possible and will consider, in serious examples, taking parallel disciplinary or enforcement action where it is warranted or justified to do so.
- The CLC will also be asking questions around training in the next ARR and will carefully review the answers. If we identify any answers of concern, we will conduct follow-up work which could take the form of reviewing policies/procedures and documents such as training records or conducting desktop reviews/inspections.
- The CLC will also look to create guidance in this area during 2026 following our analysis of the SRA’s thematic project and the guidance and checklist that was created²⁴.

General mitigations:

- Although the CLC has picked out the three main areas of non-compliance above, we wish to emphasise that we continue to look at all areas of non-compliance and take them seriously. We continue to undertake monitoring inspections and require all practices to take corrective actions irrespective of the nature of the non-compliance.

²⁴ See page 37 of this report for further detail about the SRA’s thematic review of AML training.



Enforcement

Our policy of managed compliance, which brings practices back into compliance with the rules, works in tandem with enforcement. When we identify breaches through the managed compliance process, we assess them to determine whether they meet the threshold for further enforcement (over and above mandatory remediation of the breach). If the threshold is met, we refer individuals and or practices further enforcement.

Summary of disciplinary or enforcement cases relevant to AML in reporting period:

Disciplinary case	Type of allegations	Formal action	Outcome
Practice A and Person A and Person B	Failure to put in place appropriate management arrangements, systems and controls to comply with ML Regulations, issues identified in: AML training, source of funds/ wealth verification, ID verification and risk assessments.	Intervention into the practice on 11 April 2024 and referral to the Adjudication Panel for Person A and Person B	Practice intervened into on 11 April 2024 and pending case to answer decision on Person A and Person B
Practice B and Person C	Failure to put in place appropriate management arrangements, systems and controls to comply with ML Regulations, issues identified in: source of funds verification, ID checking, risk assessments.	Formal referral to the Adjudication Panel	Pending case to answer decision
Practice C and Person D	Failure to put in place appropriate management arrangements, systems and controls to comply with ML Regulations, issues identified in AML training, ID checking, source of funds/wealth verification, risk assessments	Formal referral to the Adjudication Panel	Case to answer decision made on 23 June 2025
Practice D and Person E	Failure to put in place appropriate management arrangements, systems and controls to comply with ML Regulations, issues identified in AML training, ID checking and record keeping.	Formal referral to the Adjudication Panel	No case to answer
Practice E and Person F	Failure to put in place appropriate management arrangements, systems and controls to comply with ML Regulations, issues identified in CDD checks, SOF/ SOW verification, risk assessments, AML training.	Formal referral to the Adjudication Panel	Pending case to answer decision

The CLC also currently has ongoing disciplinary investigations against practices and individuals, arising from this period (which we will be included in subsequent annual AML reports).



Suspicious Activity Reports made by the CLC:

In the reporting period, the CLC submitted one DAML SAR to the National Crime Agency in relation to suspicious transactions that occurred in a practice’s client account. These issues were identified following a monitoring inspection.

CLC practices: SAR reports:

For this year’s Regulation 46A report, the CLC does not have access to any data from the UKFIU which produces annual reports on SAR submissions. The 2026 report will include information from the 2025 UKFIU publication.

The data in the charts below summarises the volume of SAR’s submitted, as disclosed by practices in the CLC’s 2024 Annual Regulatory return.

Chart 4

Defence Against Money Laundering (DAML) SARs: DAML SARs made to the NCA in the 12 month period prior to the ARR

