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AML and financial sanctions for letting and estate agents



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AML and financial sanctions for letting and estate agents

A short explainer covering the AML/sanctions distinction, monetary thresholds, and HMRC registration.
Accurate as at 30 September 2026, England and Wales.

Two regimes, not one

AML supervision under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the financial sanctions regime under the Sanctions and Anti-Money Laundering Act 2018 both apply to property agents, but they operate on different logic and cannot be collapsed into a single check.

AML is risk-based. A firm identifies the parties, evaluates the transaction and decides what evidence is proportionate. Where suspicion arises, it reports to the National Crime Agency by a suspicious activity report (SAR). Financial sanctions are strict liability. There is no threshold and no risk-based exemption: if a party is a designated person, or funds or economic resources belong to or are controlled by one, the firm must freeze and report to the Office of Financial Sanctions Implementation (OFSI). One report does not discharge the other, and a name that clears AML screening can still require a sanctions freeze.

Feature	AML (MLRs 2017)	Financial sanctions (SAMLA 2018)
Legal basis	MLR 2017 (as amended by SI 2026/621, in force 30 June 2026); POCA 2002.	Regime-specific regulations made under SAMLA 2018 (e.g. Russia, Belarus).
Nature of duty	Risk-based. CDD calibrated to the customer, transaction and geography.	Strict liability. Freeze and report; no de minimis.
Who is caught	Estate agency businesses (Estate Agents Act 1979 s.1). Letting agency businesses where the term is one month or more and monthly rent is £10,000 or more.	All estate agents, and all letting agents from 14 May 2025, as "relevant firms" — regardless of rent value.
Monetary threshold	£10,000 per month rent (or equivalent) for the letting-agent perimeter. No threshold for estate agents.	No minimum. All parties, any value.
Screening	Verified ID, beneficial ownership, PEP checks, source of funds where risk requires.	Screening of every party against the UK Sanctions List. Inevitably this requires some ID verification.
Trigger for report	SAR to the NCA on knowledge or suspicion of money laundering. DAML SAR before dealing with suspected criminal property.	Report to OFSI as soon as practicable on knowledge or reasonable cause to suspect a designated person or a breach. OFSI cannot give consent to deal.
Timing of duty	CDD before the terms of business is signed (landlord/seller). Before the tenancy is concluded (tenant) or contracts exchanged for sale (buyer).	Before terms of business is signed (landlord/seller). During referencing (tenant), before preparing a memorandum of sale (buyer).
Consequence of getting it wrong	HMRC monetary penalty; criminal offences.	Criminal offence; monetary penalty by OFSI; asset freezes.

AML thresholds: who has to register

The AML perimeter turns on the definitions of estate agency work and letting agency work. Getting this wrong tends to produce one of two errors: firms treating themselves as out of scope when they are not, or applying full AML procedures across a book of business where only part of it requires them.

Estate agency work

- Any person carrying on *estate agency work* within section 1 of the Estate Agents Act 1979 is a relevant person under the MLRs 2017, supervised by HMRC.
- That covers valuations, particulars, viewings, EPCs and For Sale boards carrying the firm's details, whether residential or commercial.
- There is **no monetary threshold** for estate agency work. Every sale instruction is in scope from the start.

Letting agency work

- A *letting agency business* is in scope where the term is one month or more **and** the rent is £10,000 or more per calendar month (or the equivalent monthly amount in any currency). HMRC's manual AMLG2300, published 8 July 2026, sets out the current test.
- The threshold applies to the monthly rental value, not the transaction as a whole. Deposits, floats, rent in advance, and management charges do not count.
- The threshold is applied to each individual rental agreement. In a block of flats it applies to each unit, unless the whole building is let to the same person.
- Where the rent starts below £10,000 but is realistically likely to exceed it during the term — HMRC's example is a seven-year let at £8,000 with 10% annual increases — the agent should register at the outset and complete CDD from the start.
- The £10,000-per-month figure replaced the previous €10,000 figure with effect from the coming into force of SI 2026/621 on 30 June 2026.
- Turnover rents, sub-lets and guaranteed-rent schemes are in scope where the total rent for the relevant period exceeds the threshold. Holiday lets and serviced apartments are in scope only where the term is one month or more.
- Most letting agents do not need to do AML checks. They may elect to in order to manage risks associated with landlords and tenants becoming sellers and buyers.

Registration mechanics

- A business must apply to register **before** any relevant work begins. Trading unregistered, or after cancellation, is a criminal offence.
- An estate agency business must register in the "estate agency businesses" subsector. A letting agency business registers under the same sector with "letting agency business activity" selected as the subsector; a firm that does both selects both.
- Beneficial owners, officers and senior managers (BOOMs) require HMRC approval. The test is control and responsibility, not job title: a nominated officer with no shareholding is a BOOM; a branch manager with no AML authority ordinarily is not.
- Fees on application are £300 (application), £400 per premises annually, and £40 per BOOM for the approvals check. Renewal messages issue about 30 days before the annual due date; non-payment leads to cancellation.

What sanctions duties look like alongside

- From 14 May 2025 every letting agent is a *relevant firm* for OFSI reporting, whether or not the AML threshold is met. An agent letting flats at £900 per month is outside HMRC AML supervision but firmly inside the sanctions regime.
- From 9am on 28 January 2026 the UK Sanctions List is the only source of designations. The OFSI Consolidated List and its search tool have closed. Any screening tool or in-house spreadsheet still pointing at the former feed is looking at stale data.
- Reporting is to OFSI as soon as practicable where the firm knows or has reasonable cause to suspect that a party is a designated person or has breached financial sanctions, together with the nature and amount of any funds or economic resources held for that customer.
- Reports to OFSI and NCA are different things. A report for one purpose is not a report for the other. NCA can give a defence against money laundering as part of the reporting process. OFSI cannot authorise working for someone on the sanctions list.

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Disclaimer: This table is intended as a reference guide only and does not constitute legal advice. Always refer to the primary legislation and statutory guidance for authoritative information.

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