

Suspicious Activity Reporting Trends 2024/25

Overview

Suspicious Activity Reports (SARs)¹ alert law enforcement to potential instances of money laundering or terrorist financing and are a vital source of intelligence not only on economic crime but on a wide range of criminal activity.

NCA SARs Information



They provide information and intelligence from the private sector that would otherwise not be visible to law enforcement.

A SAR is required when, during the course of their business in a regulated sector, a relevant employee (e.g. a Member in Practice) develops a suspicion of a crime with proceeds. More guidance on each of these elements is contained within [Anti-Money Laundering Guidance for the Accountancy Sector \(AMLGAS\)](#).

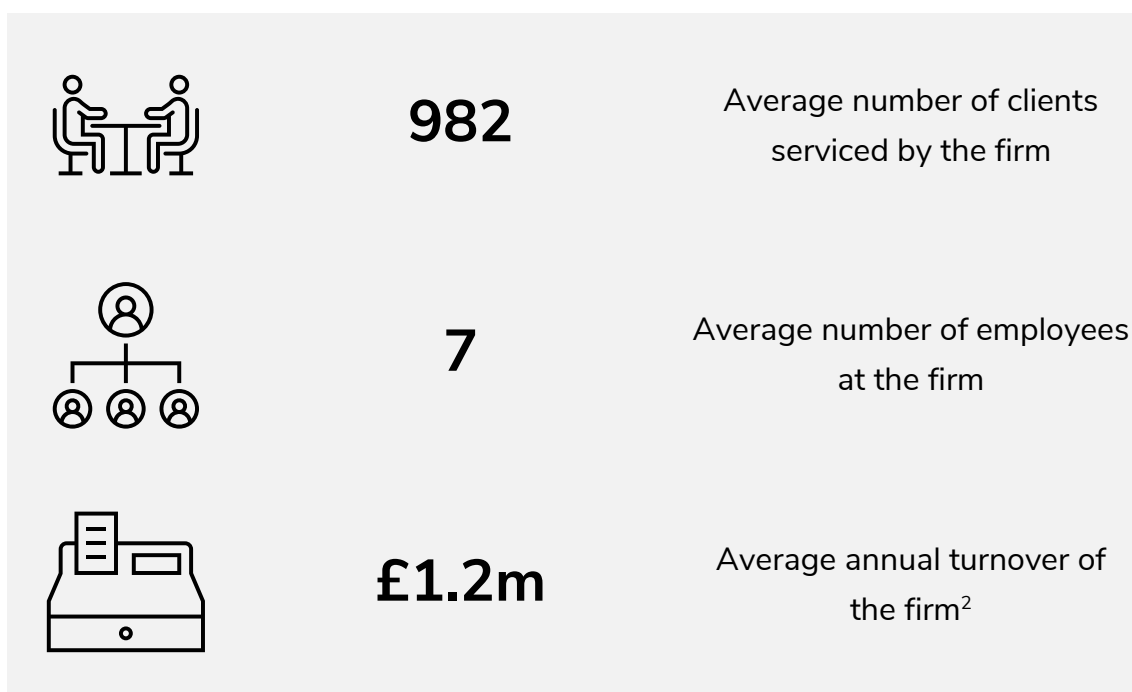
If AIA Members in Practice suspect that money laundering may be taking place, they are legally obligated to report it.

Reporting knowledge or suspicion of money laundering is a legal requirement – and there are statutory penalties for failing to report or for tipping off a subject of a suspicious activity report.

Each year AIA Members in Practice must submit an Annual Declaration relating to their firm, internal controls and evidence relating to Continuing Professional Development and Professional Indemnity Insurance. As part of this Annual Declaration AIA requests information on the number of Suspicious Activity Reports made in the past 12 months and their general categorisation.

	24	Number of AIA Members in Practice Declaring Submission of SARs
	66	Total number of SARs submitted by AIA Members in Practice

¹ Suspicious Transaction Report (STR) in the Republic of Ireland. For ease SAR is used through this document to refer to both reporting jurisdictions.



This is the second SAR bulletin published by AIA.

While the number of AIA-supervised firms submitting SARs has slightly decreased (30 in 2023/24), the total number of SARs submitted has seen a slight increase from 59 in the previous reporting year, indicating a potential rise in the frequency or severity of suspicious activities being reported by fewer firms.

Common Themes

Learning about typologies in suspicious activity reporting is essential for accountants. It equips them with the knowledge to identify and report potential money laundering activities, ensuring compliance with regulations and contributing to the overall integrity of the financial system. By staying informed about the latest typologies, accountants can better protect their clients and support efforts to combat financial crime.

As part of the Annual Declaration AIA requires firms who have indicated a submission of a Suspicious Activity Report must explain, in general terms, the reason for their suspicion and report. The following themes were identified during the 2024/25 renewal period:

² The highest turnover within the sample was over £6.4m and the lowest approximately £25k.