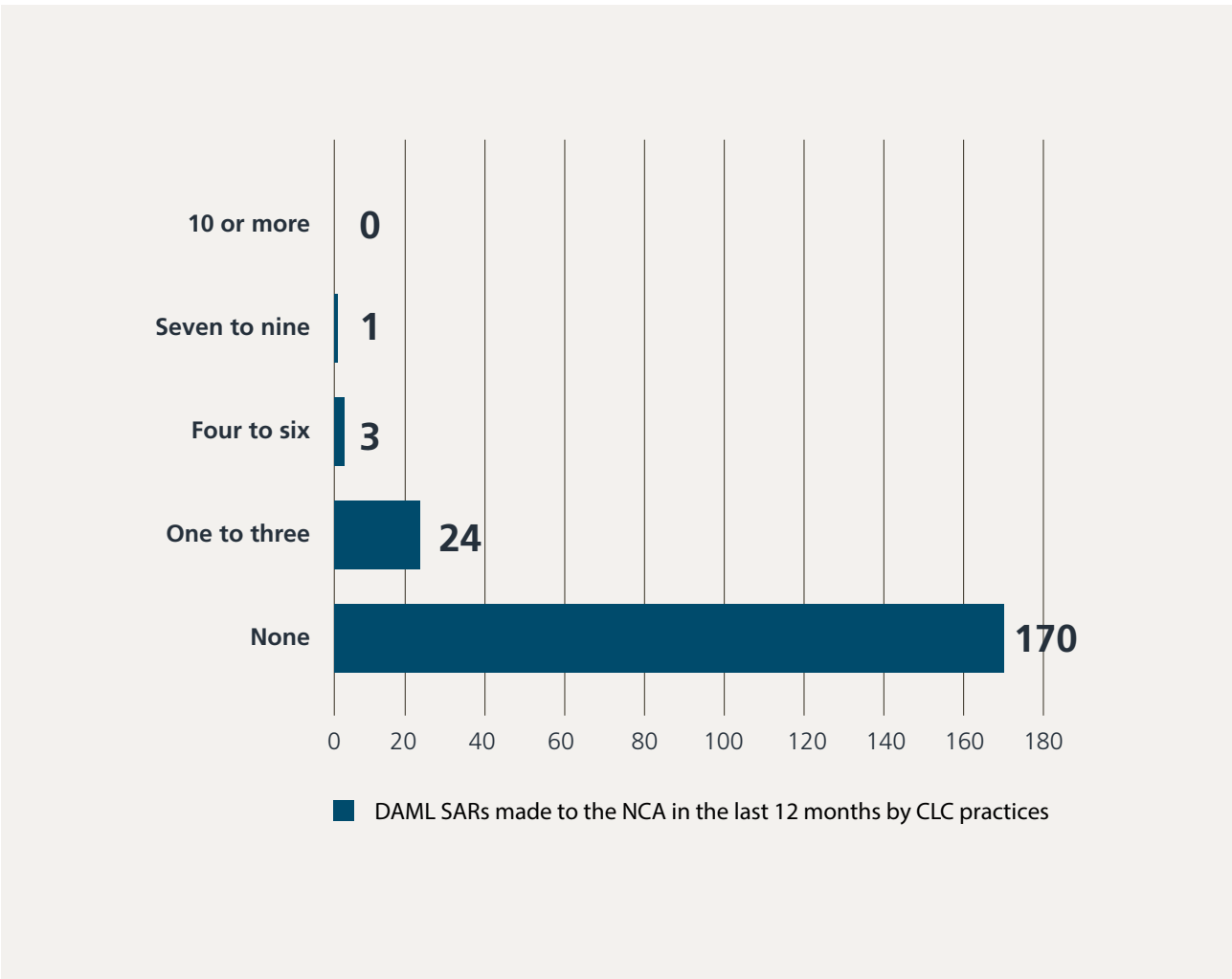
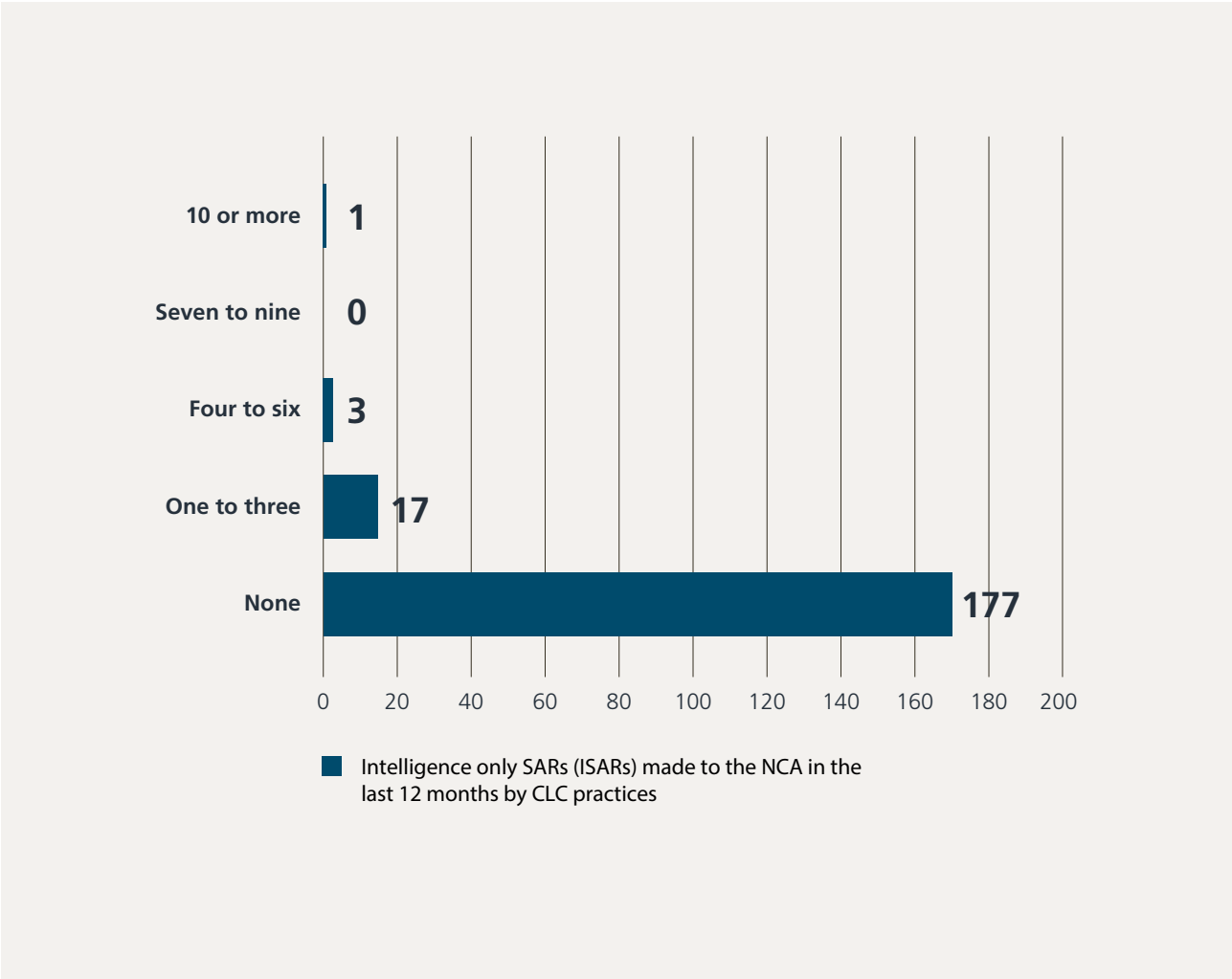




