



NCA

National Crime Agency

COVID-19

Suspicious Activity Reporting

This document aims to provide reporters with observations from the UKFIU on what is being seen in reporting around COVID-19 and SARs.

May 2020

v1.0

This is a United Kingdom Financial Intelligence Unit (UKFIU) Guidance Note. It is produced in line with the National Crime Agency (NCA) commitment to share perspectives on the Suspicious Activity Reports (SARs) regime.

Trends/observables

Money laundering

Several SARs have been seen relating to suspicions that individuals are exploiting the COVID-19 outbreak to account for money movements that suggest possible money laundering. COVID-19 is resulting in the general public making a lot of changes to their behaviour. Most of these are not suspicious; however, in the below examples reporters have cited some of these *in combination* with other money laundering red flags.

- Reporters stating that the explanation given for payments was deemed to be unlikely given the business profile and the anticipated impact of the COVID-19 pandemic on the operating model.
- SARs relating to PPE supply involving individuals or companies sending funds overseas. In many examples the reporters state that they believe that the subjects are claiming involvement in PPE provision to obscure their involvement in money laundering, due to the current high demand for supplies.

Fraud

SARs have reflected how the COVID-19 pandemic is being exploited to further facilitate existing fraud methodologies. Examples include:

- Personal Protective Equipment (PPE):
 - ✓ Suspicions that companies involved in procuring deals for the provision of PPE have no obvious affiliation to medical supplies provision and also that banking customers are acting as money mules.
 - ✓ Suspicions that various forms of legal documentation used to evidence the legitimacy of funds have been counterfeit.
 - ✓ The UKFIU continues to see SARs whereby individuals or businesses are suspected of taking payment for, but not supplying, face masks, hand sanitizers and other PPE.
- People falling victim to investment fraud having being targeted on social media sites. Victims have been pressurised by fraudsters who claim that the pandemic offers time-critical opportunities.
- Individuals suspected of attempting to take advantage of the government's COVID-19 business grant scheme.
- Individuals appearing to be fraudulently claiming to raise money for COVID-19 related charities.

SAR glossary codes

The UKFIU has introduced three new SAR glossary codes relating to the criminal exploitation of the COVID-19 pandemic. More than one code may be applied to a SAR if required.

- **XXCVDXX** – for any SAR relating to suspicious activity connected to COVID-19.
- **XXGPSXX** – for any SAR relating to suspected fraudulent use of Government Priority Schemes established as a result of COVID-19.
- **XXSATXX** – for any SAR relating to the suspected fraudulent use of the HMRC Self-Assessment Tax Refunds system. Whilst this system was introduced by HMRC prior to COVID-19 there is the potential for it to be exploited in the current climate.