

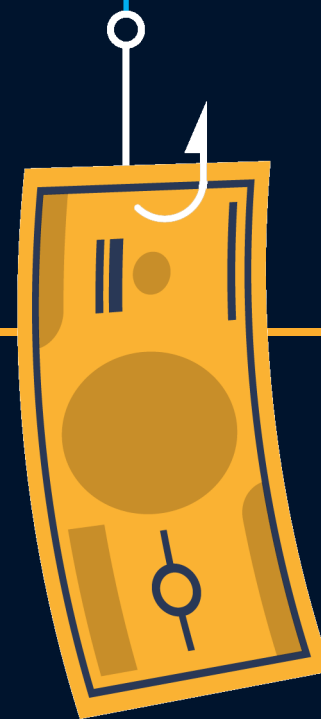
THE REAL **COST OF COMPLIANCE** IN THE PROPERTY SECTOR

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In this report, we delve into how much compliance really costs and the weight of that burden on the Property sector today.

Who regulates the Property sector?

The financial and operational burden of Anti-Money Laundering (AML) compliance has long been a costly process for anyone working within the property sector, yet it is an essential part of due diligence. Unfortunately, property passing hands has been a favoured way to illegally launder money for years, forcing the sector's regulatory body to step in and introduce tighter regulations to tackle illegal operations. This, in turn, means a greater cost to companies within the sector to ensure they are compliant with the latest rules and regulations.



What's the current lay of the land?

The property sector spends millions of pounds every single year to stay compliant, and with good reason. A recent survey carried out by Credas stated that 52% of property professionals have encountered fake IDs during their due diligence, and that fraud is the biggest concern when it comes to property transactions.

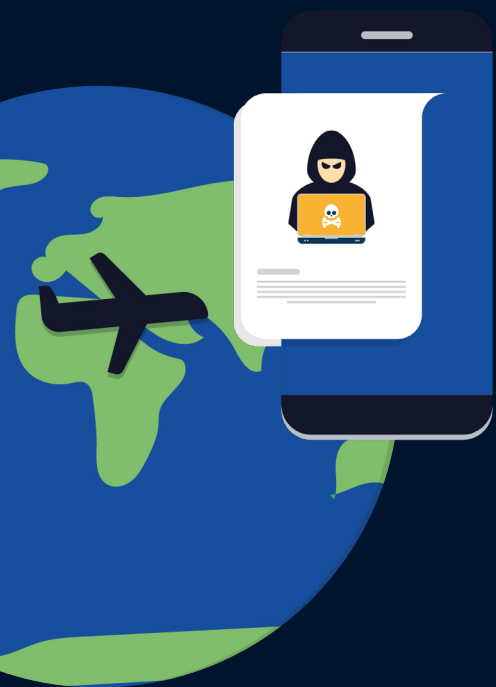
With AI now coming into play and digital capabilities getting more advanced by the day, it comes as no surprise that 70% of professionals surveyed said they have seen an increase in fraudulent activity in the past 12 months.

Legalities and procedures involved in compliance checks are draining resources on all fronts, particularly as the complexity of compliance continues to evolve as fraudulent activity levels increase.

According to the National Association of Property Buyers, fraud cost victims around £3.5 million in 2020 alone, marking a sharp rise compared to previous years, and Which reported that almost £9m was lost to rental fraud in 2024 alone.

So, what is the property sector doing to combat this fraudulent activity and why is it costing so much?

Over the next few pages, we investigate the key costs associated with AML compliance and the property sector from official costs, operational costs and technology.



£7,000,000+



AML registration fees

OFFICIAL COSTS

AML registration and supervision fees

Every estate agent in the property sector must register for AML monitoring as they are dealing with the changing hands of property, which, as we established earlier is a common hotspot for fraudulent activity.

There are costs involved in setting things up, such as premises registration fees, ongoing supervision fees, fit and proper test fee and an approval process fee. There may also be an audit readiness requirement fee.

As of 19 May 2025, there were 17,308 Lettings / Estate Agency Businesses registered with HMRC for AML supervision and a total of 23,813 premises. At £300 per premises that's a grand total of £7,143,900 in official costs.

These upfront costs can be a hit for businesses at the start and there are also annual fees involved for continuing the supervision.

£3,800,000

Economic Crime Levy

The Economic Crime Levy

The Economic Crime Levy (ECL) is an annual tax paid by regulated companies to fund economic crime enforcement. Every registered AML business must contribute to this, and although it is a tiered payment structure based on revenue, even smaller businesses feel the impact.

