autosmart

Edition 1 · United Kingdom · 2026

• CASH OVER €10,000 = REGULATED Cash sales, accounts & high-value customers

Anti-Money Laundering Compliance Guidebook for Automotive Companies

Cash limits, high value dealer registration, risk assessment, customer checks and suspicious activity reports: what HMRC checks, **and why one cash sale can bring a dealer under money laundering rules.**





€10,000
in cash (single or linked) makes you a **high value dealer**.

£175,701
HMRC penalty on a registered **high value dealer** (2023/24).

1,860
HMRC AML fines in four years.

6 standards | 18 checkpoints | MLR 2017 · POCA 2002 | Right way / wrong way | Ideal fix time

2021/22 198 HMRC fines → **2023/24** 680 fines → **2024/25** 548 fines · £2.95M → **One cash deal can change your status.**

WHY THIS GUIDEBOOK EXISTS

Cars are a known way to launder cash.

Any business that accepts **€10,000 or more in cash** (about £8,500), in one payment or linked payments, is a **high value dealer** and must register with HMRC and follow the Money Laundering Regulations. Most dealers set a cash cap. Either way, staff must know the rules and report suspicion.

This guidebook covers the 6 standards that keep a dealership out of money laundering trouble.

WHERE THE RISK SITS

Cash
Cap or register
AML-01

Linked
Split payments
AML-02

Policy
Risk assessment
AML-03

Customers
ID and source of funds
AML-04

Reporting
MLRO and SARs
AML-05

People
Training and records
AML-06

WHO ENFORCES IT

HMRC
AML supervisor
Registration, inspections, penalties

NCA
National Crime Agency
Receives suspicious activity reports

Police / CPS
Criminal prosecution
POCA and MLR offences

FCA
If finance involved
Financial crime systems for authorised firms

WHO IT'S FOR

Dealer principals & directors
Decide on a cash policy and own it.

Sales & accounts
Know the limit and the red flags.

MLROs & auditors
Test the cash log and CDD files.

A CASH POLICY OR A COMPLIANCE PROGRAMME

One £15,000 cash deal. Now you're regulated.

Take €10,000 or more in cash, even once, and you're a high value dealer. Without registration and controls, HMRC can fine with **no fixed cap**, and individuals can face **up to 5 years** for failing to report suspicion.

THE PENALTY LADDER

LEVEL 1
£5,403
Average fine for failing to register (2024/25).

LEVEL 2
£175K+
Registered dealer with weak controls.

LEVEL 3
2 years
Prison for MLR breaches or tipping off.

LEVEL 4
5 years
Prison for failing to report suspicion.

REAL CASES FROM US AUTOMOTIVE BUSINESSES

WHO	RESULT	WHAT HAPPENED
Harvey Nichols & Co HMRC · 2023/24	**£175,701** high value dealer	AML control failures at a registered HVD.
Failure to register HMRC · 2024/25	**£5,403** average, 519 cases	The most common AML breach.
All HMRC AML fines 2021/22–2024/25	**1,860** +177%	Across estate agents, HVDs, accountants and more.

CASH CAP
€10K
Stay below it, including linked payments.

IF REGISTERED
Unlimited
Penalties for weak controls.

AND THEN
Published
HMRC **publishes** penalised businesses.

HOW TO USE THIS GUIDE

One page per standard. Know your cash.

1. **Header**: code, area, owner and the maximum penalty
2. **The law**: which regulator and which regulation
3. **The cost**: fine, what else can happen and a real case
4. **Right / wrong**: illustrated pass and fail, plus how to audit

THE 6 STANDARDS

AML-01	Cash Policy or HVD Registration ⛓ PRISON	MLR reg.14	CRITICAL	Unlimited + prison	Immediate	5
AML-02	Linked Payments Monitored ⛓ PRISON	MLR reg.14	CRITICAL	Unlimited + prison	7 days	6
AML-03	Risk Assessment & Policies ⛓ PRISON	MLR reg.18–19	CRITICAL	Unlimited + prison	30 days	7
AML-04	Customer Due Diligence ⛓ PRISON	MLR reg.27–28	CRITICAL	Unlimited + prison	Immediate	8
AML-05	Suspicious Activity Reports ⛓ PRISON	POCA s.330	CRITICAL	Unlimited + 5 yrs	Immediate	9
AML-06	Training & Records ⛓ PRISON	MLR reg.24, 40	CRITICAL	Unlimited + prison	30 days	10

IDEAL FIX TIME · COUNTED FROM AUDIT SUBMISSION

Immediate	Stop now · serious harm or clear breach	3 standards
7 days	Fix within 1 week · records, notices, training	1 standard
30 days	Plan and close within 1 month · policies and systems	2 standards

SCORING EACH CHECKPOINT

PASS

Every criterion met at the time of audit, with evidence captured.

