

Anti-Money Laundering and Counter-Terrorist Financing Policy

CONTENTS

	Page
1. Introduction	2
2. Responsibilities of the Board	2
3. Responsibilities of the MLRO	2
4. Responsibilities of all staff	3
5. Record Keeping	3
6. Audit Procedure	4
7. Measurement of Effectiveness	4
8. Risk Profile of the business	5
9. Customer Due Diligence Procedures	5
9.1 Normal Due Diligence	6
9.2 Enhanced Due Diligence	6
10. Document Control	8
Appendix 1	

1. Introduction

Nova Estate Agents Limited is committed to ensuring that it has adequate controls to counter money laundering activities and terrorist financing activities, in line with a number of pieces of legislation relating to the prevention of financial crimes. The purpose of this Policy is to set out the standards and controls required to ensure that the firm complies with the relevant legislation, and that all employees are aware of their own responsibilities and duties to comply.

We are required by law to conduct anti-money laundering checks on all those selling or buying a property. Whilst we retain responsibility for ensuring checks and any ongoing monitoring are carried out correctly, the initial checks are carried out on our behalf by Lifetime Legal who will contact you once you have agreed to instruct us in your sale or had an offer accepted on a property you wish to buy. The cost of these checks is £48 (incl. VAT), which covers the cost of obtaining relevant data and any manual checks and monitoring which might be required. This fee will need to be paid by you in advance of us publishing your property (in the case of a vendor) or issuing a memorandum of sale (in the case of a buyer), directly to Lifetime Legal, and is non-refundable

2. Responsibilities of the Board

The Board has ultimate responsibility for ensuring that the firm has adequate arrangements in place to prevent it being used for the purposes of money laundering, terrorist financing, or proliferation funding. The Board must:

- Ensure that the money laundering risks to the business have been identified and documented;
- Ensure that risk-based controls and procedures are developed to allow the company to effectively manage its risks with regard to money laundering, terrorist financing and proliferation funding;
- Ensure that controls and procedures enable the identification of high-risk customers such as Politically Exposed Persons (PEPs) or those subject to Sanctions;
- Oversee the effectiveness of the anti-money laundering and counter-terrorist financing / proliferation funding systems and controls;
- Ensure systems are in place so that all notifiable money laundering / terrorist financing / proliferation funding related matters are reported to the relevant law enforcement agencies; and
- Ensure that all staff receive adequate training (including refresher training at least annually) on the risks and their responsibilities in relation to money laundering, terrorist financing, and proliferation funding.
- Appoint a Money Laundering Reporting Officer (MLRO)
- Register annually with HMRC, the current registration is effective from 30.11.2024

3. Responsibilities of the MLRO

The MLRO is appointed by the Board and must take responsibility for:

- Ensuring that the firm’s risk assessment, controls and procedures are reviewed regularly and remain up to date and fit for purpose;
- Receiving and recording any internally raised Suspicious Activity Reports (SARs), determining whether the suspicion warrants a report to the National Crime Agency (NCA) and filing any such reports;
- Considering whether it is necessary to obtain consent from the NCA before proceeding with a transaction and/or entering into a business arrangement where a suspicion has been raised;
- Maintaining a system for keeping copies of customer due diligence and supporting records; and
- Reviewing any high-risk customers to determine the level of enhanced due diligence which may need to be applied, and to decide whether a business relationship may be established/progressed

The name and contact details of the MLRO and if applicable their deputy must be made available to all staff and the MLRO must ensure that staff are adequately trained to identify and report suspicious activity and the procedures to avoiding “tipping off”

The MLRO for Nova Estate Agents Limited is:

Name: Becky Lamey

Title: Director

Contact Address/Branch: 75a Albert Road, Widnes WA8 6JS

Telephone Number: 0151 420 1610

Email Address: sales@novaestateagents.com

In the absence of the MLRO, the Deputy Nominated Officer is:

Name: Peter Foster

Title: Director

Contact Address/Branch: 75a Albert Road, Widnes WA8 6JS

Telephone Number: 0151 420 1610

Email Address: peterfoster@mccaffreymortgages.co.uk

4. Responsibilities of all employees

All employees, whether permanent or temporary, have responsibility for ensuring that they are familiar with this policy, and that they comply with the processes set out herein. Each employee must take all measures necessary to ensure that neither they nor the company becomes involved in an illegal act, and that they report any suspicious activity that they may come across during the course of their business.

