

SOURCE OF FUNDS - Part 1

If any of your answers **change** after you provide initial information and documentation to us but before the transaction is completed, **please tell us immediately**.

This is as important as giving the right answers in the first place.

You should let us have any letters, agreements or other documents which help answer the questions. If you know of the existence of any that you are unable to supply us, please tell us about them.

If you intend to directly transmit funds to us, you **must obtain our consent** before doing so (unless you have made a prior arrangement with us). Our consent may need to be in writing.

MONEY LAUNDERING OVERVIEW



In 2019, money laundering regulations were amended (and came into effect from 1 October 2020) in an attempt to reduce money laundering activity

Essentially, the legislation is aimed at dealings in criminal property, and includes, for instance, becoming involved in any transaction funded in whole or in part by the proceeds of tax evasion. As a consequence, we might be obliged to report to the relevant authorities (and indeed, we are subject to very severe penalties should we fail to do so) any transaction, activity or arrangement which appears to us to give rise to suspicions of money laundering, notwithstanding any issues of confidentiality or legal privilege.

OUR APPROACH

Please be assured we take our obligations regarding source of funds extremely seriously. We require proof of source of funds from **ALL** clients. It is our clients' responsibility to prove the source of any funds they wish to use towards their purchase.

Proving source of funds can be complex.

We would always rather you provide us with as much evidence and information as you possibly can.

This will ensure we are satisfied our proof of fund requirements have been met.

SOURCE OF INCOME

There are a variety of sources of income, each with specific proof requirements. Below, we explain the proof we require for the most frequently utilised source of funds.

Savings



Savings are usually made up of regular small payments from your salary or other income. As proof of savings, we require a minimum of 6 months' **bank statements**, showing the incoming salary. We will also require a **pay slip** showing the details of your employer (and any older employers if you have moved employment during your savings period). Please understand we may ask you for older statements, 6 months is a minimum. Often, savings are moved into a separate bank account from the one that the salary is paid into. In this case, we would also need at least the reciprocal period of those bank statements for any accounts your savings are transferred into.

Sale of another property



If we are acting on both your sale and purchase, we will receive the proceeds of sale from your purchaser's solicitor and hold this money on account to put towards the deposit on your purchase. This reduces the number of times the money will change hands, reducing the risk of any fraudulent transactions.

If you have instructed a different firm of solicitors for your sale and purchase, we will require a copy of the **completion statement from the conveyancer** acting on your sale and a copy of your bank account statement evidencing receipt of the funds following completion.

Gifted deposits



A gifted deposit is most commonly a lump sum gifted by a family member of the purchaser. Gifted deposits are used frequently by first time buyers. There is a mandatory process which must be followed when purchase is made using gifted money.

Firstly, we require a [gifted deposit declaration form](#) from the gift provider confirming the sum they are giving and the conditions under which it is given. A copy of this must also be provided to the mortgage lender. If you will be relying on a gifted deposit for your purchase, we can provide a template declaration which can be adapted to the specific circumstances.

Additionally, we must receive identity documentation from the gift provider. Our anti-money laundering procedures require us to verify the identity of anyone we will be receiving funds from. We require a copy of their passport or photo card driving licence and a recent bank statement or utility bill which clearly states their address (not a mobile phone bill and in either case, not more than 3 months old).

Finally, gifted deposits are **subject to the same proof of fund requirements** as any other funds we receive. Therefore, the requisite evidence from the source of the funds prior to it being gifted must be provided, as set out above and below.

Some mortgage providers have different requirements for gifted deposits, please ensure your familiar with your lender's requirements and that all of them are met.

Please note, we cannot advise on the Inheritance Tax implications of receiving a gifted deposit. We request you seek independent tax advice in this regard.

Inheritance



If you wish to use inherited funds, we will require a copy of the letter from the Executors confirming your entitlement and a copy of your bank account statement evidencing receipt of the funds from the Solicitor or Executor's bank account.

Release of Pension



In order to use funds from a release of pension, we require a copy of your pension statement as well as a copy of your bank statement evidencing receipt of the funds.

Sale of shares or stock



In order to use funds made through the sale of shares, we will require a certified copy of the share release schedule and a copy of your bank account statement evidencing receipt of the funds.

Dividends from a UK company



If you wish to use dividends from a UK company, we require a certified copy of your dividend certificate, a copy of the company's accounts and a copy of your bank statement evidencing receipt of the funds.

Please note, if you wish to use dividends from a company based outside the UK, please notify us immediately. As noted at the start of this guide, we may be unable to act for you.

Gambling winnings



If you wish to use gambling winnings as all or part of your deposit, we will require a copy of your receipt proving your winnings and copy of your bank statement evidencing receipt of the funds.

Please be aware, it is difficult to prove source of funds for cash winnings. Please see the below section on cash.

Compensation award



You may have received a lump sum as compensation following a dispute or claim you have brought. If you wish to use these funds, we require a letter confirming the agreed compensation from a solicitor or court and a copy of your bank account statement evidencing receipt of the funds from the court, solicitor or third party.

Cash



We are unable to accept cash as all or part of your deposit. It is almost impossible to prove the source of cash funds.



Remember, checking this information is a legal requirement to help safeguard your transaction, and failing to provide it in a timely manner will only slow down the transaction.