

Information Sheet for clients

Please help Scottish law firms meet anti-money laundering rules

- Money laundering is the term used to describe the process by which criminals disguise the original ownership and control of the proceeds of crime by making such proceeds appear to have come from a legitimate source.
- By law, all firms of solicitors in Scotland need to follow rules on anti-money laundering which includes ‘know your customer’ checks on all clients and (in some situations) any third parties providing funds for a particular transaction. You may hear your solicitor refer to this as ‘due diligence’. The rules are set out in the Money Laundering Regulations 2017. Further detailed information in regards to how solicitors comply with these legal obligations are found in UK Government approved AML guidance for the legal sector (LSAG Guidance).
- An important part of the ‘know your customer’ checks involves recording your full name, date of birth and residential address and verifying this information according to strict industry standards and government-approved guidelines. Your solicitor will give you details of which documents they can accept to prove your identity and address. All clients must take part in these checks no matter how long your solicitor has done business with you or what the nature of their relationship with you may be. The aim of these requirements is not in any way to prevent you being able to access legal services and representation.
- For some transactions, such as buying a property, another important part of the process is for your solicitor to ask you to confirm where the money that you provide will be coming from, for example a UK bank account, an overseas transfer or money from a third party.
- Your solicitor will also ask you what the originating or underlying source of the funds to be used in the purchase is, and how the funds have been accumulated. In some circumstances it may extend to gaining a general understanding of your wider underlying financial position and assets. You may hear your solicitor refer to this as ‘source of funds’ and “source of wealth”. For example, investment income, savings, sale of another property, or an inheritance. Your solicitor is required to obtain evidence of this, which could involve you supplying evidence of investment portfolio drawdown from a regulated financial institution, a solicitor’s letter showing executry/ inheritance entitlement , or in the case of savings - evidence of how the savings have been acquired and then accumulated, such as evidence of employment, payslips etc. If sale proceeds are being used for the purchase, evidence of the property sale which could include, a

disposition and/or correspondence from the solicitor acting. This information would also be required from any third-party providing funds for the purchase.

- Your solicitor is a highly trained, well-regulated professional who must follow strict standards. These checks ensure they follow the anti-money laundering rules, are complying with the law and are doing their best to protect you as a client.
- Your solicitor will be happy to answer any questions you may have - for example which documents they may be able to accept as proof of identity, source of funds and source of wealth.

Thank you for helping to prevent financial crime