Under no circumstances should any member of staff disclose any concerns they may have to the client. Suspicious activity should be reported directly to the MLRO who will decide whether to raise a SAR.

5. Record Keeping

The following records must in all cases be maintained for a period of 5 years after the end of the business relationship:

- a copy of the customer contract and of the purchase or sale;
- copies of the evidence obtained to satisfy CDD
- a copy of the agreement with any CDD outsourcing service provider
- details of any other transactions with the same customer for five years from the date of the transaction
- details of actions taken in respect of internal and external suspicion reports
- details of information considered by the nominated officer in respect of an internal report, Whether or not the nominated officer decides to make a suspicious activity report
- copies of the evidence obtained where the company has been relied on by another person to carry out customer due diligence
- details of the customer due diligence held by another supervised business on which the company is relying.

A written record (including superseded copies) of the following must also be maintained:

- AML risk assessment
- AML policy, controls and procedures
- internal audits of procedures
- a written record of what has been done to make staff aware of the money laundering, terrorist financing, and proliferation funding legislation and related data protection requirements, as well as the training given to staff

6. Audit Procedure

As part of our on-going commitment to ensuring compliance with the Anti-Money Laundering legislation, we will audit our CDD obligations at least once a year or when there are material changes to the guidance.

- The Compliance Officer will undertake the following duties:
- Review all records produced during the preceding period to ensure compliance with this Policies and Procedures document.
- Ensure all appropriate supporting documentation is held.
- Set in motion any corrective action required as a result of non-compliance
- Take responsibility for any disciplinary action deemed necessary against staff who are found to be in repeated violation of the policies and procedures set out in this document.

7. Measurement of Effectiveness

The policy's effectiveness will be measured in a number of ways in order to ensure it is meeting its intended purpose. These include but are not limited to the following:

- Monitoring of issues and breaches in relation to anti-money laundering/counter-terrorist financing matters;
- Internal Audit and Compliance Oversight Monitoring activity;

- Reports made to Law Enforcement Agencies;
- Training Records;
- Reports and feedback from reviews by, or liaison with, law enforcement and/or regulatory authorities.

8. Risk Profile of the business

The company's risk assessment is set out in appendix 1.

We are a sales only single branch independent estate agency predominantly covering Widnes (WA8) and the surrounding local areas now and again. We mainly handle purchase transactions with first time buyers and buy to let investors.

Typically properties which are sold through our business fall within the value range of £90,000 - £300,000. We are rarely if ever instructed to sell properties valued at over £500,000.

The majority of our clients are either owners and occupiers who we meet in person or landlords and owners who do not live in the property. We do deal with clients who live abroad, but this is occasional and rare.

We don't accept instructions from any person who we know is on the UK financial sanctions list.

We don't accept any cash payments in regard to sales fees and do not accept any cash payments from sellers or buyers for other services we provide, they can pay by cheque, card payment or bank transfer.

Summary of our risk profile –

- We generally act for residential clients who reside at the properties we market.
- We rarely act for clients who live outside of the UK.
- We meet almost all our clients face-to-face. Clients not met will be treated as higher risk
- We never handle any cash that will be used to purchase the property.
- In the past 12 months, we have not acted for any client who is politically exposed.
- The transactions we are involved in always involve other third parties, such as solicitors, banks, building societies, etc., who are also subject to the same legislation
- We have not acted for any client involved in complex or unusually large transactions, in the past 12 months

As part of our process we carry out an individual risk assessment on each Vendor and Purchaser we deal with. The information used in carrying out the risk assessment is provided to Lifetime Legal who carry out customer due diligence on our behalf.