Chart 5

Intelligence only SARs (ISARs):
ISARs made to the NCA in the 12 month period prior to the ARR





5. Current and Emerging Themes

Analysis of Wider AML Risks & Main Themes Strategy / Context

The National Risk Assessment 2025 continues to assess professional services as a crucial gateway for criminals looking to disguise the origin of their funds. The report notes that legal services remain at high risk of being abused by money launderers and suggests that high-end money laundering almost always requires facilitation by legal services, even if they are unwitting.

The new National Risk Assessment continues to assess the following services to be at a high risk of money laundering:

- Conveyancing
- Misuse of client accounts
- Trust and company service providers (TCSPs)

The CLC's TCSP thematic review (2023/24) has established a more particularised risk assessment as it relates to CLC practices and this can be seen in our sectoral risk assessment which can be found [here](#). The conclusion of the risk assessment was that TCSP risk is generally low in terms of money laundering with the exception of trusts which are seen as medium risk.

Key changes in the 2025 NRA impacting CLC practices:

- **Cryptoassets** have been upgraded from medium risk to high risk in the 2025 NRA. As cryptoassets are being increasingly used in conveyancing transactions (or at the least being proposed). We have noted that practices are hesitant to accept transactions where crypto currency is used, however we expect this to increase over time as crypto becomes more mainstream. We have urged practices to be cautious and will be developing additional guidance on the assessment of crypto assets.
- **Electronic Money Institutions/PSPs** have been assessed as being "high risk", increasing from medium risk in 2020. These organisations offer alternatives to traditional banking models by offering "non-bank payment services". The NRA states: "The rapid scaling of the sector since 2020, increased complexity and diversification of services, has contributed to the sector's attractiveness for criminals, with increased options to manage and launder funds cross border." (paragraph 5.64) Some examples of EMIs are: Revolut and Paypal.
- **Sanctions evasion:** a growing "convergence" between sanctions evasion, money laundering and kleptocracy has been identified in the 2025 NRA. They identify that, "...Sanctioned entities and individuals aim to conceal the links to their funds by leveraging existing money laundering networks and using the same international controller networks, complicit professionals and complex structures that were previously principally used by those seeking to launder high volumes of criminal funds." (paragraph 3.3).
- **Property developers:** The NRA 2025 identifies a number of unregulated sectors which are of concern and present a potential risk. The most relevant for CLC practices are property developers. As is noted in the NRA, developers need to fulfil certain criteria in order to fall within scope of the MLRs. A particular vulnerability identified in the NRA 2025 are overseas buyers purchasing "off plan" properties and there are issues with developers scrutinising at and understanding source of funds.



