

HMRC National Risk Assessment 2025 (LAB)

The HMRC National Risk Assessment 2025 (NRA 2025) is the UK government's official assessment of how criminals and terrorists exploit the UK's High-Risk Sectors to launder money or finance terrorism.

The NRA was produced jointly by HM Treasury and the Home Office, with input from HMRC, the Financial Conduct Authority, law enforcement agencies, and supervisory bodies and was issued on the 9 September 2025.

Risk Indicators

Whilst the NRA 2025 is not a change to money laundering regulations, the assessment has identified 34 Risk Indicators. These Risk Indicators have been grouped into three main Money Laundering and Terrorist Financing categories below:

Vulnerability indicators	Scale indicators	Mitigation indicators
These determine how easily a sector or activity could be exploited:	These measure how widespread and significant the risks are:	These assess the strength of the defences in place:
<ol style="list-style-type: none"> 1. Volume and speed of money movement through the sector. 2. Exposure to high-risk jurisdictions. 3. Exposure to high-risk individuals (domestic and international). 4. Level of anonymity possible in transactions. 5. Complexity of services offered. 6. Ease of access to the services. 7. Use of cash or value transfer systems. 8. Use of modern technologies (e.g., crypto, AI). 9. Reliance on intermediaries or agents. 10. Level of customer due diligence (CDD) compliance. 	<ol style="list-style-type: none"> 1. Frequency with which the sector is used for ML/TF. 2. Popularity of the sector among criminals for laundering funds. 3. Financial scale and value of transactions processed. 4. Number of entities or participants in the sector. 5. Cross-border exposure or global footprint. 6. Presence of high-value or cash-intensive activities. 7. Concentration of high-risk clients or PEPs. 8. Volume of suspicious activity reports (SARs) indicating abuse. 	<ol style="list-style-type: none"> 1. Capacity and capability of law enforcement to mitigate risks. 2. Capacity and capability of supervisors or regulators. 3. Capacity and capability of firms (AML controls, governance). 4. Effectiveness of technology in detecting suspicious activity. 5. Availability and quality of intelligence sharing. 6. Legal powers and frameworks supporting enforcement. 7. Sanctions and penalties applied for non-compliance. 8. Sectoral awareness and training on money laundering and terrorist financing risks. 9. Monitoring and audit effectiveness. 10. Effectiveness of reporting mechanisms (SARs, KYC updates). 11. Market entry controls and fit-and-proper checks. 12. Oversight of third-party intermediaries or agents. 13. Transparency of beneficial ownership and corporate structures. 14. Effectiveness of international cooperation. 15. Industry culture and tone from the top regarding AML/CTF. 16. Public-private partnership engagement (e.g., JMLIT, NECC collaboration)

Abbreviations

AML – Anti-Money Laundering	CDD – Client Due Diligence	CTF – Counter Terrorist Financing
ECCTA – Economic Crime and Corporate Transparency Act 2023	FATF – Financial Action Task Force	JMLIT – Joint Money Laundering Intelligence Taskforce
KYC – Know your Customer	ML – Money Laundering	NECC – National Economic Crime Centre's
PEPS – Politically Exposed Person	SAR – Suspicious Activity Report	TF – Terrorist Financing

Lettings agency businesses recommendations

The NRA recommends Lettings Agency Businesses complete the following actions as soon as possible to mitigate the risks identified.

Governance and oversight	<ul style="list-style-type: none"> Register for HMRC Money Laundering Supervision where they meet the threshold Appoint a Money Laundering Reporting Officer (MLRO) and Deputy MLRO
Business-wide Risk Assessment	<ul style="list-style-type: none"> Identify and document its ML/TF risks, considering: <ul style="list-style-type: none"> The nature of clients (domestic, foreign, high-net-worth, PEPs, etc.). The type and location of properties (especially high-value London or overseas investor markets). The source of funds and rental income. The use of corporate or trust structures. Any exposure to high-risk jurisdictions. This assessment forms the foundation for all AML controls. It must be reviewed regularly, especially when: <ul style="list-style-type: none"> Expanding into new property types, markets, or client groups. New legislation or guidance is published (e.g. FATF or HMRC updates).
Policies, Controls, and Procedures (PCPs)	<ul style="list-style-type: none"> LABs must create and maintain documented AML policies proportionate to their size and risk exposure. These must cover: <ul style="list-style-type: none"> Risk assessment methodology. Customer due diligence (CDD) procedures. Ongoing monitoring and identification of suspicious activity. Reporting procedures to the National Crime Agency (NCA). Record-keeping practices (at least 5 years post-relationship). Staff training and competence tracking. Internal audit or review of AML systems and controls.
Customer Due Diligence	<ul style="list-style-type: none"> Before establishing a business relationship or concluding a transaction, letting agents must carry out CDD checks on: <ul style="list-style-type: none"> Landlords (and beneficial owners, if corporate). Tenants, where the rent meets the €10,000 threshold. Third parties involved in the transaction. CDD steps include: <ul style="list-style-type: none"> Identify and verify the customer's identity (using reliable independent documents). Identify beneficial owners of companies or trusts (via Companies House or trust documentation). Understand the purpose and intended nature of the relationship or transaction. Apply enhanced due diligence (EDD) when:

