



## **Checking source of funds: What you need to know**

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### **Why does your solicitor need this personal information?**

Under the law, solicitors must confirm their clients' identities and check the source of any funds involved in legal transactions. Solicitors may also need to carry out checks in other cases, such as when giving tax advice, even if no money or property is being exchanged.

These checks are designed to prevent money laundering and financial crimes. Similar checks are carried out by other professionals such as banks, estate agents, and accountants.

### **Money laundering**

Money laundering is when people try to hide money made from illegal activities to make it look as though it came from a legal source. Criminals may try to use solicitors to do this – for example by using stolen money to buy property.

### **What information might your solicitor ask for?**

Your solicitor may request the following:

- Proof of identity: eg a passport or driver's licence.
- Proof of address: eg a utility bill or council tax statement.
- Source of funds: eg evidence of where the money comes from, such as payslips, savings, or inheritance paperwork (eg a grant of probate).

Additional documentation: depending on your case further details may be needed, such as company ownership documents or details of family members gifting you money towards a purchase.

### **How your solicitor will use this information**

Solicitors use this information to:

- Confirm your identity and assess risks.
- Monitor transactions related to your case.



- Ensure compliance with the law and SRA guidelines.

Solicitors are bound by strict confidentiality rules, and your information should not be shared unless required by law. Many firms may also use trusted third-party providers to verify your identity or the source of your funds digitally.

## **If you don't provide this information**

If your solicitor cannot collect the required information, they will not be able to proceed with your case or enter a business relationship with you. Solicitors who fail to follow these rules can face serious consequences.

## **Frequently asked questions**

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### **Why is my solicitor asking for my bank statement?**

Your solicitor may need to check the source of funds involved in legal transactions to confirm where the money has come from – for example from savings, employment income, or inheritance. They may also ask for supporting documents, such as probate papers, if relevant.

### **Will my personal information be shared with third parties?**

Your information should only be shared if required by law. Some firms may also use an electronic verification provider to carry out anti-money laundering checks. If this applies, your solicitor can explain how your information is used as part of that process.

### **How does this relate to my legal matter?**

This compliance process is required by law to prevent money laundering. Establishing your identity also helps protect you from fraud and financial crime during the legal process.

### **I want someone else to instruct my solicitor in my place. Can I do this?**

To do this, your solicitor will need to identify and verify the identity of the third party as well as you. They will also need written authorisation from you.

### **A family member is giving me money for my transaction. Why are they being asked for documents**



### **too?**

If money is being provided by a third party (for example, a parent gifting funds for a property purchase), your solicitor may also need to verify their identity and the source of their funds.

### **I know my solicitor personally - why do they need these documents from me?**

Solicitors still have to make some checks where they know a client personally. The Money Laundering Regulations do not allow them to make exceptions for this.

### **Am I under suspicion?**

These checks are a standard requirement for all clients. This is because, similar to security checks at an airport, it is impossible to tell a criminal from a law-abiding person at a glance.

### **What if I just change firms?**

All law firms have the same obligations under the Money Laundering Regulations. If you change solicitor, you will still need to provide this information.