Emerging Risks (Themes & Threats)

The CLC has worked with partners, reviewed intelligence received during the year and reflected on recent monitoring and supervisory work to identify emerging risks. We have identified the following as the main focus areas, to develop mitigations:

Client Due Diligence (CDD) on corporate entities:

In this report, and our sectoral risk assessment, the CLC is highlighting corporate clients as an emerging risk for CLC practices. Companies can be used as vehicles for money laundering and are useful tools for criminals to disguise their identities and launder assets. The NRA 2025 highlights companies as a common money laundering typology and sets out the specific risks in the UK environment:

“UK companies can be used as ‘fronts’ by local and regional UK criminals generating lower volumes of funds via acquisitive crime, drugs offences and waste crime. In some cases of fraud, tax evasion and environmental crime, the UK corporate structure is used both to generate the income and launder the funds simultaneously. (paragraph 3.102)”

Undertaking proper CDD on corporate clients who are not listed on a regulated market is essential for CLC practices. This includes: ensuring that the beneficial owner is properly identified and verified, obtaining and verifying the name of the body corporate, its company number or other registration number, the address of its registered office and taking reasonable measures to understand the ownership and control structure of the company.

Particular care should also be taken when trying to understand and obtain evidence of the source of funds (SOF) and source of wealth (SOW) for any transaction involving a corporate entity. CLC practices should develop a robust approach to validating typical sources in transactions involving corporate entities such as company profits or directors’ loans. Regulation 28 of the AML Regulations contains the precise obligations which we would encourage practices to read carefully²⁵.

CLC practices should also be aware that Companies House can be misused and care must be taken with any information that is obtained from the site. If in any doubt about the information, CLC practices should seek independent sources of information. One further note of caution relates to beneficial owners: the 2017 MLRs specifically state that firms/practices do not discharge their duties under the MLRs by just relying on the register of people with significant control (PSC).

The CLC has identified²⁶ the following particular risk factors for corporate clients which CLC practices should consider when conducting proper CDD:

- **Shell companies:** These kinds of companies are a well-established money laundering risk and relate to companies that have no significant operations, employees, offices and/or assets themselves but maintain their legal status and a bank account that can be useful for obscuring ownership, holding or moving illegitimate funds. One of the case studies in the new NRA 2025 highlights the use and setup of shell companies by a Chinese national to obtain loans worth tens of billions of pounds which were then used to purchase and invest in property development in the UK²⁷. Additional risk factors are shell companies set up in jurisdictions with minimal regulatory oversight such as tax havens or countries where secrecy of ownership is permitted.

²⁵ Regulations 28(3), (3A), (4), (5), (6), (7), (8), (9), (10) and 11(a) are all relevant to CDD for corporate clients

²⁶ Some of these risk factors have been developed in light of the extensive work and research of Tax Policy Associates which is an independent tax think tank that, amongst other activities, alerts the public to concerns around fraudulent companies and potential tax issues. Their website can be found [here](https://www.taxpolicyassociates.co.uk/).

²⁷ See NRA 2025 at page 49 (Box 3.L).



- **Off the shelf companies:** These are companies that have already been setup by Companies House, typically by a formation agent, and which are transferred to new owners who purchase them and inherit aspects such as a pre-established bank account and lines of credit. They can give the appearance of a legitimate company that has genuine operations. In some instances, this may be a method of deception and it is of note that the National Risk Assessment (NRA) 2025²⁸ highlights such companies as representing a money laundering risk and identifies that such companies may be used in “phoenixing” whereby criminals seek to continue their operations without the poor reputation of a prior company²⁹. It is also of note that the Panama Papers highlighted the use of shelf companies by global elites to hide assets and avoid the payment of tax.
- **Dormant companies:** although there is a legitimate basis for ensuring that companies that are “dormant”, which for Companies House is defined as there having been no “significant” transactions in the financial year, do not need to file audited accounts, this is open to abuse. CLC practices should take care that such companies are genuinely “dormant” and not a fraudulent enterprise that is attempting to conceal assets or profits from public scrutiny. Research has demonstrated that a number of potentially fraudulent companies use this technique. For example, [this company](#) has filed dormant accounts but recent reporting has suggested it doesn’t exist.
- **Fake banks:** Specific permission is required from the Financial Conduct Authority (FCA) to include the word “bank” in a company name. This can be circumvented, however, by ensuring the company is categorised as a bank on Companies House. This is something that CLC practices should also be wary of when acting for such corporate clients. One way of checking this is to ensure that the “bank” that the practice is acting for is regulated by the FCA. The way to identify if a company has categorised itself as a bank is to look at the “Nature of Business” section on Companies House when obtaining information about the corporate client.
- **Hidden beneficial ownership:** Corporate clients may have a foreign company named as the Person with Significant Control (PSC). This is contrary to UK Company Law which requires that companies disclose the individuals who control it. The law is, in practice, ignored by certain companies so CLC practices should take care when they come across such situations. According to Tax Policy Associates research, as many as 50,000 UK companies hide their beneficial ownership in this way³⁰. Such conduct could be indicative of a company which intends to hide its beneficial owner and conceal illicit funds or undertake fraudulent activities.
- **Other indicators of fraud:** these include non-dormant companies that have failed to file their accounts as they should have, mail being sent to the corporate entities’ registered office being returned or the registered office being in dispute. In the latter instance some companies “squat” at certain addresses which may be an indicator of fraud. CLC practices should also take care with recently established companies (such as companies set up specifically for the property transaction) and ensure that source of funds and source of wealth is carefully documented and scrutinised. A final indicator of fraud the CLC would wish to emphasise are companies with questionable or entirely fake directors (either completely fake individuals or people who are recruited often through social media to lend their names to companies they don’t actually control).

