
FINAL NOTICE

To: **Barclays Bank UK PLC**

**Reference
Number:** **759676**

Address: **1 Churchill Place
London
E14 5HP**

Date: **14 July 2025**

1. ACTION

- 1.1. For the reasons given in this Final Notice, the Authority hereby imposes on Barclays Bank UK PLC ("Barclays UK") a financial penalty of £3,093,600 pursuant to section 206 of the Act.
- 1.2. Barclays UK agreed to resolve this matter and qualified for a 30% (stage 1) discount under the Authority's executive settlement procedures. Were it not for this discount, the Authority would have imposed a financial penalty of £4,419,500 on Barclays UK.
- 1.3. Barclays UK has agreed to make a voluntary ex-gratia payment of £6,281,757 to be distributed amongst WealthTek LLP's ("WealthTek") clients pursuant to the Distribution Plan of WealthTek's Joint Special Administrators.

2. SUMMARY OF REASONS

- 2.1. Authorised firms must establish, implement and maintain adequate policies and procedures sufficient to ensure that they comply with their obligations under the regulatory system and for countering the risk that they might be used to further financial crime.
- 2.2. In order to understand and manage money laundering risk, firms must ensure that they apply appropriate customer due diligence. This requires firms to take sufficient steps to understand their customer, the customer's business and risk

profile, the purpose of the account, as well as ensuring there is no legal barrier to providing the customer with the product or service requested.

- 2.3. Where a firm (such as Barclays UK) offers its customers client accounts, they do so with the knowledge that the account will be used by their customers to hold funds that belong to third parties. If the firm fails to put in place suitably robust policies and procedures in relation to the opening of client accounts, there is an increased risk of misappropriation of client money and/or of money laundering. This in turn poses an increased risk to the Authority's market integrity and consumer protection objectives.
- 2.4. WealthTek held a Business Account with Barclays from 23 June 2010, and the Authority makes no findings in relation to Barclays UK's handling of this account.
- 2.5. However, during the Relevant Period (1 January 2021 to 4 April 2023), Barclays UK failed to ensure that it had gathered sufficient information in relation to WealthTek and its Client Account. At the start of the Relevant Period, Barclays UK's policies and procedures did not require it to carry out any of the following prior to opening the Client Account:
 - (a) gather information on the purpose of the Client Account;
 - (b) gather information on the types of clients whose funds would be held in the Client Account;
 - (c) gather information on the likely levels of transactional activity for the Client Account; or
 - (d) check the Financial Services Register to confirm whether WealthTek was permitted by the Authority to hold client money.
- 2.6. Instead, at the time the Client Account was opened, the only specific check undertaken by Barclays UK prior to opening the Client Account was to assess whether its customer had been assigned one of Barclays UK's own BIC Codes which indicated it was pre-determined by Barclays UK to be eligible to open a client account.
- 2.7. However, had Barclays UK checked the Financial Services Register, it would have identified that the Authority had imposed a requirement on its Part 4A authorisation preventing WealthTek from holding client money.
- 2.8. In circumstances where Barclays UK failed to undertake any of the steps at paragraphs 2.5(a) to 2.5(d) above, it failed to ensure it had an appropriate understanding of its FCA-authorised clients and the risks that could arise.
- 2.9. Barclays UK had identified shortcomings in its procedures applicable when opening client accounts in 2020 and had proactively reported these shortcomings to the FCA. It had developed new and more detailed procedures, which were implemented for new client accounts in September 2021. Barclays also conducted a staged remediation programme which brought existing accounts into line with the new procedures. However, it was not until May 2022

that Barclays UK's procedures required it to check the Financial Services Register.

- 2.10. The remediation process for WealthTek began in July 2022, but it was not until April 2023 that Barclays took the decision to close the Client Account, having attempted over several months to obtain the information its policies now required. Barclays continued to improve its new procedures over time.
- 2.11. During the Relevant Period approximately £34 million was paid into WealthTek's Client Account. Throughout that time, Barclays UK was not properly sighted on whether, or the extent to which, the risks of the type referred to in paragraph 2.3 above arose in relation to the Client Account.
- 2.12. In light of the matters summarised above, Barclays UK has breached Principle 3 of the Authority's Principles for Businesses and SYSC 6.1.1R by failing to organise and control its affairs responsibly and effectively in connection with the opening of the Client Account.
- 2.13. While the Client Account is the focus of the Authority's attention, the matters set out in this notice are evidence of wider systemic failings in Barclays UK's approach to opening client money accounts.
- 2.14. The Authority hereby imposes a financial penalty on Barclays UK of £3,093,600 for its breach of Principle 3, which reflects the settlement discount of 30%. Were it not for this discount, the Authority would have imposed a financial penalty of £4,419,500. In determining the appropriate penalty, the Authority has had regard to Barclays UK's decision to make the ex-gratia payment referred to at paragraph 1.3 above.