FAIL

Any criterion not met at the time of audit. Record what you saw and who owns the fix.

N/A

Only where "Applies when" rules it out. Record why.

Note. Most dealers avoid HVD status with a firm cash cap. If you register, all MLR obligations apply.

AML-01 ANTI-MONEY LAUNDERING · HMRC · STANDARD 01 OF 06

Cash Policy or HVD Registration

Area **Sales · Accounts**

Person in charge **Finance Director · Sales Manager**

Regulator **HMRC · NCA**

MAXIMUM PENALTY

Unlimited

HMRC civil penalty · no statutory cap

Criminal: up to **2 years** (MLR) or **5 years** (POCA failure to disclose)

• CRITICAL ⛓ PRISON RISK

THE LAW

MLR 2017

Money Laundering Regulations 2017 · **Proceeds of Crime Act 2002** · **MLR 2017 reg.14** high value dealers (cash of €10,000 or more) · reg.56 registration

WHAT WE CHECK

The dealership either never accepts €10,000 (about £8,500) or more in cash for a single sale or linked sales, or it is registered with HMRC as a high value dealer and meets all the rules.

CHECKPOINTS IN THE AUDIT

- **Q1** Is there a written cash limit below €10,000 per transaction (including linked payments)?
- **Q2** If higher cash is accepted, is the business registered with HMRC as a high value dealer?
- **Q3** Do all sales staff know the limit?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

HMRC civil penalties have **no fixed cap**. They're set by seriousness and turnover, and published.

BEYOND THE FINE

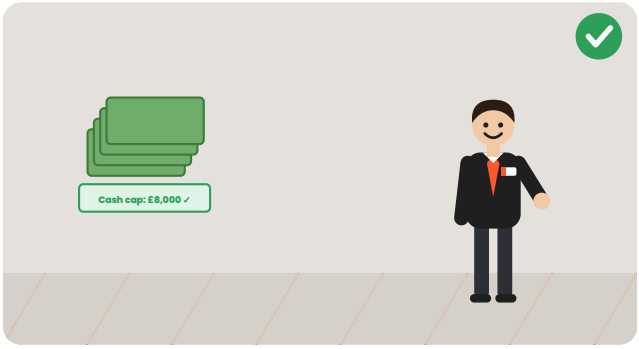
Breaching the regulations can be prosecuted with **up to 2 years in prison**. Failing to report suspicions under POCA carries **up to 5 years**.

REAL ENFORCEMENT

£5,403

average HMRC fine for **failing to register** (2024/25): the most common AML breach, with 519 cases.

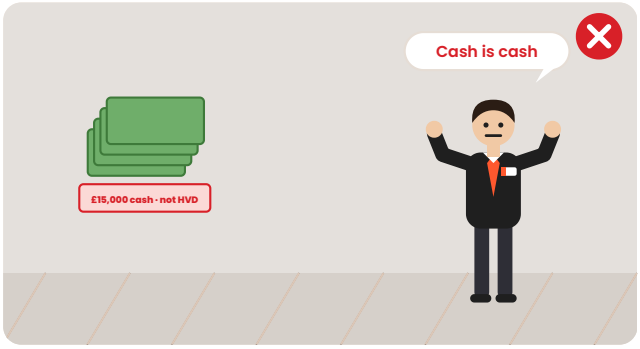
✔ RIGHT WAY



Written cash cap below the threshold.

✖ WRONG WAY

UNLIMITED + PRISON



£15,000 cash taken without HVD registration.

PURPOSE

Taking high-value cash without registration is the most common AML breach HMRC fines.