A recent reporting in figures from Credas for the fiscal year 2022/23 saw that estate agents and letting professionals contributed £3.8 million to the estimated £15 million generated by the ECL alone. These kinds of figures have a huge impact on the property sector, with many taking the brunt of the costs out of their own pockets.

£3,000,000+

Fines and breaches



Fines and breaches

Arguably one of the biggest costs within the property sector are fines and penalties for not being fully compliant with rules and regulations set out by HMRC. Latest figures released from HMRC state that 324 estate agents were fined in the first 9 months of 2024 for money laundering due diligence failures – this included failing to register for money laundering supervision plus AML failures.

The total cost of the breaches was over £3 million, with an average penalty being £6,000 – a big hit for a business.

£46,156

Average compliance manager salary

Direct staffing costs

By law, every Estate Agency requires a Money Laundering Reporting Officer (MLRO) which can either be a full-time role or a shared responsibility. For smaller firms this responsibility usually sits with the owner or one of the director and takes up a significant portion of their time. For larger firms, while the MLRO role may sit with a director still they are usually supported by a compliance specialist.

There's an estimated 2,600 compliance specialists working within the UK real estate sector. Salaries for compliance specialists range from £37,500 to £65,000 with the average being £46,156. Senior Compliance Managers can earn up to £100,000, which roughly equates to over £100million in staff fees for the sector.

2,600

Compliance roles within the property sector



OPERATIONAL COSTS

£28,000

Average estate agent salary

Indirect staffing costs

One of the biggest costs for businesses when doing their due diligence, is the manual effort and cost it takes to onboard new clients, whether that's confirming identification, manually chasing documents, remediating any possible PEPs/Sanction matches, ongoing monitoring or conducting risk assessments.

Many property experts are drowning in the day-to-day admin of compliance and paying for the privilege of it. The complexity of compliance also makes this harder; the more stringent the regulations are getting; the more work is involved.

In addition, all staff must have relevant training when dealing with AML proceedings, as well as up to date systems for security and data protection, which also takes up time and money.

3 hours

spent per transaction on AML compliance

THE FULL PICTURE

So what does this all add up to?

If you tally up registration fees, economic crime levy fees, direct staff costs and indirect staff costs, plus the £3 million in fines issued by HMRC last year, the total cost of compliance in the Property Sector totals in the hundred of millions.

There's no getting around it, the cost of due diligence and being fully compliant in today's property sector is steep, but without it, estate agents and property experts are susceptible to heavy fines or even jail time.

So how do you offset or reduce these costs? **That's where Credas comes in.** Technology can play a big role in reducing the operational overheads associated with AML compliance. While technology does come with its own cost, operational benefits far outweigh them. Also, a lot of real estate firms are starting to pass these costs onto their customers as part of an onboarding fee. This practice is common place among the larger firms and starting to filter down to the independents.

£16,000+

Average cost for independent firms

£70,000+

Average cost for medium-sized firms

£200,000+

Average cost for enterprise firms

SIMPLIFYING COMPLEXITY WITHOUT **BREAKING THE BANK**

As the leading compliance technology provider for the property sector, we want to make carrying out due diligence a breeze for businesses, creating a system that is so easy and simple; anyone could use it. We understand the costs already involved, and we want to ease the burden by delivering a seamless, top of the range solution that keeps you fully compliant at a reasonable cost.

With Credas you can:

- Automate your due diligence by having clients verify themselves through bespoke journeys on our system, completely branded for your company.
- Streamline your internal process by removing any manual documentation management.
- Eliminate or reduce fines as the system keeps you compliant.
- Speed up your journeys, ensuring no deals are lost due to compliance delays.
- Free up your staff to work on other things bar chasing and verifying documentation.
- We ensure your checks are being carried out correctly, so you don't have to.

And introducing.... **Credas payments**, our latest solution designed to help you recoup the costs of compliance.

Easily recover the cost of your compliance with our integrated payments solution visit www.credas.com/payments to learn more



Streamlined AML compliance for the property sector

The Credas system offers full AML checks including biometric ID verification, proof of address and mortality, source of funds, Peps & Sanctions, plus more. Our journeys can be tailored to your needs; we work with you to ensure you get the most out of the system to cover all your due diligence, plus we will brand everything with your company logo.

We also offer Credas+ that gives you an extra level of protection. Credas+ includes everything that our other packages do, however you also get additional support on verification. For example, if a result comes up as a refer, instead of your staff deciding it's a pass or fail, we will do that our end for you, removing the need for anyone in your organisation to get involved on any decision making.

With the property sector being under real pressure and the compliance burden only set to grow, Credas has made it our mission to help lift the load – **always aiming for a better future.**

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