28 See NRA 2025 at paragraphs 3.101 – 3.104.

29 A tip to spot such companies is to look at how the company was formed on Companies House and it should be possible to identify that a company formation agent was involved. Long periods of inactivity should also be evident from the records and potentially questioned with the client. The use of nominee directors in such companies is also a particularly telling sign.

30 <https://taxpolicy.org.uk/2025/03/19/50000-uk-companies-fail-to-declare-their-beneficial-owner/>



Cryptocurrency as a funding method for transactions:

The NRA 2025 has assessed the risk of money laundering from cryptoassets to be high risk, a notable increase from the NRA 2020. The reason for this upgrade is due to cryptoassets increasingly appearing in money laundering intelligence since the last NRA in 2020. The NRA states:

“Cryptoassets are increasingly used for laundering all forms of proceeds of crime. In addition, there have been increasing levels of cryptoassets obtained through illicit means such as cybercrime, ransomware and cryptoasset thefts which are then laundered.”³¹

The NRA goes on to identify that although Bitcoin remains an attractive cryptoasset for “illicit finance and serious and organised crime (SOC)”, other forms of cryptocurrency are becoming popular with criminals such as stablecoin. The example given by the NRA 2025 is Tether and it is noted that the price stability, “fast transaction speed and wide adoption” have been factors behind its use³².

OPBAS, the AML Regulator of Professional Body Supervisors (PBSs) recently published an open letter which advised of the inherent risks in conveyancing and highlighted: “We note an emergence of cryptoassets interacting with property transactions, including through tokenisation, with the potential to impact the future AML risk landscape.”

Evidence quite clearly points to cryptoassets being a significant red flag for practices and the CLC would urge practices to be vigilant and exercise extreme caution in any transaction before accepting cryptocurrency which has been converted to more traditional currencies. This is a complex area involving very elaborate schemes which are difficult to trace, and which may lack transparency (particularly regarding the source of funds which is a crucial AML obligation).

The CLC is aware that increasing numbers of clients are looking to fund or partly fund property purchases using cryptocurrency. Caution should be exercised in such situations and it is strongly recommended that each practice ensures that their AML policy and procedure cover all potential scenarios to ensure consistency of approach. Consistent training should be provided to staff as well to further embed established procedures and to alert staff to the money laundering risks which are present.

Professional Indemnity Insurance (PII) providers may also be reluctant to extend insurance cover to transactions that cover cryptocurrency and care should be taken to establish the PII position first. If a practice decides to proceed with a transaction (either wholly or partly funded by funds that have derived from crypto) then it should take care to ensure that the source of funds (SOF) and source of wealth (SOW) of the transaction are firmly established and well documented. If a CLC practice cannot establish these two crucial aspects of CDD, then the transaction should be terminated and any suspicions reported appropriately to the National Crime Agency (NCA).

CLC practices should also bear in mind that a regulatory regime for cryptoassets is currently in place, regulated by the Financial Conduct Authority (FCA). CLC practices are able to search this register when considering different companies that offer crypto services which is an important risk factor to consider in such scenarios as an unregulated cryptocurrency providers present a higher money laundering risk. The **FCA register** can be accessed here: [Registered Cryptoasset Firms](#).

³¹ NRA 2025 at paragraph 3.61.

³² Ibid.



Use of AI to circumvent CDD:

The CLC has not seen any recent examples of AI being used to circumvent CDD, however we are of the view that it must be highlighted as an emerging risk due to the rapid and developing nature of the technology as well as intelligence from other sectors. One reason behind this is that the NRA 2025 has introduced a section on “cross cutting” risks and has specifically highlighted the opportunities and also the threats that AI presents:

“Current use of AI for money laundering is not fully understood but is not currently believed to be widespread; however, engagement between the private sector and law enforcement suggests that there has been use of AI for synthetic bank account creation, fraud and impersonation, phishing and on-boarding of money mules.”³³

The CLC has also noted that sectors such as casinos have seen attempts to bypass CDD with AI and consider it is only a matter of time before CLC practices will have to reckon with such attempts as the technology develops and becomes more widely available. In the NRA 2025 there is a specific paragraph on “identity theft and synthetic accounts” which we would strongly encourage CLC practices to read and consider. It states:

“...Generative AI could potentially help criminals to pass banks and other firms’ onboarding checks by creating synthetic identities or generating images to match stolen documents that is required to pass those tests.”