3. DEFINITIONS

- 3.1. The definitions below are used in this Notice:

"the 2017 Regulations" means The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017;

"the Act" means the Financial Services and Markets Act 2000;

"AML" means anti-money laundering;

"the Authority" means the Financial Conduct Authority;

"Barclays UK" or **"the Bank"** means Barclays Bank UK PLC;

"Barclays Group" means the global financial services group of companies of which Barclays Bank UK PLC is a member;

"the BBEST" means the Barclays UK Business Banking Expert Support Team;

"BIC Code" means Barclays UK Industry Classification Codes;

"the BTA Code" means the Business Type Analysis Code used to categorise Barclays' Business Banking customers based on entity type. A BTA code takes into account whether the customer is a UK or non-UK incorporated entity, whether it is a financial or non-financial entity, and the structure of the entity (i.e. limited company, partnership, etc.);

"Business Banking" means the operational area of Barclays UK with responsibility for the management and oversight of the customers holding a business bank account;

"CASS" means the Authority's Client Assets Sourcebook, part of the Handbook;

"CDD" means customer due diligence, the measures a firm must take to establish and verify the identity of its customers and the purpose and intended nature of the business relationship;

"the Client Account" means the CPA opened by WealthTek;

"CLS" means Barclays' Anti-Money Laundering Customer Lifecycle Standard, a policy that establishes the manner in which Barclays identifies, evaluates, responds to, monitors and reports AML risks across the lifecycle of its relationship with customers;

"CPA" means client premium account. This is a client money account and is the name of the account offered by Barclays UK to customers who have a need to hold clients' money;

"the CPA Guide" means Barclays UK's "Client Premium Account – Account Opening BBEST E2E Procedure Guide";

"the CPA Guide V6.2" means version 6.2 of the "Client Premium Account – Account Opening BBEST E2E Procedure Guide" dated 9 May 2022 and implemented from 16 May 2022;

"the CPA Project" means Barclays UK's "Client's [sic] Premium Accounts Project" initiated to restore Business Banking's compliance with the CLS;

"DEPP" means the Decision Procedure and Penalties Manual, part of the Handbook;

"the FS Register" means the Authority's Financial Services Register which is a publicly available website which records relevant information about authorised firms and approved persons including what they can and cannot do;

"Handbook" means the Authority's handbook of rules and guidance;

"JMLSG" means the Joint Money Laundering Steering Group, a private sector body made up of the leading UK trade associations in the financial services industry;

"JMLSG Guidance" means the guidance issued by the JMLSG, and approved by a Treasury Minister, on compliance with the legal requirements in the 2017 Regulations, regulatory requirements in the Authority's Handbook and evolving practice within the financial services industry. The JMLSG Guidance sets out good practice for the UK financial services sector on the prevention of money laundering and combatting terrorist financing;

"KYC" means know your customer;

"Pooled Client Account" means an account in which money belonging to several of a firm's clients are held;

"the Principles" means the Authority's Principles for Businesses as set out in the Handbook;

"the RAO" means The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

"the Relationship Director" means the Relationship Director at Barclays UK responsible for the relationship between the Bank and WealthTek;

"the Relevant Period" means the period 1 January 2021 to 4 April 2023;

"SYSC" means the Senior Management Arrangements, Systems and Controls chapter of the Authority's Handbook;

"the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber); and

"WealthTek" means WealthTek LLP, a firm which held various permissions under the Act and which entered into investment bank special administration on 6 April 2023.

4. FACTS AND MATTERS

Barclays UK

- 4.1. Barclays UK is a member of the Barclays Group, a British banking and financial services group headquartered in London and operating across 38 countries. It has approximately 48 million customers worldwide, of which around 20 million are in the UK. Barclays UK has been authorised by the Authority to provide regulated products and services since 6 April 2017.
- 4.2. Barclays UK Business Banking offers a range of products and services to its business customers, including business banking accounts, savings accounts and client money accounts. The latter accounts are known within Business Banking as CPAs and are offered to customers when they have a need to hold client money.
- 4.3. As at 25 January 2021, Barclays UK Business Banking had c.20,500 customers who each held at least one CPA, with c.1,600 of these customers being regulated by the Authority.

How the Authority manages firms' permissions

- 4.4. To conduct a regulated activity, a firm requires authorisation from the Authority and it must apply to the Authority for permissions under Part 4A of the Act to carry out regulated activity. The RAO sets out those activities and investments which are regulated for the purposes of the Act.
- 4.5. Holding or controlling client money is not a regulated activity. Holding client money is ancillary to regulated activities which a firm is undertaking, as holding client money can arise from those activities. The Authority controls the holding of client money by using requirements on a firm's Part 4A permissions.
- 4.6. An applicant for a Part 4A permission that seeks to hold or control client money must demonstrate that it is ready, willing and organised to comply with the relevant requirements in CASS.
- 4.7. If an applicant for Part 4A permission is not able to demonstrate to the Authority that it should be permitted to hold or control client money or does not wish to do so, its application for Part 4A permission may be granted, but the Authority will impose a requirement on the permission to the effect that the firm will not be able to hold, or control, client money.
- 4.8. The Authority's FS Register lists all the firms (and individuals) that it has authorised to carry on regulated activities. The FS Register records firms' Part 4A permissions and requirements the Authority has placed on their permissions.
- 4.9. Such requirements and their inclusion on the Authority's FS Register are an important tool in furthering the Authority's operational objective of protecting consumers by ensuring that only those firms with the appropriate resources can hold and are responsible for their clients' money.