FIX IT WITHIN

Immediate

AUDIT CRITERIA · PASS WHEN

- Written cash cap
- Or HVD registration
- Staff trained on limit

IDEAL WAY OF AUDITING

1. Review cash receipts for 12 months
2. Check the policy
3. Check HMRC registration

Evidence: Cash log + policy.

WORST CASE Unregistered HVD activity is a **criminal offence**, and HMRC's most common AML fine.

AML-02 ANTI-MONEY LAUNDERING · HMRC · STANDARD 02 OF 06

Linked Payments Monitored

Area **Accounts** | Person in charge **Finance Director** | Regulator **HMRC · NCA**

MAXIMUM PENALTY

Unlimited

HMRC civil penalty · no statutory cap

Criminal: up to **2 years** (MLR) or **5 years** (POCA failure to disclose)

• CRITICAL | PRISON RISK

THE LAW

MLR 2017

Money Laundering Regulations 2017 · **Proceeds of Crime Act 2002** · **MLR 2017**: linked transactions count towards the €10,000 threshold

WHAT WE CHECK

Cash payments that are split across deposits, balances or several vehicles for the same customer are added together and checked against the limit.

CHECKPOINTS IN THE AUDIT

- Q1 Are cash payments for the same customer or deal added together?
- Q2 Are split payments that avoid the limit flagged?
- Q3 Are deposits and balances reviewed together?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

HMRC civil penalties have **no fixed cap**. They're set by seriousness and turnover, and published.

BEYOND THE FINE

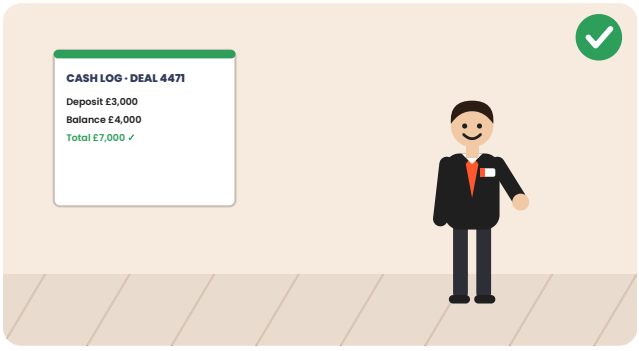
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REAL ENFORCEMENT

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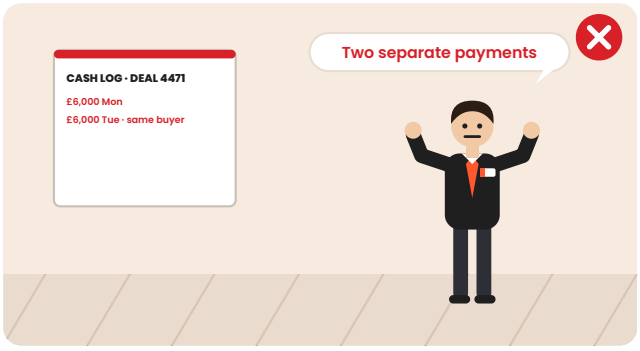
✔ RIGHT WAY



Linked cash totalled and under the cap.

✖ WRONG WAY

UNLIMITED + PRISON



£12,000 split over two days to avoid the limit.

PURPOSE

Splitting payments to avoid a limit is a classic laundering red flag.

FIX IT WITHIN

◷ 7 days

AUDIT CRITERIA · PASS WHEN

- Linked payments totalled
- Splits flagged
- Reviewed monthly

IDEAL WAY OF AUDITING

1. Review the cash log by customer
2. Look for repeated just-under amounts

Evidence: Cash log.

WORST CASE Missing linked transactions puts the business in **unregistered HVD territory**, with unlimited penalties.

AML-03 ANTI-MONEY LAUNDERING · HMRC · STANDARD 03 OF 06

Risk Assessment & Policies

Area **Management** | Person in charge **MLRO · Finance Director** | Regulator **HMRC · NCA**

MAXIMUM PENALTY

Unlimited

HMRC civil penalty · no statutory cap

Criminal: up to **2 years** (MLR) or **5 years** (POCA failure to disclose)

• CRITICAL | ⛓ PRISON RISK

THE LAW

MLR 2017

Money Laundering Regulations 2017 · **Proceeds of Crime Act 2002** · **MLR 2017 regs 18–19** business-wide risk assessment, policies, controls and procedures

WHAT WE CHECK

If registered (or at risk of cash sales), the business has a written money laundering risk assessment and policies covering cash, customer checks, reporting and record keeping.