CLC practices should ensure that any electronic systems they use are sufficiently robust in order to combat AI being used to try and circumvent them. We would recommend that CLC practices contact their providers and seek to understand just how secure the systems that are being used are and whether mitigations are in place (such as human checks in the process). We would remind all who we regulate that this is a specific requirement under Paragraph 6 of the CLC’s AML & CTF Code:

“6. Any system or product you use must be sufficiently robust to provide the necessary degree of certainty and incorporate qualitative checks that assess the strength of information supplied...”

Property developers:

The NRA 2025 highlighted property developers as a sector which is potentially unregulated under the AML regulations. Whether a property developer falls under the AML Regulations is linked to the type of business structure they have as was noted in our previous Regulation 46A report: if the developer sells their own properties within the same legal entity they are not in scope but if the sales are made through a separate legal entity then the sales entity will fall within scope of the MLRs.

CLC practices should bear the above in mind when engaging with developers and when assessing the money laundering risks of transactions. As is noted in the NRA 2025, developers, “...buy land, obtain planning permission, build property and sell it to realise a profit.”³⁴ In addition, they often receive client money such as holding deposits or pre-sales and can also contribute money towards the deposits of clients.

³³ NRA 2025 at paragraph 6.1.

³⁴ NRA 2025 at paragraph 5.259.



The NRA 2025 notes that as little as 26% of the developers operating in the UK are registered with HMRC as Estate Agents Business (EABs). Others may be registered with FCA due to financial services and would therefore be supervised for AML in this way. CLC practices should review the developers they are working with to establish whether they are supervised or not.

Another important point made in the NRA 2025 is that developers often engage with overseas buyers who frequently purchase “off plan” properties which are purchases made directly with developers. This presents issues with establishing source of funds and it is unclear the extent to which unregulated developers properly and robustly scrutinise source of funds in such transactions. The NRA 2025 presents a common scenario in which Chinese buyers purchase off plan UK developments through British Virgin Islands (BVI) companies – it is not clear in such scenarios who would be responsible for CDD checks.

As noted in the CLC’s 2024 AML report, the CLC has received intelligence which demonstrates that developers have been requesting that conveyancing practices provide undertakings to confirm that they have identified the individual who is acquiring the property and have performed appropriate CDD (including how the property was funded). We would reiterate the conclusion in the 2024 AML report:

“CLC practices should ensure that any undertakings given only relate to actions which the conveyancer can reasonably undertake in the normal course of conveyancing transactions. The undertakings should be reviewed carefully and a practice wide policy implemented with appropriate training provided to staff.”³⁵”

³⁵ CLC AML report (2024) at page 35.



6. Recent work and Planned Workstreams (on Identified Risks / Themes)

As evidence, insights and risks develop, the CLC is continuing to evolve its approach to effective risk-based AML supervision. We are developing a monitoring plan that covers the 6 separate categories outlined below.

Guidance

Recent updates:

1. [AML case studies](#) updated in March 2025: this included four case studies from recent CLC inspections from a range of different CLC practices, offering an insight into the CLC's monitoring work, typical AML findings, guidance and how the CLC deals with particular issues.
2. Update of the CLC's [sanctions advisory notice](#) on 1 July 2025: this update brought our advisory note fully up to date with recent sanctions developments and highlighted areas of interest to CLC practices such as special sanctions of relevance (like the ban on offering trust services "for the benefit of a person connected with Russia").
3. Sheikh Hasina Regime: The CLC published a [money laundering risk update](#) on 12 February 2025 for MLROs in relation to the increased risk of money laundering connected with former members of the Sheikh Hasina regime. This was considered a high priority due to the evidence that former members of this regime had acquired UK properties.
4. Risk agenda: the CLC published its [annual risk agenda](#) on 1 August 2025. As in recent years, this update contained significant content on AML including common problem such as source of funds/ source of wealth, risk assessments and some emerging risks such as cryptocurrencies.

Planned updates:

1. An update of our [client and matter based risk assessment](#) templates: The CLC plans, in the next reporting period, to refresh its well established template and ensure that this is accompanied by guidance to provide a useful tool to CLC practices in discharging their risk assessment obligations.
2. An update of the CLC's [source of funds and source of wealth checklist](#): The CLC plans to update this checklist to take into account risks posed by corporate clients highlighted as an emerging risk in this report.