Legal and regulatory obligations

- 4.10. All authorised firms have legal and regulatory obligations to establish and maintain appropriate and risk-sensitive policies and procedures in order to minimise the risk of being used to further financial crime. These must include systems and controls which enable a firm to identify, assess, monitor and manage money laundering risk and which are comprehensive and proportionate to the nature, scale and complexity of the firm's activities. These obligations have been set out in the Authority's Handbook and the 2017 Regulations, supported by the JMLSG Guidance together with statements from the Authority.
- 4.11. The 2017 Regulations require that firms undertake CDD by gathering documents, data or other information about their customers. This is in order to identify and verify the identity of the customer or (in the case of corporate entities, trusts and other arrangements) the customer's ownership and control structure, and to establish the purpose and intended nature of the business relationship. Subject to certain exceptions, the circumstances in which firms must apply CDD include when the business relationship is established, when

money laundering is suspected, and when the firm doubts the veracity or adequacy of documents, data or information previously obtained for the purposes of identification or verification.

- 4.12. Firms are also required to apply CDD measures at appropriate times to existing customers on a risk-sensitive basis under the 2017 Regulations.
- 4.13. In accordance with JMLSG Part 1, 5.1.13, firms need to carry out customer due diligence, and monitoring to help the firm, at the time due diligence is carried out, to be reasonably satisfied that customers are who they say they are, to know whether they are acting on behalf of another, and that there is no legal barrier (e.g. government sanctions) to providing them with the product or service requested; and to enable the firm to assist law enforcement, by providing available information on customers or activities being investigated.
- 4.14. The JMLSG Guidance (at Annex 5-V) in relation to Pooled Client Accounts indicated that such accounts are opened with a firm by a customer to administer funds that belong to their own clients. Two primary risk factors are specified in relation to Pooled Client Accounts: (1) the customer's clients misuse the account for money laundering purposes without the knowledge of the customer; and (2) the customer being complicit in using the account for money laundering either willingly or under duress.
- 4.15. The JMLSG Guidance (at Annex 5-V) further states that firms should take reasonable measures to establish and document the purpose of the Pooled Client Account, indicating that firms may need to establish information such as: the types of clients whose funds are in the account, the levels of assets deposited and the size of transactions undertaken.
- 4.16. It was further indicated in the JMLSG Guidance (at Annex 5-V), that where a firm considers the customer and its use of Pooled Client Accounts to represent low risk of money laundering, it may apply simplified due diligence measures on the pooled account.
- 4.17. Relevant extracts from the Authority's Handbook, the 2017 Regulations and the JMLSG Guidance are set out in Annex A to this Notice.

Barclays UK's anti-money laundering framework

- 4.18. Barclays UK's CLS establishes the manner in which Barclays UK identifies, evaluates, responds to, monitors and reports AML risks across the lifecycle of its relationship with customers. It applies to the Barclays Group.
- 4.19. The CLS sets out the requirements in relation to client money accounts. There were no changes to the requirements during the Relevant Period.
- 4.20. The CLS specified that Business Banking must conduct risk-sensitive due diligence on client money accounts and must establish the nature and purpose of client money accounts including the "*characteristics / type of the Customer's clients whose funds are held in the Client Account(s)*" and the "*purpose for which funds are held in the Client Account(s)*".

- 4.21. The CLS does not specify that due diligence should also include ensuring there was no legal barrier to providing the customer with the product or service requested.

Barclays UK client money account opening procedures as at January 2021

- 4.22. Business Banking developed Account Opening Procedures in order to implement the requirements of the Barclays Group-wide CLS into its business level operations. The Account Opening Procedures included information on the steps to take when opening a client money account. The Account Opening Procedures require BBEST to take the following actions:
- (a) *"For client accounts, you must check that the BIC Code provided by the submitter on the request matches that of the customers [sic] CIS record".*
 - (b) *"You are also required to check that the BIC Code of the CIS record is listed as one of the eligible BIC codes detailed on the 'CPA Account Opening – Eligible BIC codes' list".*
- 4.23. "BIC Codes" refers to a list of "Barclays Industry Classification" Codes developed by Barclays UK to identify when its customers were eligible to open client money accounts.
- 4.24. This list of BIC Codes was produced by Barclays UK to categorise clients into various industry sectors and includes a subset of codes which are predetermined to be eligible to open a client money account due to the nature of the business activity. Only customers whose BIC Codes were on the list of eligible BIC Codes were able to open client money accounts.
- 4.25. BIC Codes were determined by relationship directors following discussions with the clients, and no specific documents or information was required from a customer to determine the appropriate BIC Code.
- 4.26. There was no requirement to undertake any further CDD in relation to the customer, for example in relation to: the types of clients whose funds were in the Pooled Client Account; the levels of assets deposited; the size of transactions undertaken; or whether there was any legal barrier to providing the customer with the product or service requested.
- 4.27. Further, there was no requirement, in relation to regulated firms, to review the Authority's FS Register and assess whether a customer was permitted to hold client money or whether the client was restricted from holding client money.