Applies when: Registered high value dealers, or businesses accepting cash near the threshold.

CHECKPOINTS IN THE AUDIT

- Q1 Is there a written, business-wide money laundering risk assessment?
- Q2 Are there written policies and procedures that staff follow?
- Q3 Are they reviewed at least yearly?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

HMRC civil penalties have **no fixed cap**. They're set by seriousness and turnover, and published.

BEYOND THE FINE

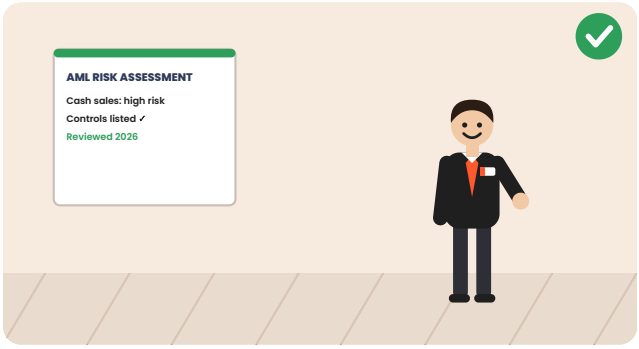
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REAL ENFORCEMENT

£175,701

HMRC penalty on **Harvey Nichols**, a registered **high value dealer**, for AML failures (2023/24).

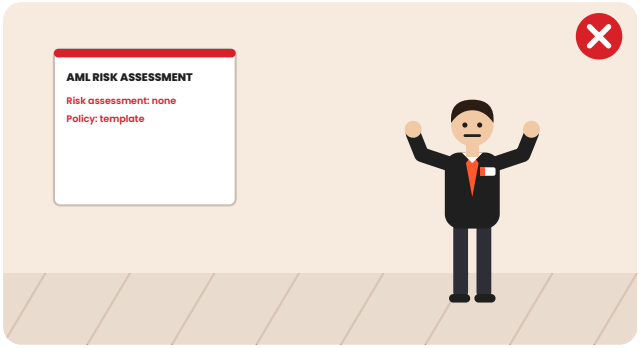
✔ RIGHT WAY



Written assessment and policy reviewed this year.

✖ WRONG WAY

UNLIMITED + PRISON



No assessment, a template policy.

PURPOSE

Missing risk assessments are one of the most common reasons for HMRC penalties.

FIX IT WITHIN

◷ 30 days

AUDIT CRITERIA · PASS WHEN

- Written assessment
- Policies and procedures
- Annual review

IDEAL WAY OF AUDITING

1. Request documents
2. Check they match practice

Evidence: Assessment + policy.

WORST CASE A registered dealer without controls can face penalties like Harvey Nichols' **£175,701**.

AML-04 ANTI-MONEY LAUNDERING · HMRC · STANDARD 04 OF 06

Customer Due Diligence

Area **Sales · Accounts** | Person in charge **MLRO** | Regulator **HMRC · NCA**

MAXIMUM PENALTY

Unlimited

HMRC civil penalty · no statutory cap

Criminal: up to **2 years** (MLR) or **5 years** (POCA failure to disclose)

• CRITICAL | ⛓ PRISON RISK

THE LAW

MLR 2017

Money Laundering Regulations 2017 · **Proceeds of Crime Act 2002** · **MLR 2017 regs 27–33** customer due diligence and enhanced due diligence

WHAT WE CHECK

For high value cash sales, the customer's identity is verified, the source of funds is understood, and higher-risk customers get enhanced checks.

CHECKPOINTS IN THE AUDIT

- Q1 Is customer identity verified (e.g., passport plus proof of address) for high value cash sales?
- Q2 Is the source of funds asked about and recorded?
- Q3 Are higher-risk customers (e.g., politically exposed persons) given enhanced checks?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