9. Customer Due Diligence Procedures

A risk assessment must be carried out on each transaction before any estate agency work is carried out with or for a buyer or seller, to determine the level of Customer Due Diligence which is required.

Following the risk assessment, a business relationship may not be established until CDD has been carried out in accordance with the company's current procedures.

For Vendors this means that a property may not be advertised for sale until a pass result has been achieved for **all** relevant customers and beneficial owners.

For Purchasers a Memorandum of Sale must not be completed until a pass result has been achieved for **all** relevant customers and beneficial owners.

Under current procedures for individuals resident in the UK, CDD is deemed to have been completed when all relevant customers and beneficial owners have received an AML Pass result following an electronic ID verification which meets the standards required by the regulator. Further due diligence measures must be taken in certain circumstances, including:

- Where an AML Pass result is not achieved following electronic ID verification;
- Where a customer or beneficial owner is not resident in the UK;
- Where a customer or beneficial owner is not a private individual (ie companies, charities, trusts)
- Where a beneficial owner is Deceased;
- Where a beneficial owner has appointed an Attorney

For the avoidance of doubt, where CDD measures cannot be satisfactorily completed, the company must not establish a business relationship or carry out estate agency work with, or for, the seller or buyer.

Staff are obliged to raise an internal SAR where they know or suspect, or where there are reasonable grounds for having knowledge or suspicion, that another person is engaged in money laundering, or that a terrorist finance offence may be committed. All relevant staff must ensure that they understand what constitutes suspicious activity and are familiar with reporting procedures.

Staff in breach of this policy may be subject to disciplinary action.

Customer Due Diligence is carried out on our behalf by Lifetime Legal, who provide us with a compliance pack for the Vendor and the Purchaser on each transaction. Both packs will contain full customer due diligence in line with our individual risk assessment, while the Vendor pack will also include evidence of ownership.

All Vendors must be referred to Lifetime Legal as soon as we have agreed terms to market the property. All Purchasers must be referred to Lifetime Legal before a Sales Memo can be completed.

9.1 Normal Due Diligence

In carrying out Customer Due Diligence on individuals, Lifetime Legal will:

- confirm the client's full name, current home address, and date of birth;
- obtain a piece of independently verifiable data such as a Driving License, Passport, or National Insurance number;
- use the above to run an online ID verification search against data held by Experian and/or Equifax in line with the client's evaluated risk profile;
- require the client to complete an online facial recognition check which compares their image with the image held in their government-issued ID document, and confirms the validity of the document itself.

We will review the clients circumstances **every three months before exchange of contracts** and in the event of any material changes such as:

- Clients changed their name.
- Clients changed address or country of residence.
- Buying through a different Company.

- Changed from buying with a mortgage to cash.

Will refresh our customer due diligence and risk assessment as appropriate.

9.2 Enhanced Due Diligence

Additional due diligence measures may be required for a variety of reasons, as outlined below:

- Where an AML Pass result is not achieved following electronic ID verification
Lifetime Legal will obtain certified copies of appropriate documents providing proof of identity and proof of address.
- Where a customer or beneficial owner is not resident in the UK
Lifetime Legal will obtain certified copies of appropriate documents providing proof of identity and proof of address.
- Where a client resides in a high-risk jurisdiction
Lifetime Legal will obtain certified copies of appropriate documents providing proof of identity and proof of address and will refer to the MLRO for a decision on whether to proceed with the transaction.
- Where a customer or beneficial owner is not a private individual (ie companies, charities, trusts)
Lifetime Legal will take all reasonable steps to identify the beneficial owner of the corporate entity and will carry out normal due diligence on all relevant individuals.
- Where a beneficial owner is Deceased
Lifetime Legal will obtain a copy of the appropriate documents confirming the names of the Executors and will carry out normal due diligence on all relevant individuals.
- Where a beneficial owner has appointed an Attorney
Lifetime Legal will obtain a copy of the appropriate documentation confirming the names of the Attorneys and will carry out normal due diligence on all relevant individuals
- Where the price of the property is considered to be above the firm's threshold to be regarded as Super-Prime
Lifetime Legal will report the case to the MLRO as a Super-Prime transaction. The MLRO will obtain evidence of source of funds / wealth and will ensure that ongoing monitoring is carried out at least every 3 months throughout the business relationship, and immediately prior to completion of the transaction to identify any suspicious activity.
- Where the client or any individual identified under the circumstances set out above is confirmed to be a Politically Exposed Person (PEP), a Relative or Close Associate of a PEP.
 - Where the PEP is based in the UK, Lifetime Legal will obtain a statement from the individual confirming source of funds / wealth and will refer to the MLRO. The MLRO will conduct a search for any adverse publicity which may indicate any risk of corruption, prior to making a decision on whether to proceed with the transaction. The MLRO will ensure that ongoing monitoring is carried out at least every 6 months throughout the business relationship, and immediately prior to completion of the transaction to identify any suspicious activity.
 - Where the PEP is based outside of the UK, Lifetime Legal will take the steps outlined above. In addition to conducting a search for adverse publicity, the MLRO will obtain evidence of source of funds / wealth over and above the statement provided by Lifetime Legal. The MLRO will ensure that ongoing monitoring is carried out at least every 3 months throughout the business relationship, and immediately prior to completion of the transaction to identify any suspicious activity. Where the PEP is unable or unwilling to use the electronic facial

recognition software, copies of ID documents will be obtained which have been certified by a suitably qualified professional.

- Where the client is subject to Sanctions
Lifetime Legal will inform the MLRO and the transaction will not proceed.

10. Document Control

Sign Off		
Name	Position	Date
Review		
This policy will be reviewed:		
<ul style="list-style-type: none"> • annually; • in response to any legislative/regulatory changes; • in the event of any known breaches; • in response to any proposed relevant business process or procedural change. 		
The next scheduled review date for this policy is []		

Version Control			
Version	Author	Sign-off Date	Comments

Appendix 1

Nova Estate Agents Limited Business Risk Assessment

CONTENTS

	Page
1. Introduction	2
2. National Risk Assessment	2
3. Risk factors affecting the business	4
4. Processes and Controls	5

Introduction

This Business Risk Assessment is required by Regulation 18 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR)

Nova Estate Agents Limited is a “relevant person”, as defined in the MLR, by reason of the fact that it carries out business performing “estate agency work” (as defined in the Estate Agents Act 1979). This means that all activity related to brokerage of the sale and purchase of residential property falls within the scope of the MLR (referred to in this document as “**Regulated Activity**”).

Regulation 18 (1) MLR requires Nova Estate Agents Limited to “*take appropriate steps to identify and assess the risks of money laundering and terrorist financing to which its business is subject*”

This document records the risk assessment performed by the senior management of Nova Estate Agents Limited, as required by Regulation 18 (1) MLR, and carried out following a review of the Regulated Activity performed in the preceding 12 months.

National Risk Assessment

In December 2020, HM Treasury and UK Home Office published the National Risk Assessment of Money Laundering and Terrorist Financing.

