



Home Office

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Dear Colleagues,

PROCEEDS OF CRIME ACT 2002: IMMUNITY FROM CIVIL LIABILITY

Further to my letter of 15 October 2014, which followed discussions in the Financial Sector Forum, the Home Office carried out a short informal consultation to seek the views of the regulated sector, the regulators, Government departments and industry trade associations on whether those who make Suspicious Activity Reports (SARs) in good faith, should be provided with statutory protection from civil liability. The Government has carefully considered the responses, and has agreed that an amendment be made to the Proceeds of Crime Act 2002 to provide this immunity.

The Government has today tabled an amendment to the Serious Crime Bill to this end. The amendment will be considered by the House of Commons Bill Committee later this month. Subject to Parliamentary approval, we expect the Bill to receive Royal Assent by the end of March.

Some respondents to the consultation made the point that this protection should not be used to penalise businesses through the submission of SARs where there is no genuine suspicion, and that legal redress should remain where a customer believes that a report has been made maliciously or negligently. The Government expects that the amendment should not lead to an increase in the reporting of SARs where there is no genuine suspicion. Therefore, we are proposing that there should be a review of the change one year after the provision comes into force, which will consider the effect of the change, and will involve Government departments, the National Crime Agency, the appropriate regulators, and representatives of those in the regulated sector.

Ministers are encouraged by the work being carried out by the regulated sector, law enforcement agencies and the Government, through the Financial Sector Forum, to prevent the use of the financial system by criminals. We are keen to see the programme of work that has been initiated by the Forum make rapid progress, with support from all sectors. As we set out in the Serious Organised Crime Strategy, we view partnership working as a major part of the work to tackle organised crime.

I hope that the proposed amendment to the Proceeds of Crime Act to provide statutory immunity for banks and others in the regulated sector stands as an example of the commitment of the Government to provide the necessary support for the regulated sector to tackle money laundering.

Thank you for your ongoing engagement.

Yours,

RICHARD RILEY
Director, SCOC