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BEYOND THE FINE

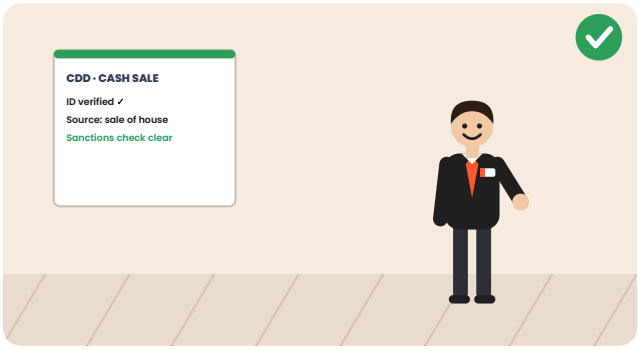
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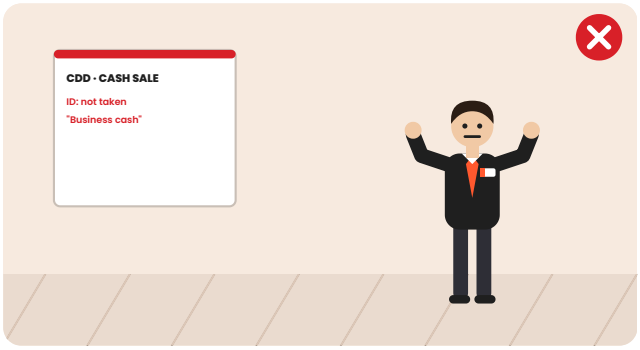
✔ RIGHT WAY



ID verified and source of funds recorded.

✖ WRONG WAY

UNLIMITED + PRISON



No ID and "business cash" accepted.

PURPOSE

Cars are a known way to launder cash.

FIX IT WITHIN

◷ Immediate

AUDIT CRITERIA · PASS WHEN

- ID verified
- Source of funds
- Enhanced checks when needed
- Sanctions check

IDEAL WAY OF AUDITING

1. Sample cash sales
2. Check ID copies
3. Check source-of-funds notes

Evidence: CDD files.

WORST CASE Missing checks bring **unlimited HMRC penalties** and possible criminal charges.

AML-05 ANTI-MONEY LAUNDERING · HMRC · STANDARD 05 OF 06

Suspicious Activity Reports

Area **Sales · Accounts** | Person in charge **MLRO** | Regulator **HMRC · NCA**

MAXIMUM PENALTY

Unlimited

fine on conviction

Failure to disclose: **up to 5 years in prison**

• CRITICAL | ⛓ PRISON RISK

THE LAW

MLR 2017

Money Laundering Regulations 2017 · **Proceeds of Crime Act 2002** · **POCA 2002 ss.330–333A** failure to disclose, tipping off · nominated officer (MLRO)

WHAT WE CHECK

There's a named MLRO. Staff report suspicions internally, the MLRO reports to the National Crime Agency where needed, and customers are never tipped off.

CHECKPOINTS IN THE AUDIT

- Q1 Is there a named nominated officer (MLRO)?
- Q2 Do staff know how to report suspicions internally?
- Q3 Are SARs made to the NCA where required, without tipping off the customer?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

HMRC civil penalties have **no fixed cap**. They're set by seriousness and turnover, and published.

BEYOND THE FINE

Breaching the regulations can be prosecuted with **up to 2 years in prison**. Failing to report suspicions under POCA carries **up to 5 years**.

REAL ENFORCEMENT

1,860

HMRC AML fines over four years (2021/22–2024/25), up 177%.

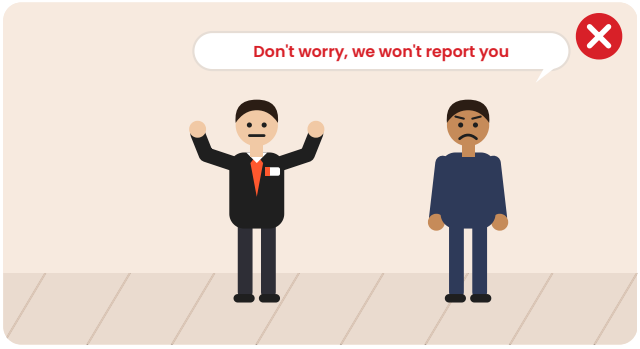
✔ RIGHT WAY



Suspicion passed to the MLRO.

✖ WRONG WAY

PRISON RISK



Customer tipped off.

PURPOSE

Failing to report and tipping off are personal criminal offences for staff.