Data

- Based on an analysis of the findings of this year's Annual Regulatory Return (ARR)³⁶, tailor the next year's inspection programme to address identified risk.
- Continued development and refinement of the AML risk register.
- A thematic review of Suspicious Activity Reports (SARs) will be carried out in 2025/2026 and will commence with questions in the ARR.
- Evaluation of incoming AML information and referrals³⁷.
- Review of patterns and themes that emerge from monitoring and supervisory work.

Monitoring procedures

- Maintain our risk-based approach to AML supervision, including through the prioritisation of inspections and AML desktop reviews for high-risk practices:
- Ongoing assessment and improvement of our risk-based approach to ensure it is appropriate and up-to-date.
- Incorporation of the risk profiles/themes we have identified earlier into our monitoring regime, as well as the emerging risks above.
- To conclude a review of our overarching AML supervision arrangements policy which includes a detailed section relating to threshold guidance.

Communications & Engagement

- Continued emphasis on communicating risks and guidance for practices.
- Including a renewed focus on a tailored sets of updates aimed at MLROs and compliance staff.
- Roadshows featuring AML content to be held throughout England and Wales in Q1 2026.
- AML risks feature in our annual Risk Agenda publication.

³⁶ This year the ARR will be carried out in Q4.

³⁷ See Annex A for a list of established sources.



Compliance

- A further evaluation of our approach to enforcement and sanctioning in response to non-compliance with AML regulations and requirements which will include refining existing thresholds for disciplinary action.
- Reviewing the outcomes of disciplinary cases which relate to AML, to establish whether any changes to the relevant codes are necessary or whether our approach needs to be altered in any way when drafting allegations.

Other / Additional Support

- Use the channels above to assess what additional training and support we might offer to our regulated community to address knowledge gaps and risk areas.
- Including a specific focus on emerging risks and themes above.



7. Survey of other regulators

This is a section that was introduced into the Regulation 46A report in the previous reporting period for the purposes of improving the AML monitoring and supervisory work undertaken by the CLC. In each reporting period one regulator will be selected and a recent AML piece of work, such as a thematic report or notable guidance with potential implications for CLC practices, will be analysed.

Solicitors Regulation Authority (SRA):

The SRA undertook a thematic review into AML training in 2024 and published the results in October 2024. They used information taken from nearly 400 onsite AML inspections between April 2022 and April 2024 as well as meeting with 65 of their largest firms at a special roundtable event in January 2024 and a meeting with Sole practitioners in April 2024. They also conducted some work with training providers and engaged with other AML supervisors in the UK.

Key Findings:

The SRA thematic review revealed some interesting findings including:

1. A link between Money Laundering Compliance Officer (MLCO) receiving additional training and the compliance level of firms: Their findings indicated that firms were 50% more likely to be compliant compared to firms where no such additional training had been undertaken by the MLCO.
2. Issues with AML training being too focussed on the regulations: their findings revealed a concern that some training did not focus enough on why having robust and effective AML processes was important and did not feature sufficient case studies.
3. Issues with firms relying too much on external providers: The findings demonstrated that generic training, while a good foundation in itself, is not likely to be able to address the specific risks that individual firms encounter.

SRA conclusion:

The SRA sets an expectation at the end of this thematic review that firms must, "...put in place a comprehensive AML training programme which is relevant to the legal sector and specific to their firm." The thematic review developed useful guidance for an effective AML training programme which is based on ROLE principles (Relatable, Ongoing, Leadership, Engaging) and an AML training checklist was published as well which draws on the findings reached.

Implications for CLC practices:

The CLC thinks these conclusions are relevant to the CLC regulated community and can be used to update our guidance on training. We have had contact from practices in recent years which requested further information about training providers and our view is that if we develop similar guidance this would be a useful resource for CLC practices and will clarify our expectations.

The SRA thematic review can be accessed here: <https://www.sra.org.uk/sra/research-publications/thematic-review-aml-training/>



8. Resources and Guidance

The CLC publishes a range of AML advice and resources for the sector, which are regularly being updated.

- A key component of our AML resources is the AML Toolkit³⁸. This dedicated 'one-stop shop' includes AML guidance developed by the CLC and forums we contribute to (e.g. LSAG), as well as links to relevant policies, compliance case studies and the CLC's sectoral risk assessment.
- The AML Toolkit also features several links to external resources such as the National Crime Agency's NRAs and suspicious activity reporting guidance, supporting FAQ, documents, as well as relevant legislation and regulations. In addition, AML risks feature in our annual Risk Agenda.
- Our successful and long-standing regulatory model, with close engagement between practices and RSMs, means that practices are encouraged to contact the CLC about AML queries. This helps ensure a range of issues are frequently managed and re-solved before more formal enforcement actions become necessary.
- Where appropriate, the CLC will take enforcement or disciplinary action in relation to serious breaches of the AML code such as widespread AML failings or repeated failings in similar areas. The CLC has taken some significant disciplinary action in relation to AML in the relevant period including an intervention which was undertaken in part due to AML concerns.