Deficiencies in CDD when opening WealthTek's Client Account

- 4.28. In January 2021, Business Banking opened a Client Account for WealthTek in circumstances where WealthTek was subject to a requirement that it could control but not hold client money. The requirement not to hold client money was clearly visible on the Authority's FS Register.

4.29. The steps taken by Business Banking in opening the Client Account were as follows:

- (a) The Business Banking Relationship Director received a request from WealthTek to open a client money account. The record of the call notes that WealthTek is a *"fund manager that is going through a change which will result in a change of name and FCA registration. [Representative of the customer] has explained they receive funds and distribute them to the investments. They are required to receive client funds and pay out same day."* The call record also noted that *"Due to client monies a CPA is needed to be opened – BIC also to be amended to reflect fund manager activity."*
- (b) The Relationship Director requested a change in WealthTek's BIC Code to 6718 – the code used for fund managers. Prior to this the BIC Code assigned was 7412 for Accounting Services.
- (c) The Support and Servicing Team reported that the BIC Code had been updated and a request to open a client money account had been raised.
- (d) As the BTA Code assigned to WealthTek was incompatible with the BIC Code, the BTA Code was changed from "71 - Non-Financial LLP" to "72 - Financial LLP". The BTA Codes do not distinguish between customers regulated by the Authority and those which are not.
- (e) The Client Account was opened.

4.30. The Client Account was opened without Business Banking conducting any further CDD on WealthTek regarding the source of funds into the account, the clients who would hold money in the account, the size and nature of the expected transactions, or the legal and regulatory restrictions on holding client money. The Authority's FS Register was not reviewed for any requirement restricting WealthTek's ability to hold client money.

4.31. WealthTek's Client Account received over £34 million directly from WealthTek's clients between January 2021 and April 2023 in circumstances where WealthTek was not permitted to hold client money.

Barclays UK's changes to the account opening procedures for client money accounts

CPA Project

4.32. From 2020, Barclays UK had identified that its account opening procedures were deficient and exposed Barclays to the risk of customers misappropriating money from client money accounts. Barclays communicated these shortcomings to the FCA.

4.33. Barclays UK took steps to improve its CDD and, from 2020, commenced its CPA Project which had the aim of ensuring client money accounts were compliant with the 2017 Regulations as outlined in the CLS, developing new procedures and collecting further CDD to identify the underlying clients and risk assess the AML controls of the stock of eligible customers holding client money accounts.

Barclays kept the FCA up to date on the development and timeframe for implementation of the new procedures.

4.34. The CPA Project resulted in changes to the CDD gathered during the account opening process, including:

- (a) a set of initial eligibility checks based on industry and nature of the business;
- (b) a full questionnaire to assess the customer's business activities, underlying client portfolio and control frameworks (this process was adopted from September 2021 for new accounts);
- (c) a full risk assessment of the questionnaire, specifically relating to client money; and
- (d) an annual refresh of CDD to ensure their controls and risk remain within Business Banking's risk appetite.

4.35. The CPA Project also included a review of, and remediation for, customers with existing client money accounts, including those clients who were not FCA-regulated, and in total 15,454 client money accounts were reviewed. The actions included requesting that the AML Questionnaire be completed. Following a review of the responses to the questionnaire, a decision was then made to pass or decline the customer. Those customers who failed the due diligence were issued with a notice to confirm that their accounts would be closed.

4.36. The CPA Project was completed in October 2023.

Barclays UK's changes to the client money account opening process from 1 September 2021

4.37. Barclays UK's account opening process for client money accounts underwent several updates between August 2021 and May 2022.

4.38. The CPA Guide was introduced from September 2021.

4.39. The aim of the CPA Guide was to ensure proper due diligence is, or had been, undertaken for all new client money account requestors whether they were new to the bank, new to the product or were an existing client money account holder.

4.40. The client money account eligibility checks set out in the CPA Guide required Business Banking to:

- (a) assess initial eligibility for a client money account;
- (b) ascertain whether due diligence was required (or had already been completed);
- (c) manage the collection and review of any due diligence information; and

(d) raise new account opening requests.

4.41. In relation to eligibility, the Business Banking employee was required to check whether the customer's BIC Code was listed as "yes" under "Proceed to Standard CPA Questionnaire", also known as the "Full AML Questionnaire".