FIX IT WITHIN

◷ Immediate

AUDIT CRITERIA · PASS WHEN

- MLRO named
- Internal reporting route
- SARs filed
- No tipping off

IDEAL WAY OF AUDITING

1. Ask staff who the MLRO is
2. Check the internal report log

Evidence: MLRO appointment + log.

WORST CASE Failure to disclose: **up to 5 years in prison**. Tipping off: **up to 2 years**.

AML-06 ANTI-MONEY LAUNDERING · HMRC · STANDARD 06 OF 06

Training & Records

Area **Sales · Accounts** | Person in charge **MLRO · HR** | Regulator **HMRC · NCA**

MAXIMUM PENALTY

Unlimited

HMRC civil penalty · no statutory cap

Criminal: up to **2 years** (MLR) or **5 years** (POCA failure to disclose)

• CRITICAL | ⛓ PRISON RISK

THE LAW

MLR 2017

Money Laundering Regulations 2017 · **Proceeds of Crime Act 2002** · **MLR 2017 reg.24** training · **reg.40** record keeping (5 years)

WHAT WE CHECK

Relevant staff are trained on money laundering risks, and due diligence and transaction records are kept for 5 years after the relationship ends.

CHECKPOINTS IN THE AUDIT

- Q1 Have sales and accounts staff had AML training in the last 12 months?
- Q2 Are CDD and transaction records kept for 5 years?
- Q3 Can records be retrieved quickly if HMRC asks?

WHAT NON-COMPLIANCE COSTS YOU

THE FINE

HMRC civil penalties have **no fixed cap**. They're set by seriousness and turnover, and published.

BEYOND THE FINE

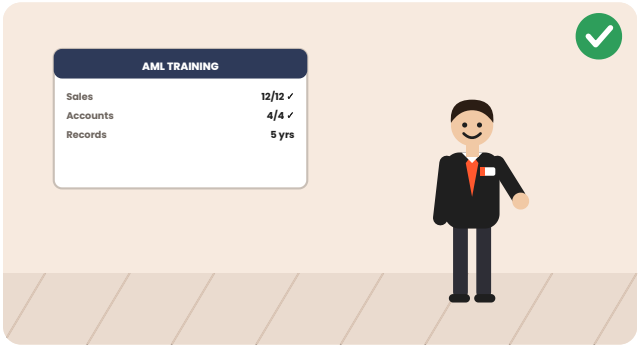
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REAL ENFORCEMENT

1,860

HMRC AML fines over four years (2021/22–2024/25), up 177%.

✔ RIGHT WAY



All relevant staff trained, records kept.

✖ WRONG WAY

UNLIMITED + PRISON



No sales staff trained.

PURPOSE

Untrained staff can't spot or report suspicion.

FIX IT WITHIN

◷ 30 days

AUDIT CRITERIA · PASS WHEN

- Annual training
- Records kept 5 years
- Quick retrieval

IDEAL WAY OF AUDITING

1. Check training logs
2. Pull 3 old CDD files

Evidence: Training log + records.

WORST CASE Training and record failures are **standard penalty findings** for HMRC.

SET THE CASH RULE BEFORE THE NEXT DEAL

Your 30-day AML action plan.

Today

- [ ] **AML-01** Cash Policy or HVD Registration
  Immediate
- [ ] **AML-04** Customer Due Diligence
  Immediate
- [ ] **AML-05** Suspicious Activity Reports
  Immediate

This week

- [ ] **AML-02** Linked Payments Monitored
  7 days

This month

- [ ] **AML-03** Risk Assessment & Policies
  30 days
- [ ] **AML-06** Training & Records
  30 days

?/6 Count your passes. A single high-value cash deal can turn every fail into a **regulatory breach**.

SOURCES

- ID-Pal: HMRC AML fines surge 177%: four years of compliance failures · id-pal.com
- GOV.UK: Anti-money laundering guidance for high value dealers · gov.uk
- Money Laundering Regulations 2017; Proceeds of Crime Act 2002 · legislation.gov.uk

Disclaimer. For compliance-audit guidance only; not legal advice. The euro threshold is converted at current rates; check HMRC guidance.

AUDIT SIGN-OFF

DEALERSHIP / SITE	AUDITOR	DATE	SCORE __ / 6

BRANCH / DEALER PRINCIPAL SIGNATURE	COMPLIANCE LEAD SIGNATURE