38 <https://www.clc-uk.org/lawyers/anti-money-laundering-toolkit/>



Other Guidance and resources:

- The **National Crime Agency** produces a range of resources intended to assist with submitting Suspicious Activity Reports (SARs) which can be found [here](#). On this page there are also numerous resources about how to set up a profile on the new SAR portal which we would urge practices to have regard to. One particularly useful piece of guidance is a guide to submitting better quality SARs which can be found [here](#).
- The **National Risk Assessment 2025** was recently published and it can be located [here](#). The NRA assesses risk in a range of areas relevant for CLC practices such as conveyancing work, estate agents, Trust and Company Service Providers (TCSPs) and client accounts.
- The **Legal Sector Affinity Group (LSAG)** creates AML guidance for the legal sector and is a group made up of all the regulators, including the CLC. The latest guidance, which the CLC would commend as a valuable resource, can be found at the following link: [here](#).

Contacts:

- Any queries about submitting SARs which are not covered by the guidance can be directed here: **UKFIUEngagement@nca.gov.uk**
- If you have an urgent query or request about an existing DAML SAR this can be directed here: **DAML@nca.gov.uk**
- For general enquiries and questions regarding the SAR portal you can use this email address: **UKFIUSARs@nca.gov.uk**



Case Study – Practice A and Individuals A and B:

The practice came to our attention due to seven separate breaches of undertaking complaints which had been escalated to the CLC over an 18-month period. It had also been noted that the practice and individual A had been the subject of other complaints and had not responded in a timely fashion to CLC enquiries.

In January 2024 the CLC received a request for information pursuant to the Data Protection Act 2018 from a police force who were investigating the practice in relation to an alleged fraud.

Based on the intelligence outlined above the CLC made the decision to inspect the practice in Q1 2024 and an inspection was arranged for **11 March 2024**. Serious breaches of the CLC's codes were identified including the following AML issues:

- AML & CTF Code: Individual A, the MLRO, admitted that they did not have much knowledge of the rules around AML. The other individual, Individual B, was identified as having some AML knowledge but that this was not demonstrated on the files reviewed.
- AML training: There was no record of AML training having been undertaken by either Individual A or Individual B.
- Source of funds/wealth verification:
 - Individual A admitted to the inspection team that they did not conduct source of funds or source of wealth checks and this was evident on three files reviewed.
 - Individual B claimed that SOF/SOW checking was undertaken however on four files reviewed it was found that there was no evidence that any or any adequate checking had been completed.
- ID verification: There was no evidence that client and/or donor ID was verified or adequately verified on four files that were reviewed during the inspection.
- Risk assessments: The practice as well as individuals A and B did not conduct any client/matter-based risk assessments. It was also identified that the practice wide risk assessment (PWRA) was inadequate.

The CLC's conclusion was that the above AML breaches were very serious and there was a potential risk that the practice could be used for money laundering. As a result of these findings, along with other serious breaches of other CLC codes, the decision was taken on **11 April 2024** to intervene into the practice.

An intervention is the most serious enforcement measure that the CLC can take and involves the CLC closing the practice and taking possession of client monies and documents. This intervention is the first that the CLC has undertaken in part due to AML.

In the aftermath of the intervention, disciplinary referrals have been made for Individuals A and B which are currently going through the process and will be reported on in subsequent AML reports.



9. ANNEX A

CLC AML Analysis: Sources of Information, Evidence and Data

Internal data sources

1. Assessments (including desk based and onsite assessments)
2. Questionnaires
3. Thematic/project work
4. Annual returns
5. Complaints
6. Report of a potential AML breach
7. Breach Reporting / Whistleblowing
8. Enquiries
9. Complaints
10. Financial information (such as accountant's reports and reconciliations of the client account)

External data sources

11. FATF guidance
12. LSAG / CCAB guidance
13. National Risk Assessment
14. AML Forums
15. FIN-NET
16. SARS
17. CASCADE
18. Lenders and Panel managers
19. Professional Forums
20. HMG Depts / Other Regulators
21. Insurers & Brokers / Other Market Contacts
22. Media / social media
23. The CLC's (Independent & External) Adjudication Panel



Contact us

For enquiries, please use the details below.

We are open Mon-Fri, 8am-5pm.

Contact Centre

Tel: 020 3859 0904
Email: clc@clc-uk.org
DX 42615 Cheapside

Postal address:

Council for Licensed Conveyancers
WeWork
120 Moorgate
London EC2M 6UR

www.clc-uk.org