

Fraud

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We do not tolerate fraud from those we regulate. Those we regulate are in a position of trust and often have to hold large amounts of money on behalf of their clients. Personal integrity is central to their role and they are bound by our Principles [\[solicitors/standards-regulations/principles\]](#) to protect client money and assets, and to act in the public interest.

Some criminals try to use law firms, and those connected to them, in their activities to lend credibility to their actions. Below are common examples of frauds that can involve those we regulate. The person or firm may—or may not—be aware of their involvement.

Mortgage fraud

This happens when a mortgage is arranged by deliberately giving the lender incorrect information. Misleading information persuades the lender to lend money they would not otherwise agree to lend.

Law firms and solicitors are gatekeepers of the mortgage market and provide an essential safeguard for lenders. The integrity of a law firm reassures lenders that all necessary checks are carried out before funds are released.

Indications a lender may have been misled

- The true purchase price is not disclosed to the lender.
- The borrower's true financial position is not disclosed to the lender.
- The lender is not told about allowances for chattels, repairs or incentives by builders selling new properties, such as free holidays.

Money laundering

Money laundering is a process used by criminals to make illegally-obtained money—such as stolen money or the proceeds of a scam—appear legitimate by passing it through business accounts.

Criminals target law firms because their bank accounts are a secure way of transferring criminal money. Once it passes through a law firm's account, the money looks as if it has come from a legitimate and respectable source. A firm might be unaware that they have been targeted in this way.

If a legal adviser or firm has not provided a legal service and has simply allowed money to pass through their bank account, it might be an indication that they are involved in money laundering.

If you think a person or firm regulated by us could be involved in mortgage fraud or money laundering, whether knowingly or not, you must **report them to us immediately**. You can do this via

- our report a solicitor page [\[consumers/problems/report-solicitor/\]](#) by downloading and completing the form there, or
- our contact centre [\[contact-us\]](#).