4.42. The CPA Guide required the AML Questionnaire to be issued to customers to gather KYC information about the customer, the planned use of the client money account and the customer's knowledge of the clients whose money would be held in the client money account. The information gathered included:

(a) the purpose of the client money account;

(b) whether the customer is registered with a supervisory or regulatory authority;

(c) whether the customer reconfirms KYC records for its clients; and

(d) whether any of the customer's clients' businesses involve high risk activity.

4.43. Improvements did not initially include a specific requirement to review the Authority's FS Register and assess whether a customer was required not to hold client money. Consequently, the Authority's FS Register was not reviewed for any restriction on WealthTek's ability to hold client money and nor was any information on the size and nature of the expected transactions obtained.

Barclays UK's further changes to the client money account opening process from May 2022

4.44. The CPA Guide V6.2 is dated 9 May 2022 and was implemented from 16 May 2022.

4.45. In this version, the AML Questionnaire included the question "*Do you have permission to hold client funds?*".

4.46. If a customer replied "yes" then it was deemed as a pass, but a manual review was required. The AML Questionnaire provided guidance to Business Banking staff as to how to check the accuracy of a customer's response by reviewing the Authority's FS Register to ascertain whether a firm had any requirements or restrictions on their permissions. If a customer was found to have a restriction in relation to client money, the application was declined and referred to triage to consider the full customer relationship.

Remediation of the WealthTek Client Account

4.47. Remediation of WealthTek's Client Account began in July 2022 when WealthTek was asked to complete the AML Questionnaire within 30 days and was told that otherwise Barclays UK would seek to close the Client Account.

4.48. Between August 2022 and March 2023 there was further correspondence between Barclays UK and WealthTek regarding the completion of the AML Questionnaires and, in March 2023 a partially completed AML Questionnaire was provided.

4.49. On 25 April 2023, Barclays UK decided to close the Client Account.

5. FAILINGS

- 5.1. The regulatory provisions relevant to this Notice are referred to in Annex A.
- 5.2. The Authority considers that, by reason of the matters described in section 4 of this Notice, Barclays UK breached Principle 3 and, for the same reasons, SYSC 6.1.1R during the Relevant Period by failing to organise and control its affairs responsibly and effectively with adequate risk management systems in respect of account opening procedures for client money accounts. In particular:
- (a) Between 1 January 2021 and 1 September 2021, Barclays UK failed to gather sufficient CDD about its FCA-regulated client account customers, including as to the purpose of the accounts, the types of clients whose funds would be held in client accounts, the levels of assets deposited or the size and nature of the transactions undertaken. Barclays UK also failed to consider the Authority's FS Register and identify whether the Authority had expressly required a customer that was an authorised firm not to hold client money.
 - (b) Between 1 September 2021 and 15 May 2022, having identified weaknesses in its CDD processes, Barclays UK did undertake further CDD. However, the improvements did not, until 16 May 2022, require Business Banking to consider the Authority's FS Register and identify whether the Authority had expressly restricted a customer from holding client money. Barclays UK also failed to gather any information on the size and nature of the expected transactions.
 - (c) Despite the updates to the account opening procedures and remediation, between 1 January 2021 and April 2023, WealthTek's Client Account remained open.

6. SANCTION

Financial penalty

- 6.1. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In respect of conduct occurring on or after 6 March 2010, the Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5A sets out the details of the five-step framework that applies in respect of financial penalties imposed on firms.

Step 1: disgorgement

- 6.2. Pursuant to DEPP 6.5A.1G, at Step 1 the Authority seeks to deprive a firm of the financial benefit derived directly from the breach where it is practicable to quantify this.

- 6.3. The Authority has not identified any financial benefit that Barclays UK derived directly from its breach.
- 6.4. Step 1 is therefore £0.

Step 2: the seriousness of the breach

- 6.5. Pursuant to DEPP 6.5A.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. Where the amount of revenue generated by a firm from a particular product line or business area is indicative of the harm or potential harm that its breach may cause, that figure will be based on a percentage of the firm's revenue from the relevant products or business area.
- 6.6. The Authority considers that the revenue generated by Barclays UK is not an appropriate indicator of the harm or potential harm caused by its breach. The Authority considers that the total funds deposited into WealthTek's Client Account, which account Barclays UK should not have opened as the Authority had placed a requirement on WealthTek which restricted it from holding client money, is the appropriate indicator of the harm in this case. That figure is £34,662,755. This sum of client money was put at risk as a result of the CDD failures by Barclays UK.
- 6.7. In cases where revenue is not the appropriate indicator of the harm or potential harm of the firm's breach, DEPP 6.5A.2G (13) allows the Authority to adopt a scale other than the 0-20% scale prescribed in DEPP 6.5A.2G (3). In this case, the Authority considers that the following scale is appropriate:
- (a) Level 1 – 0%
 - (b) Level 2 – 5%
 - (c) Level 3 – 10%
 - (d) Level 4 – 15%
 - (e) Level 5 – 20%
- 6.8. In assessing the seriousness level, the Authority takes into account various factors which reflect the impact and nature of the breach, and whether it was committed deliberately or recklessly. The Authority is mindful that Barclays UK's CDD failings could have impacted a wider number of client money accounts. DEPP 6.5A.2G(11) lists factors likely to be considered 'level 4 or 5 factors'. Of these, the Authority considers the following factors to be relevant:
- (a) the breach caused a significant loss or risk of loss to individual consumers, investors or other market users (DEPP 6.5A.2G(11)(a));
 - (b) the breach revealed serious or systemic weaknesses in the firm's procedures or in the management systems or internal controls relating to all or part of the firm's business (DEPP 6.5A.2G(11)(b)); and

