



Anti-Money Laundering Branch
HM Treasury
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London
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By email: Anti-MoneyLaunderingBranch@hmtreasury.gov.uk

MLRs – technical consultation response due by 30 September 2025

Dear Sir/Madam,

The CLC has some concerns about the proposals regarding pooled client accounts (PCAs). Although we appreciate that PCAs have been identified as a specific weakness in the money laundering system, the proposals may place an unnecessary extra burden on practices that hold client money for conveyancing transactions, which could undermine the government's stated aims and overwhelm practices with requests.

Given that conveyancing has been identified as a high-risk sector, the CLC anticipates a risk that banks could adopt a blanket approach across all clients of CLC practices which may be disproportionate. We would urge that, in the absence of further amendments to the draft SI, in-depth guidance is provided to banks that will ensure that any requests are proportionate, reasonable and targeted at higher risk situations.

We would also note that certain elements of CDD, such as source of funds, may not be immediately available to CLC practices and consequently it may not be possible to comply with certain requests by banks which are made early in the conveyancing process. As you may be aware, conveyancing practices often receive some initial basic information (and perhaps some documents) about source of funds at the outset of the transaction and then will scrutinise the information and request more information and documentation where necessary.

The process regarding source of funds scrutiny can take some time so it is crucial that banks understand this process and do not impose controls in the absence of source of funds information or pending a source of funds investigation. Multiple follow-up requests would also be counter-productive and could add considerably to the burden on conveyancing practices. We should note that we would always expect CLC practices to have completed their source of funds checks by the time any significant monies (such as deposit monies) are received into the client account.

We would also urge that any "controls" to be imposed upon PCAs are done in a proportionate and reasonable manner and that conveyancing transactions are not jeopardised by such controls. As I am sure you know, there is often a chain of conveyancing transactions and any delays in one transaction could jeopardise the entire chain. It would be helpful in our view to set



out what those controls are that may be imposed by banks and under what circumstances they may be imposed.

The CLC also would note that there may be certain situations which may prohibit the sharing of information such as if a request is made by a bank after a disclosure has been made by a CLC practice to the National Crime Agency (NCA).

An additional concern that the CLC has is that the proposals may reduce the accessibility of PCAs for conveyancing and probate practices regulated by the CLC and other legal sector regulators. We would also note that the CLC is already a Professional Body Supervisor (PBS) for Any-Money Laundering under the oversight of OPBAS. That framework provides assurance to banks providing PCA services to practices regulated by the CLC.

Taking all of the above into account, in our view adding to the burden on banks and conveyancing and probate practices will add to consumer costs without increasing the effectiveness of the AML regime.

Our suggestion would be that the current approach for AML/CTF-regulated customers, such as CLC-regulated conveyancing and probate practices, is retained, while solutions are put in place for other classes of customers that are targeted and proportionate.

The CLC is broadly supportive of the measures that have been proposed in the new MLRs and looks forward to the next steps in the process. We would be happy to engage with HMT if any further information is required.

Yours sincerely,

Sebastian Harrison

Deputy Director of AML and Sanctions