The UK National Risk Assessment states:

- UK property purchases remain an attractive method to launder illicit funds due to the large amounts that can be moved and the low levels of transparency of ownership or source of funds. Purchases made by corporate structures or trusts based in secrecy jurisdictions pose the greatest level of risk, due to the difficulties in determining the ultimate beneficial owners. The inherent complexity of these structures alongside their increased use since 2017 and the increased investigative resource requirements this brings, are assessed to result in the property sector being at **high risk of money laundering**.
- Estate agency businesses’ (EABs’) facilitation of property purchases puts them at a **medium risk from money laundering**. The increase in score since 2017 is again a result of a greater understanding of the risks in the sector and the increase law enforcement has observed in money laundering cases involving overseas buyers and use of complex structures.
- Overall, EABs continue to have a lot of weaknesses in their anti-money laundering and counter-terrorist financing (AML/CTF) controls, limiting the mitigations against the risk of money laundering in the sector. Common failings are the lack of bespoke policies, controls and procedures aligned with an appropriate risk assessment of each firm’s clients. This includes a lack of consideration of property location on the risk (e.g., failing to recognise that higher priced London property is at higher risk of money laundering). This is particularly true of EABs that operate solely online, with no face-to-face relationship with clients.
- There is a high level of competition within the housing market therefore, EABs may be deterred from fully conducting CDD in case they lose out to less compliant competitors. Likewise, the fractured nature of transactions, involving various regulated professionals, may

influence EABs to rely on others such as lawyers to conduct CDD, believing the risk or responsibility lies with others in the process.

- Whilst the UK's national terrorism threat level is substantial, the UK's terrorist financing threat continues to involve low levels of funds being raised by UK individuals for the purpose of lifestyle spending and low sophistication attacks. The majority of funds raised domestically are predominantly collected through legitimate means which includes salaries and state benefits. Terrorists are also using methods that are easily accessible to purchase items for attacks such as cash and debit/credit cards.
- We have seen very little evidence to suggest that UK property transactions are used for terrorist financing and assess the risk of terrorist financing in the property sector, estate agency businesses and letting agency businesses to be low.

Risk factors affecting the business

Risk Profile Factor	Description
Composition of Seller Customer Base	Individual owner-occupiers, individual buy to let investors, executors/personal representatives of deceased estates, corporate buy to let investors, corporate property developers, sales arising under power of attorney and trust structures
Composition of Buyer Customer Base	Individual(s) acquisition as owner occupier, individuals acquisition as buy to let, corporate buy to let investors and corporate property developers, purchase via trust structures for any purpose
Delivery Channel	The majority of Nova Estate Agents Limited's clients are UK based individuals, with whom the Estate Agent will meet at the beginning of the business relationship, and such clients are considered to represent a low risk of money laundering. The business does however carry out some business which could be perceived as higher risk, whether because it is conducted without meeting face to face, or due to the nature of the instructing client. Around 5% of business is conducted without meeting the client face to face.
Services	<p>Brokerage of sales and purchases of residential property</p> <p>We are a sales only single branch independent estate agency predominantly covering Widnes (WA8) and the surrounding local areas now and again. We mainly handle residential purchase transactions with first time buyers and buy to let investors. Typically, properties which are sold through our business fall within the value range of £90,000 - £300,000. We are rarely if ever instructed to sell properties valued at over £500,000.</p>
Transactions	<p>The transactions arranged bring together the seller and buyer of a UK property to the point of agreement of Memorandum of Sale, whereupon the transaction is primarily progressed through a legal services provider to the point of completion</p> <p>The seller pays the agency fee upon completion, normally through their legal service provider</p> <p>Customers typically finance transactions from the proceeds of a regulated mortgage contract, proceeds from the sale of a property and cash deposits (all combinations of these sources of funds and wealth)</p> <p>No client money is handled in connection with Regulated Activities for residential sales</p> <p>Client money is handled and passes through a designated Client Account during the performance of Regulated Activities for residential lettings</p>
Geographic Scope	Nova Estate Agents Limited is a one branch firm with offices predominantly in the North West area of England.

Processes and Controls

The table below sets out the level of risk associated with each category of instructing client, and the controls that are in place to mitigate those risks.