(c) The breach created a significant risk that financial crime would be facilitated, occasioned or otherwise occur (DEPP 6.5A.2G(11)(d)).

6.9. Taking all of these factors into account, the Authority considers the seriousness of the breach to be level 4 and so the Step 2 figure is 15% of £34,662,755.

6.10. The penalty at Step 2 is therefore £5,199,413.

Step 3: mitigating and aggravating factors

6.11. Pursuant to DEPP 6.5A.3G, at Step 3 the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2, but not including any amount to be disgorged as set out in Step 1, to take into account factors which aggravate or mitigate the breach.

6.12. The Authority considers that the factors below aggravate the breach.

The Authority's previous action in relation to Barclays

6.13. The Authority has imposed financial penalties on Barclays for breaches of regulatory requirements on a number of previous occasions. In particular:

(a) on 26 November 2015, the Authority fined Barclays £72 million for a breach of Principle 2 for failing to minimise the risk that it may be used to facilitate financial crime;

(b) on 15 December 2020, the Authority fined Barclays £26 million for breaches of Principle 6, Principle 3 and CONC for failures relation to their treatment of consumer credit customers who fell into arrears or experienced financial difficulties;

(c) on 28 February 2022, the Authority fined Barclays £783,800 for a breach of Principle 2 for failures related to financial crime in the corporate banking sector; and

(d) on 25 November 2024, the Authority fined Barclays £10 million and Barclays Plc £30 million for breaches of listing rules in relation to failure to disclose information to the issuer sector.

Published guidance in relation to AML controls

6.14. Since 1990, the JMLSG has published detailed written guidance on AML controls. During the Relevant Period, the JMLSG provided guidance on compliance with the legal requirements of the 2017 Regulations, regulatory requirements in the Handbook and evolving practice in the financial services industry.

6.15. Before, or during, the Relevant Period, the Authority issued the following guidance relating to AML controls:

(a) in March 2008, the Authority published its findings of a thematic review of firms' AML processes in a report titled "*Review of firms' implementation of a risk-based approach to anti-money laundering*". It included examples of

good and poor industry practice and reminded firms that their approach to AML should be aligned with the JMLSG Guidance;

- (b) in June 2011, the Authority published a report titled *"Banks' management of high money-laundering risk situations: How banks deal with high-risk customers (including politically exposed persons), correspondent banking relationships and wire transfers"*. The report highlighted the importance of applying meaningful EDD measures in higher risk situations and noted the importance of carrying out enhanced monitoring of high-risk relationships, including as an example of good practice that firms should proactively follow up gaps in, and update, CDD during the course of a relationship;
- (c) in December 2011, the Authority published *"Financial Crime: A Guide for Firms"*. The guide highlighted the need to conduct adequate CDD checks, perform ongoing monitoring and carry out EDD measures and enhanced ongoing monitoring when handling higher risk situations; and
- (d) in April 2015, the Authority published *"Financial crime: a guide for firms Part 1: A firm's guide to preventing financial crime"* which set out examples of good and poor industry practice to assist firms.

The Authority's previous actions in relation to weaknesses in AML systems and controls

- 6.16. The Authority has published a number of Notices against firms for AML weaknesses both before and during the Relevant Period, including in respect of Alpari (UK) Limited in May 2010, Coutts & Company in March 2012, Habib Bank AG Zurich in May 2012, Turkish Bank (UK) Ltd in July 2012, EFG Private Bank Ltd in April 2013, Guaranty Trust Bank (UK) Ltd in August 2013, Standard Bank Plc in January 2014, Sonali Bank (UK) Ltd in October 2016, Deutsche Bank AG in January 2017 and Commerzbank AG in June 2020.
- 6.17. Consequently, Barclays UK was aware or ought to have been aware of the importance of identifying, assessing, monitoring and managing the money laundering risks in respect of its relationship with WealthTek to counter the risk that the Bank might be used to further financial crime.
- 6.18. The Authority considers that the following factors mitigate the breach:
 - (a) Barclays UK acknowledged the failings raised by the Authority and, prompted by the Authority, made a voluntary ex-gratia payment to be distributed to WealthTek's clients.
 - (b) Barclays UK co-operated with the Authority from the outset of the investigation. In particular, Barclays UK accepted the failings raised by the Authority, provided relevant documents and information to the Authority and committed to reaching a resolution on the matter on an expedited basis.
- 6.19. Having taken into account these aggravating and mitigating factors, the Authority considers that the Step 2 figure should be reduced by 15%.

