

AML File Review – Reviewer guidance

This document provides structured guidance for reviewers completing the AML File Review Form under Regulation 19(3)(e) of the Money Laundering Regulations 2017.

It provides interpretative support to help reviewers apply those outcomes consistently and in line with regulatory expectations.

Section B – Key AML controls and risk management

Satisfactory



The file meets the standard required by the regulations. Documentation is complete, clearly reasoned, and proportionate to the client and matter risk profile.

Improvement needed



Minor issues or inconsistencies that should be addressed to ensure full compliance.

Urgent action required



The file shows a clear failure to meet one or more fundamental AML obligations. This may include missing risk assessments, lack of client due diligence or absence of source of wealth for high-risk matters.

Client and matter risk assessment (CMRA)



File includes a completed CMRA that reflects the firm wide risk assessment (FWRA) and addresses client and matter specific risks. The CMRA was completed in a timely manner



File has a partially completed form



File does not have a CMRA

Level of client due diligence (CDD)

The applied CDD level must be consistent with the client's risk profile (e.g. enhanced due diligence for PEPs).



CDD appropriate and well-documented



CDD partially completed (e.g. no screening)



Inadequate or no CDD.

Natural clients

Have all natural clients been identified and verified.



This has been undertaken and recorded



Identification or verification is incomplete



No evidence on file.

Non-natural persons ownership and control



Where the client is a legal person, trust, company, foundation or similar legal arrangement, the file contains evidence that reasonable measures have been taken to understand the ownership and control structure.



Documentation is incomplete



No evidence on file.

Ultimate beneficial owners (UBOs) identification

All UBOs must be identified with reasonable steps taken to verify them.



This has been undertaken and recorded

- Identification is incomplete
- ❌ No evidence on file.

Source of funds and source of wealth (SoF/SoW)

- ✅ File includes both documentary evidence and a rationale, explaining how the client acquired the funds and wealth (where necessary)
- Documentation is present, but rationale is missing
- ❌ No evidence of checks being carried out.

Red flags

- ✅ File identifies and addresses any red flags (e.g. offshore structures, large cash transactions)
- There is an indication that red flags were noted but inadequately addressed
- ❌ Red flags are present but ignored or undocumented.

Ongoing monitoring

- ✅ Client due diligence documents have been reviewed and are up to date
- Documents partially updated eg address verification
- ❌ Outdated documents which have not been updated

Action taken on trigger events

If a trigger event has taken place, the file must document the responsive action (e.g. refreshed CDD or updated CMRA).

- ✅ Timely and documented
- Action was delayed
- ❌ The event has been ignored despite being material to the transaction.

Section C – Internal controls and training (optional)

Application of firm's policies, controls and procedures (PCPs)

- **Fully embedded**
The file clearly shows that the firm's AML procedures have been followed in practice. Processes such as CDD, SoF/SoW documentation, and risk assessments follow the firm's PCPs. There is a strong link between policy and how the file is managed.
- **Partially reflected**
Some elements of the firm's PCPs are visible on the file, but there are areas where procedures were inconsistently applied or bypassed.
- **Not evident**
There is little or no evidence on the file that the PCPs have been followed. This could indicate a breakdown in procedure or a training need for the fee earner.

Fee earner AML understanding

- **Strong understanding evident**
The file demonstrates that the fee earner has a good understanding of AML obligations. This may be shown through clear rationale on the CMRA, detailed SoF explanations, and appropriate escalation of concerns.
- **Some understanding, but improvement needed**
The file shows basic awareness of AML obligations, but there are gaps or inconsistencies in application. For example, SoF may be gathered without detailed explanations, or incorrect level of due diligence or risk applied.

- **Significant misunderstanding or lack of awareness**

The way the file has been handled suggests that the fee earner either misunderstood a core AML requirement or failed to engage with the process. Examples include missing CDD, no CMRA on file, or ignoring red flags.