	<ul style="list-style-type: none"> ○ The customer is a Politically Exposed Person (PEP). ○ The customer is based in or funds come from a high-risk third country. ○ The transaction appears complex or unusual. ● CDD should be ongoing, not a one-off check – particularly when: <ul style="list-style-type: none"> ○ Lease agreements are renewed or extended. ○ Payments are made through different parties. ○ The pattern of rental payments changes.
Suspicious activity reporting	<ul style="list-style-type: none"> ● When there is knowledge, suspicion, or reasonable grounds to suspect money laundering or terrorist financing, the agent must: <ul style="list-style-type: none"> ○ Submit a Suspicious Activity Report (SAR) to the UKFIU (via the NCA portal). ○ Avoid tipping off the client (it is a criminal offence). ○ Maintain records of the SAR submission, including date and content. ● The NRA 2025 notes that SAR reporting levels remain low in the property and letting sector – HMRC stresses that improved SAR culture is essential for compliance
Training and awareness	<ul style="list-style-type: none"> ● All staff and agents involved in letting transactions must receive regular AML training. Training should cover: <ul style="list-style-type: none"> ○ Identifying suspicious activity and red flags. ○ SAR reporting procedures. ○ Recent legislative changes (e.g., ECCTA 2023). ○ Data protection obligations in the AML context. ● Firms should keep evidence of: <ul style="list-style-type: none"> ○ Training sessions. ○ Attendance logs. ○ Understanding assessments (quizzes, signoffs)
Ongoing monitoring and review	<ul style="list-style-type: none"> ● Maintain comprehensive records for at least five years after the relationship ends, including: <ul style="list-style-type: none"> ○ CDD and EDD documentation. ○ Risk assessments and internal audit reports. ○ Transaction histories and correspondence. ○ Copies of SARs and related decisions.
Monitoring and reviewing compliance	<ul style="list-style-type: none"> ● Records must be secure, accessible, and made available to HMRC upon request. ● LABs must regularly review and update their AML framework: <ul style="list-style-type: none"> ○ Annual internal reviews are best practice. ○ External audits may be used for high-risk or multi-branch agencies. ○ Monitor HMRC updates and sector-specific guidance, including from the Propertymark and JMLSG

How movebutler and iamproperty compliance can help you comply

- In-depth Money Laundering Officer guidance to help your MLROs understand their key responsibilities, obligations, how to complete risk assessments and how to report SARS via the NCA.
- Robust Identification and Verification checks using Biometric Identity checks that use unique biological characteristics to verify a person's identity, passive liveness checks, verification of identity documents (such as passports and driving licenses), and digital address verification to reduce the risk of sophisticated fraudulent documents going undetected.
- Electronic PEP and Sanction checks, allowing you to identify where your clients may be

subject to PEP or Sanctions either directly, or through their close connections with others.

- NFC document verification (depending on device compatibility and passport).
- Helpful guidance in relation to anti-money laundering matters including risk assessments, understanding and dealing with PEPS, Sanctions and high-risk transactions.
- MLROs can make SARS reports through a direct link to the NCA portal via movebutler compliance
- Specific onboarding questions helping you to identify risks and then need to apply enhanced due diligence.
- An AML Policy Template to help our Agents consider their risks and create the framework for their AML Policy
- Easy to access and download client onboarding and identity checks through the iamproperty Lettings compliance portal, allowing you to maintain records for audit purposes

DISCLAIMER: This document is provided for guidance purposes only. It is based solely on iamproperty's interpretation of the NRA 2025 and AI has been used in part for the creation of this document. We strongly recommend you review the NRA 2025 in its entirety and obtain independent professional advice.

Newcastle Office

Floor 6, Arden House,
Regent Centre, Gosforth,
Newcastle upon Tyne,
NE3 3LU

Call: 0345 646 0302

Email: enquiries@iamproperty.com

www.iamproperty.com

iamproperty is the registered trademark of Intelligent Services Group Ltd. Registered Company in England and Wales, Company Number: 8145257. VAT Number: 319160025.