6.20. The penalty at Step 3 is therefore £4,419,501.

Step 4: adjustment for deterrence

6.21. Pursuant to DEPP 6.5A.4G, if the Authority considers the figure arrived at after Step 3 is insufficient to deter the firm which committed the breach, or others, from committing further or similar breaches, then the Authority may increase the penalty.

6.22. The Authority considers that the Step 3 figure of £4,419,501 represents a sufficient deterrent to Barclays UK and others and so has not increased the penalty at Step 4.

6.23. The penalty at Step 4 is therefore £4,419,501.

Step 5: settlement discount

6.24. Pursuant to DEPP 6.5A.5G, if the Authority and the firm on whom a penalty is to be imposed agree the amount of the financial penalty and other terms, DEPP 6.7 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which the Authority and the firm reached agreement. The settlement discount does not apply to the disgorgement of any benefit calculated at Step 1.

6.25. The Authority and Barclays UK reached agreement at Stage 1 and so a 30% discount applies to the Step 4 figure.

6.26. The penalty at Step 5 is therefore £3,093,650. This is to be rounded down to £3,093,600.

Penalty

6.27. The Authority hereby imposes a total financial penalty of £3,093,600 on Barclays UK for breaching Principle 3 and SYSC 6.1.1 R.

7. PROCEDURAL MATTERS

7.1. This Notice is given to Barclays UK under section 390 of the Act.

7.2. The following statutory rights are important.

Decision maker

7.3. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

Manner and time for payment

7.4. The financial penalty must be paid in full by Barclays UK to the Authority no later than 28 July 2025.

If the financial penalty is not paid

- 7.5. If all or any of the financial penalty is outstanding on 28 July 2025, the Authority may recover the outstanding amount as a debt owed by Barclays UK and due to the Authority.

Publicity

- 7.6. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Notice relates. Under those provisions, the Authority must publish such information about the matter to which this Notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.
- 7.7. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

- 7.8. For more information concerning this matter generally, contact Natalie Rivett at the Authority (direct line: 020 7066 4166 /email: natalie.rivett@fca.org.uk).

Dharmesh Gadhavi
Head of Department
Financial Conduct Authority, Enforcement and Market Oversight Division

ANNEX A: RELEVANT STATUTORY AND REGULATORY PROVISIONS

1. RELEVANT STATUTORY PROVISIONS

The Financial Services and Markets Act 2000

- 1.1 The Authority's statutory objectives, set out in section 1B of the Act, include:
- Protecting and enhancing the integrity of the UK financial system (section 1D(1) of the Act; and
 - securing the appropriate degree of protection for consumers (section 1C(1) of the Act).
- 1.2 Pursuant to section 206(1) of the Act, if the Authority considers that an authorised person has contravened a requirement imposed on him by or under this Act, it may impose on that person a penalty in respect of the contravention of such amount as it considers appropriate.

The 2017 Regulations

- 1.3 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (cited elsewhere in this notice as the 2017 Regulations") were in force from 26 June 2017.

Relevant extracts from the 2017 Regulations

- 1.4 Regulation 27 (Customer due diligence) states:
- (1) *A relevant person must apply customer due diligence measures if the person—*
- (a) *establishes a business relationship;*
 - (b) *carries out an occasional transaction that amounts to a transfer of funds within the meaning of Article 3.9 of the funds transfer regulation exceeding 1,000 euros;*
 - (c) *suspects money laundering or terrorist financing; or*
 - (d) *doubts the veracity or adequacy of documents or information previously obtained for the purposes of identification or verification.*

1.5 Regulation 28 (Customer due diligence measures) states:

- (2) *This regulation applies when a relevant person is required by regulation 27 to apply customer due diligence measures.*
- (3) *The relevant person must—*
 - (e) *identify the customer unless the identity of that customer is known to, and has been verified by, the relevant person;*
 - (f) *verify the customer's identity unless the customer's identity has already been verified by the relevant person; and*
 - (g) *assess, and where appropriate obtain information on, the purpose and intended nature of the business relationship or occasional transaction.*
- (4) *Where the customer is a body corporate—*
 - (a) *the relevant person must obtain and verify—*
 - (i) *the name of the body corporate;*
 - (ii) *its company number or other registration number;*
 - (iii) *the address of its registered office, and if different, its principal place of business;*
 - (b) *subject to paragraph (5), the relevant person must take reasonable measures to determine and verify—*
 - (i) *the law to which the body corporate is subject, and its constitution (whether set out in its articles of association or other governing documents);*
 - (ii) *the full names of the board of directors (or if there is no board, the members of the equivalent management body) and the senior persons responsible for the operations of the body corporate.*
- (11) *The relevant person must conduct ongoing monitoring of a business relationship, including—*

