

Consultation response

Ref: 5709(S)

Summary:

Response to HM Treasury Review of the Money Laundering Regulations 2007 A Call for Evidence (Part B)

December 2009

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HM Treasury is undertaking a post implementation review of the Money Laundering Regulations 2007 which implemented the EU's Third Money Laundering Directive in the UK and replaced the 2003 legislation with a simplified, more risk based approach.

The Call for Evidence seeks information to support a review of HM Treasury's Money Laundering Regulations 2007.

Key points and recommendations

1. The experience of older people who have come into contact with the Regulations is disappointing. Age Concern and Help the Aged still receive complaints regarding unreasonable barriers faced by older people who are asked to prove their identity by a financial services company.
2. We believe that the burdens placed on older people, in terms of cost, delay and distress, are not reasonable given their risk profile and business relationship. These burdens also affect friends, family and advice agencies who support older people.
3. Currently 6% of people aged 85 and over have no bank account. There is a risk that those without may be deterred from accessing financial products due to difficulties in proving their identity.
4. We also receive reports of difficulties where customers have had a long-standing relationship with the firm. Where customers have already provided non standard forms of identification in the past and had it accepted by the firm, more should be done to ensure that they do not face unnecessary barriers with the same firm at a later date.
5. Although the banking sector seems to be the main source of difficulties for older people based on our experience, we also receive reports of problems in relation to other financial transactions, including purchasing an annuity, moving house, or transferring a utility account into a different name on bereavement.
6. There is a clear lack of consistency in how the regulations are applied across the industry and within firms. Where firms do have flexible policies in place to allow alternative forms of identification, these are often not translated into practice at local level. Guidance to consumers on proving identity, such as the Toynbee Hall ID Guide, should be provided within branches.
7. The review of the Regulations should look at the role of staff in implementing the Regulations. Staff should be trained and empowered to

deal with customers themselves, recommend alternatives where possible and explain why the requirements are in place.

8. The FSA should conduct a review of how the way in which firms' implementation of the money laundering regulation impacts on consumers, either thematically or as part of their normal supervisory relationship with firms.