



Mr Peter Swan
Anti-Money Laundering
Office of Fair Trading
Fleetbank House
2-6 Salisbury Square
London
EC4Y 8JX

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Direct Dial: 01494 545706
Email: jay@bvrla.co.uk

Dear Mr Swan

Anti Money Laundering Consultation

The BVRLA welcomes the opportunity to comment on the Office of Fair Trading's (OFT) consultation on the future anti-money laundering supervisory approach and fee structure. However, whilst we agree that a review of the current structure would be welcomed we would encourage the OFT to ensure that any restructure of current fees does not result in a disproportionate increase in cost for businesses, especially smaller businesses.

Registration and online registration

We note that an online Public Register has been put forward as a viable option to identify which businesses have not registered under the money laundering regulations. Whilst we appreciate that such a online Public Register would assist the OFT in reducing costs we do have some reservations over what information would be contained on this Public Register. Only basic information such as name and address of a business should be made available and that no commercially sensitive information should be disclosed. We would support the implementation of an email compliance hotline as this would encourage businesses to report any non compliance.

If a business has failed to register under the money laundering regulations it is important they are given the opportunity and a grace period in which to register rather than being fined immediately. We agree that all businesses should be given a grace period of 21 days from the issue of the warning letter. If a business continues to ignore warning letters issued by the OFT then we agree that enforcement action should be taken. We believe that this procedure would be suitable beyond the current six month registration period.

We strongly support OFT's recommendation to make the entire registration and payment process available online as this would not only reduce costs for business but cut the amount of time dealing with copious amounts of paperwork and administration. We would recommend that this is achieved as soon as possible. We are disappointed that the OFT has indicated that moving to an online system would mean additional cost incurred for those businesses which are supervised under the money laundering regulations. We say this note that the OFT has indicated that an online system would reduce the OFT's staff costs for processing data and fees perhaps this could be off-set against charging businesses with the creation of an online system.

British Vehicle Rental and Leasing Association

River Lodge, Badminton Court, Amersham, Bucks HP7 0DD
tel: 01494 434747 fax: 01494 434499 e-mail: info@bvrla.co.uk web: www.bvrla.co.uk

Monitoring and Enforcement

We would recommend that the OFT takes forward the 'minimal sampling' compliance monitoring model for all types of business. This would result in the OFT taking a proactive approach to monitoring and will be able to seek out those businesses that are not compliant. Businesses would benefit from this approach as the OFT would be able to identify any problematic areas and issue further guidance for businesses.

Penalties

We support the OFT's approach that all penalties should be decided on a case by case basis however, we would recommend that a minimum and maximum amount is introduced. We would vehemently reject a flat rate penalty for some offences as this would be disproportionate between larger and smaller businesses. However, a sensible approach must be taken by the OFT of the severity of the offences, some businesses may have breached the regulations accidentally or a business may have breached the regulations deliberately, therefore a case by case approach would be fair for all sectors and businesses.

Fees

We agree with the OFT's proposal to continue with premise based fees. We would not fully support any of the other proposals outlined in the consultation paper, especially flat rate fees. With regards to businesses that operate purely online a turnover based fee approach would be fair. It is important that any restructuring of fees is fair and not disproportionate. Especially in the current economic climate it important that any restructuring of fees of monitoring will not increase the administrative burden imposed on businesses but the cost of registering and adhering the scheme does not increase substantially. The OFT should do everything they can to keep any cost increases to a minimum.

We do hope that are comments are taken into account during the review of the OFT's anti money laundering consultation paper. If the OFT would like to discuss any aspects of our response in greater details please do not hesitate to contact us.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jay Parmar". The signature is fluid and cursive, with a large initial 'J'.

Jay Parmar
Head of Legal Services

Bona-fides BVRLA, the industry and its members

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