- (a) scrutiny of transactions undertaken throughout the course of the relationship (including, where necessary, the source of funds) to ensure that the transactions are consistent with the relevant person's knowledge of the customer, the customer's business and risk profile;*
 - (b) undertaking reviews of existing records and keeping the documents or information obtained for the purpose of applying customer due diligence measures up-to-date.*
- (12) The ways in which a relevant person complies with the requirement to take customer due diligence measures, and the extent of the measures taken—*
 - (a) must reflect—*
 - (i) the risk assessment carried out by the relevant person under regulation 18(1);*
 - (ii) its assessment of the level of risk arising in any particular case;*
 - (b) may differ from case to case.*
- (13) In assessing the level of risk in a particular case, the relevant person must take account of factors including, among other things—*
 - (a) the purpose of an account, transaction or business relationship;*
 - (b) the level of assets to be deposited by a customer or the size of the transactions undertaken by the customer;*
 - (c) the regularity and duration of the business relationship.*
- (16) The relevant person must be able to demonstrate to its supervisory authority that the extent of the measures it has taken to satisfy its requirements under this regulation are appropriate in view of the risks of money laundering and terrorist financing, including risks—*
 - (a) identified by the risk assessment carried out by the relevant person under regulation 18(1);*
 - (b) identified by its supervisory authority and in information made available to the relevant person under regulations 17(9) and 47.*

2. RELEVANT REGULATORY PROVISIONS

Principles for Businesses ("Principles")

- 2.1 The Principles are a general statement of the fundamental obligations of firms under the regulatory system and are set out in the Authority's Handbook. They derive their authority from the Authority's rule-making powers set out in the Act. The relevant Principles are as follows.

- 2.2 Principle 3 provides:

"A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems."

Senior Management Arrangements, Systems and Controls ("SYSC")

- 2.3 SYSC 6.1.1 R provides:

"A firm must establish, implement and maintain adequate policies and procedures sufficient to ensure compliance of the firm including its managers, employees and appointed representatives (or where applicable, tied agents) with its obligations under the regulatory system and for countering the risk that the firm might be used to further financial crime."

Decision Procedure and Penalties Manual ("DEPP")

- 2.4 Chapter 6 of DEPP, which forms part of the Authority's Handbook, sets out the Authority's statement of policy with respect to the imposition and amount of financial penalties under the Act.

3. RELEVANT REGULATORY GUIDANCE

- 3.1 The JMLSG Guidance applies to all firms regulated by the Authority and outlines the legal and regulatory framework for AML/countering terrorist financing requirements and systems across the financial services sector. It provides interpretation of the requirements of the relevant law and legislation and indicates good industry practice through a proportionate, risk-based approach. It is comprised of three parts.

- 3.2 The JMLSG Guidance provisions set out below were added to the JMLSG Guidance in July 2020. The JMLSG Guidance is periodically updated; there were no changes to the provisions set out below during the Relevant Period, except where otherwise indicated below.

Relevant extracts from the JMLSG Guidance

Chapter 5 – Customer Due Diligence

- 3.3 Chapter 5 provides guidance on the following: *"Why is it necessary to apply CDD measures and conduct ongoing monitoring?"*
- 3.4 Paragraph 5.1.13 states:

3.5 *"Firms therefore need to carry out customer due diligence, and monitoring, for two broad reasons:*

- to help the firm, at the time due diligence is carried out, to be reasonably satisfied that customers are who they say they are, to know whether they are acting on behalf of another, and that there is no legal barrier (e.g. government sanctions) to providing them with the product or service requested; and*
- to enable the firm to assist law enforcement, by providing available information on customers or activities being investigated."*

Annex 5-V Pooled Client Accounts

3.6 Annex 5-V of the JMLSG provides guidance on the application of the 2017 Regulations to pooled client accounts.

3.7 Paragraph 1.1 stated:

"A Pooled Client Account (PCA) is a bank account opened with the firm by a customer, for example a legal practitioner or letting/estate agent, to administer funds that belong to their own clients. Their clients' money will be co-mingled but the customer's clients will not be able to directly instruct the firm to carry out transactions."

Suspense accounts held by respondent institutions are not PCAs (refer to Part II Sector 16 on Correspondent Relationships).

There are two primary vectors of risk:

- The customer's clients misuse a PCA for ML/TF purposes without the knowledge of the customer; and*
- The customer is complicit in using its PCAs for ML/TF purposes, either willingly or under duress."*

3.8 Paragraph 1.2 stated:

"Firms should take reasonable measures to establish and document the purpose of PCAs. Although possible self-evident given the nature and purpose of the business relationship, firms may need to establish information such as: the types of clients whose funds are held in the PCAs, the level of assets deposited and the size of the transactions undertaken, and the exposure to industries and geographies recognised as vulnerable to money laundering, corruption or terrorist financing."