

Money laundering update: HMRC bares its teeth in relation to MSBs

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For a number of years the Financial Conduct Authority (FCA) has dominated the headlines when handing out significant penalties for firms that have failed to have in place appropriate anti-money laundering systems and controls. In contrast, action taken by HM Revenue & Customs has been relatively limited in nature. This is somewhat surprising given that it supervises more than 30,000 businesses. There are clear signs, however, that this is changing and, on 7 January 2021, HMRC published a list of businesses which had been fined for being in breach of the Money Laundering Regulations 2017 (MLR2017).

The list of fines included a record fine of £23,828,092 against money transfer company MT Global Limited for significant breaches of the MLR2017. The fine related to failings in relation to

- risk assessments and associated record-keeping;
- policies, controls and procedures; and
- fundamental customer due diligence measures.

In its press release, HMRC states that "in 2019 to 2020 HMRC completed 2,000 interventions on supervised businesses, issued penalties totalling £9.1 million and stopped 89 non-compliant businesses and individuals from trading". It also recouped more than £166 million from the proceeds of crime.

HMRC has a range of powers that it can employ in the event that a firm fails to have appropriate policies and procedures to combat money laundering, including financial penalties, suspending and cancelling registrations, and formal prosecutions.

In view of recent activity by HMRC, supervised firms would be well advised to review and refresh their existing risk assessments and, where appropriate, revise their policies and procedures.

Payment firms that are supervised by the FCA will note that the regulator updated its statement on financial crime systems and controls during COVID-19 on 8 January 2021: <https://www.fca.org.uk/>. The statement makes it clear that the FCA considers that firms' financial crime teams should now be fully adjusted to the operational challenges of the 'new normal'.

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