	Nature of Risk	Likelihood	Gross Risk Assessment (Pre-control)	Control measures	Net Risk Assessment (Post-control)
1	<p>The business is instructed by an individual living in the UK, where:</p> <ul style="list-style-type: none"> - The transaction is conducted face to face - The property value is not in the top 5% of properties in the local area - Online ID verification returns a positive result - Online checks indicate that the client is not a PEP/RCA nor subject to Sanctions 	High	Low	<p>Lifetime Legal verify the ownership of the property using Land Registry data (for a sale), and verify the identity of the Client using a combination of electronic ID verification and facial recognition software.</p> <p>ID checks use Experian and Equifax data to match the Client to their residential address. Personal ID (Driving Licence number or Passport Number) is verified using an algorithmic check, while facial recognition checks use Credas which is an accredited provider of such checks.</p>	Low
2	The business is instructed by an individual living outside of the UK	Medium	Medium	<p>Lifetime Legal verify the ownership of the property using Land Registry data (for a sale), and verify the identity of the client using facial recognition software. Evidence of residency is obtained in the form of appropriately certified copies of proof of address.</p>	Low
3	The business is instructed by an individual acting on behalf of the owner of the property, where the owner is unable to act on their own behalf.	Medium	Medium	<p>In addition to the checks carried out in section 1 Lifetime Legal will obtain appropriately certified copies of documents authorising the individual to act on behalf of the owner (eg Power of Attorney, Court Order, Letter of Authority)</p>	Low
4	The transaction is on behalf of the estate of a deceased owner.	Medium	Low	<p>In addition to the checks carried out in section 1 Lifetime Legal will obtain copies of documents</p>	Low

				demonstrating that the individual(s) instructing the business have authority to act on behalf of the estate (Letters of Administration; Will/Death Certificate)	
5	The business is instructed by an individual acting on behalf of a UK-based corporate entity (eg a company, charity or trust)	Medium	Medium	Lifetime Legal will take steps to identify and verify the identity of the ultimate beneficial owners of the corporate entity, and will obtain evidence of the individual's right to act on behalf of the corporate entity.	Low
6	The business is instructed by an individual acting on behalf of corporate entity based outside of the UK.	Low	Medium	Lifetime Legal will take steps to identify and verify the identity of the ultimate beneficial owners of the corporate entity, and will obtain evidence of the individual's right to act on behalf of the corporate entity.	Low
7	The business is instructed by an individual living inside the UK where: - Online ID verification does not return a positive result	Medium	Medium	Lifetime Legal verify the ownership of the property using Land Registry data (for a sale), and will verify the client's identity using a combination of facial recognition software and appropriately certified copies of proof of ID and proof of address.	Low
8	The business is instructed by an individual who is a PEP or an RCA of a PEP.	Low	High	In addition to the checks set out in section 1 Lifetime Legal will obtain confirmation from the client of their source of funds. The case will be referred to the firm's MLRO for a decision on whether to proceed with the transaction and for ongoing monitoring.	Medium
9	The business is instructed by an individual who is subject to Sanctions.	Low	High	Lifetime Legal will refer the case to the MLRO. The firm will not proceed with the transaction.	Low
10	The business is instructed by an individual from a high risk jurisdiction as defined in the current FATF list.	Low	High	Lifetime Legal will refer the case to the MLRO. The firm will not proceed with the transaction.	Low
11	The transaction has not been conducted face to face.	Medium	High	Lifetime Legal verify the ownership of the property using Land Registry data (for a sale),	Medium

				<p>and verify the identity of the Client using a combination of electronic ID verification and facial recognition software.</p> <p>ID checks use Experian and Equifax data to match the Client to their residential address. Personal ID (Driving Licence number or Passport Number) is verified using an algorithmic check, while facial recognition checks use Credas which is an accredited provider of such checks.</p>	
12	The value of the property is in the top 5% in the local area.	Low	High	In addition to the checks set out in section 1 Lifetime Legal will refer the case to the firm's MLRO for a decision on whether to proceed with the transaction and for ongoing monitoring.	Medium