

News

Guidance updated to help combat money launderers

10 September 2025

We have updated our [risk assessment](https://www.sra.org.uk/sra/how-we-work/reports/aml-risk-assessment/) [https://www.sra.org.uk/sra/how-we-work/reports/aml-risk-assessment/] on money laundering, following the publication of HM Government's National Risk Assessment (NRA). The guidance assesses the risks and challenges that money laundering and sanctions pose to legal services.

Under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017), firms working in scope of the MLR 2017 must take the sectoral risk assessment into account when making their own assessment of money laundering risk. It is also a useful indicator of sanctions risk.

The NRA continues to rate legal services as being at high risk of money laundering, and shows the Government continues to see combating financial crime as a top priority. Our sectoral risk assessment applies the NRA's evaluation to our own findings, and firms should then use this to assess risk at a firm and matter level. This shows how money laundering risk is being assessed, evaluated and mitigated across the board.

Among the issues we raise are:

- The collapse of the Sheikh Hasina regime in Bangladesh, which might lead to attempts to purchase properties in the UK using funds that might not have been obtained legitimately. Clients might be using banking systems that solicitors are not familiar with, such as Hundi or Hawala.
- Some firms are failing to scrutinise their due diligence information properly. For example, a photo ID provided appeared several decades older than the age given.
- Clients using offshore companies more to obscure the identity of the beneficial owners.
- Accounts Rules breaches that could still lead to money-laundering risks, such as Rule 3.3 (prohibiting use of the client account as a banking facility) and the incorrect recording of funds.

There are also risks around new ways of working, such as the introduction of new technology, or over reliance on e-verification, and the increase of firms using a consultancy model. This can help expansion, but without a centralised function to properly supervise, it could lead to money laundering attempts slipping through the net.