

## TRANSPARENCY INTERNATIONAL UK RESPONSE TO CONSULTATION ON PROPOSED AMENDMENTS TO THE MONEY LAUNDERING REGULATIONS

We welcome this consultation, which represents an opportunity to improve the UK's trust registration service (TRS), making it harder for criminals to hide their ownership of UK property behind legal arrangements.

The UK is a hotspot for international money laundering, with research published earlier this year highlighting issues around the opacity of trusts.<sup>1</sup> Since 2016, we have collected information on suspect funds invested into UK property and have identified at least 170 assets worth £2.5 billion purchased using trust structures and suspect wealth – 138 of these valued at more than £2.1 billion were bought in the last 15 years.

The TRS requires trusts directly owning property to declare their settlors, trustees and beneficiaries to HMRC, which has the potential to be a useful tool to those investigating money laundering. However, several limitations in law and process mean that it is yet to achieve its full potential. These would be resolved by upgrading the UK's legal framework for the TRS, which is now out of date and does not meet new standards for EU Member States.

In this context, we welcome the Government's proposals to capture information on trusts acquiring property before October 2020, and to grant access to information about overseas trusts holding UK property. These are longstanding issues that have severely blunted the effectiveness of the TRS as an anti-money laundering tool. However, the mechanism for accessing this information remains flawed and does not help further financial investigations. **We recommend the approach to providing public access to data on the TRS should more closely follow current good practice, outlined in the EU's sixth anti-money laundering directive (AMLD).**

Failing to bring comprehensive transparency to trusts owning property risks displacing activity from offshore companies into trust structures, leaving these legal arrangements as the new go-to option for criminals seeking to invest in UK real estate whilst keeping their identities hidden. To address these issues, we set out a new approach to granting legitimate interest to ensure criminals can no longer hide illicit wealth in the UK property market using trusts.

### KEY RECOMMENDATION

**We recommend the approach to providing public access to data on the TRS should more closely follow current good practice, outlined in the EU's sixth anti-money laundering directive (AMLD).**

The most fundamental challenge to property ownership transparency in Britain comes from real estate held directly by trusts without any corporate intermediary. In these cases, the beneficiaries remain almost entirely hidden from public view. Although HMRC manages the TRS, which holds information about fiduciary structures directly owning property in the UK, this has proven largely ineffective in supporting investigations into potential money laundering.

---

<sup>1</sup> <https://www.transparency.org.uk/news/trust-issues-tackling-final-frontier-secret-property-ownership>

Government's proposals to extend the scope of the TRS to include trusts acquiring property before October 2020 will make it far more comprehensive, and help close a loophole that allows vast areas of land in the UK to be held anonymously. Information on overseas trusts holding land and property will also become accessible for the first time. Our investigations identify these as presenting a higher money laundering risk, so subjecting them to greater public scrutiny is welcome.

The positive impact of this, however, will be severely limited by the current approach to granting legitimate interest access to this information.

Regulation 45ZB(11) of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 sets out how HMRC must assess requests to access information on the TRS.<sup>2</sup> This requires applicants to provide evidence showing they are investigating money laundering, to show how the information they are requesting will further that investigation, and it is reasonable for the applicant to suspect the trust in questions is being used for money laundering. Based on our experience to date, the applicant must know parties to the trust in order for their application to be successful.

Knowing the beneficial owner of a legal structure is invariably the start of an investigation, not something investigators obtain later on during their enquiries. The legal test as currently applied puts the cart before the horse. In many instances, the information necessary for triggering suspicion is hidden behind a process that prevents those details being disclosed.

Not only is the law defective, but operationally the system is inefficient. HMRC can take eight weeks or more to process requests, with no meaningful feedback or appeal mechanisms for unsuccessful applicants. Given applications can fail for numerous reasons – including the information not being held or the trust not being identifiable – two months can pass only for investigators to end-up back where they started.

These shortcomings could be addressed by changing how those involved in investigating money laundering demonstrate legitimate interest and access the data. Our proposed approach mirrors that of the EU relating to legitimate interest access to information, which we view as good practice.

The EU's AMLD6 makes clear that certain eligible groups – such as journalists and civil society organisations – should have unrestricted access to beneficial ownership data, without “demonstrating a link with those entities or arrangements”.<sup>3</sup> Therefore, they are granted access to the register of legal arrangements because of who they are and they work they undertake generally, not because of information they have about a specific trust.

If applied to the TRS, this would entail individuals and organisations demonstrating their connection to preventing and combating money laundering and terrorist

---

<sup>2</sup> <https://www.legislation.gov.uk/uksi/2017/692/part/5>

<sup>3</sup> Paragraph 41, Directive (EU) 2024/1640 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024L1640>

financing and being given access to the full dataset. This would enable investigators to more easily identify and investigative leads which would lead to higher levels of money laundering and predicate offending being detected and reported.

Under this system, information about vulnerable persons and those that could demonstrate a risk of harm would be kept private to protect these individuals, as it is on the Register of Overseas Entities and Companies House.

This new legitimate access regime could exist in parallel to the existing regime which could still be used by the public to gain access to information on a case-by-case basis. This would reduce the workload of HMRC staff who currently have to process applications from all applicants on a one-by-one basis. We have provided a detailed set of guidelines explaining how jurisdictions can deliver effective legitimate interest access systems in law. Though these were designed originally for the Overseas Territories and Crown Dependencies, they are equally applicable to the UK.<sup>4</sup>

We would be happy to discuss our blueprints for reform in more detail, and explain how similar arrangements are progressing in both the UK's offshore financial centres and the EU.

## CONTACT

Ben Cowdock, Senior Investigations Lead  
ben.cowdock@transparency.org.uk

---

<sup>4</sup> <https://www.transparency.org.uk/publications/unlocking-ownership-data>