Closing companies	Tax compliance	Misuse of grants	Fraudulent reports disguising remuneration
Undeclared income	Non-cooperative clients	Client transactions	Revenue reporting
Clients a victim of theft or fraud	Uneconomic business activities	Employee theft	Unregulated company investments
Round sum receipts	False accounting	External fraud	Theft of client funds

Summary of Suspicious Activities Reported by AIA Members

- **Closing Companies:** Sudden closure of companies can indicate attempts to avoid scrutiny or hide illicit activities.
- **Tax Compliance:** Non-compliance with tax regulations, such as undeclared income, can be a red flag for money laundering.
- **Misuse of Grants:** Fraudulent use of grants intended for specific purposes can indicate financial misconduct.
- **Fraudulent Reports Disguising Remuneration:** Creating false reports to disguise the true nature of payments can be a method to launder money.
- **Undeclared Income:** Income that is not reported to tax authorities can be a sign of money laundering.
- **Non-Cooperative Clients:** Clients who are unwilling to provide necessary information or documentation can be attempting to conceal illicit activities.
- **Client Transactions:** Unusual or large transactions that do not fit a client's profile can indicate money laundering.
- **Revenue Reporting:** Inaccurate or manipulated revenue reports can be used to disguise the source of funds.
- **Clients as Victims of Theft or Fraud:** Clients who have been victims of theft or fraud may have their funds misused for laundering purposes.
- **Uneconomic Business Activities:** Businesses engaging in activities that do not make economic sense may be fronts for laundering money.
- **Employee Theft:** Theft by employees can be linked to larger schemes of financial fraud and money laundering.

- **Unregulated Company Investments:** Investments in unregulated companies can be a method to launder money.
- **Round Sum Receipts:** Receiving round sums of money without clear justification can be suspicious.
- **False Accounting:** Manipulating financial records to hide the true nature of transactions is a common money laundering tactic.
- **External Fraud:** Fraud committed by external parties can be part of a larger money laundering scheme.
- **Theft of Client Funds:** Misappropriation of client funds can be used to facilitate money laundering.

Reporting these suspicious activities is crucial for several reasons:

1. **Preventing Financial Crime:** Identifying and reporting suspicious activities helps prevent money laundering, fraud, and other financial crimes.
2. **Maintaining Financial Integrity:** Ensuring the integrity of the financial system by detecting and preventing illicit activities.
3. **Legal Obligations:** AIA members are legally required to report suspicious activities, and failure to do so can result in penalties.
4. **Supporting Law Enforcement:** Providing valuable information to law enforcement agencies to investigate and disrupt criminal networks.

The role of AIA members in reporting suspicious activities cannot be overstated. Their vigilance and adherence to reporting requirements are vital in the fight against financial crime. By identifying and reporting potential money laundering activities, AIA members contribute to a safer and more transparent financial system, protecting both their clients and the broader economy.

The themes identified within the 2024/25 reporting year mirror closely those reported by AIA members within the 2023/24 reporting year and represent an expected result when considering the services provided to clients.

Red Flags of Money Laundering

Recognising warning signs of money laundering is a continual challenge but AIA provides guidance to help: typologies, alerts and sector guidance are provided to AIA members.

Customer due diligence is a key part of a robust risk-based approach. There are several key red flags that could indicate that there is a strong chance of money laundering being present.

Red flags such as those highlighted here might not mean anything in isolation but taken together can provide a strong indication of money laundering.

TRANSACTIONS

Are transactions unusual because of their size, frequency or the manner of their execution, in relation to the client's known business type?

ASSETS

Does it appear that a client's assets are inconsistent with their known legitimate income?

IDENTITY

Has the client taken steps to hide their identity, or is the beneficial owner difficult to identify?

POLITICAL STATUS

Is the client engaged in unusual private business given that they hold a prominent public title or function? Or do they have ties to an individual of this nature?

GEOGRAPHIC AREA

Is the collateral provided, such as property, located in a high-risk country, or are the clients or parties to the transaction native to or resident in a high-risk country?

STRUCTURES

Are there complex or illogical business structures that make it unclear who is conducting a transaction or purchase?

RESOURCES

Are a client's funds made up of a disproportionate amount of private funding or cash, in relation to their socioeconomic profile?

BEHAVIOUR

Is the client behaving oddly in either a personal or a public capacity, given the nature of their role in the business? Or do they have links to people acting oddly?

DOCUMENTS

Are information or documents being withheld by the client or their representative, or do they appear to be falsified?

CHOICE OF PROFESSIONAL

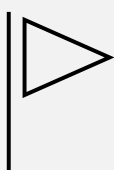
Have you, or other professionals who are involved, been instructed at a distance, asked to act outside of your usual speciality, or offered an unusually high fee?

Guidance and Support

Reporting requirements are applicable to firms dependent on location; AIA has provided specific guidance for members submitting reports in the United Kingdom and Republic of Ireland respectively.



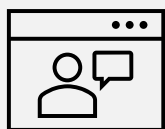
AML Guidance Hub for Members in Practice online at
www.aiaworldwide.com/my-aia/aml



Red flags and typologies



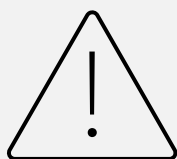
Templates and checklists



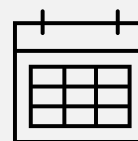
Webinar recordings on reporting suspicious activity
and events with the NCA and An Garda Síochána



Face-to-face events and training



Alerts issued by the Accountancy AML Supervisors'
Group (AASG) and National Crime Agency (NCA)



Monthly In Practice bulletin



SARs in Action magazine



UKFIU Podcast recordings