

Remittance service providers - reducing the risk of tipping off in enhanced customer due diligence

This quick guide provides practical scenarios and customer-facing talking points to help remittance service providers apply enhanced customer due diligence (CDD) while reducing the risk of tipping off.



Why enhanced CDD matters

Enhanced CDD plays an important role in detecting, disrupting and preventing money laundering, terrorism financing and proliferation financing. We refer to these as ML/TF. Conducting enhanced CDD helps you build a picture of the customer and address any developing or evolving ML/TF risks.

You must conduct enhanced CDD if both of the following occur:

- you're required to submit a suspicious matter report (SMR) in relation to a customer
- you continue providing designated services to them.

Learn more about:

- [enhanced CDD](#)
- [suspicious matter reports](#).



Tipping off

Tipping off is disclosing certain information to another person, where it would or could reasonably be expected to prejudice an investigation. This includes:

- information that establishes you submitted an SMR, or that a requirement to submit an SMR has been triggered
- a report made or prepared for the purposes of meeting your SMR obligations, including any copies
- any document claiming to set out information contained in an SMR.



Tipping off is a criminal offence that applies to all staff

Tipping off can lead to criminals changing their behaviour to avoid detection by law enforcement. This makes investigations more difficult.

Learn more about [tipping off](#).

How enhanced CDD and tipping off may intersect

When enhanced CDD is triggered, you may need to ask the customer for more information or documents, based on the reason why the customer was identified as high ML/TF risk. For example, the following enhanced CDD measures may be appropriate:

- collecting and/or verifying more know your customer (KYC) information
- taking additional measures to better understand the background and financial situation of the customer, and other parties to the transaction
- obtaining information about the purpose for certain transactions or services
- collecting and/or verifying information about the customer's source of funds or source of wealth
- obtaining information on the destination of transfers of value
- deciding not to provide a designated service where the risk falls outside your business's risk appetite.

Tipping off risks may arise when you request the above information from a customer, but this doesn't prevent you from telling a customer that you need to collect further information to comply with your AML/CTF obligations to know your customer.

Learn more about [enhanced CDD measures you can apply](#).

Reducing the risk of tipping off

Conducting reasonable enquiries into customer activity that may be unusual isn't by itself considered tipping off. However, when making these enquiries you must not disclose information if it would or could be likely to prejudice an investigation.

Instead, where possible you should provide the customer with genuine reasons for the enquiry that don't indicate you're suspicious of them. For example, you could say the enquiry is required to:

- comply with AML/CTF legislation or other legal obligations
- make sure customer information records are accurate and up to date
- follow your business's policies and procedures for certain transactions or situations.

These explanations help frame enquiries as standard, rather than signs of suspicion.

To help your staff, you could put in place standardised scripts or forms they can use to gather information safely and routinely. **On the [last page of this guide](#), we've included a resource with talking points staff can use when engaging with customers.**

Document all interactions with customers relating to a designated service, including any steps taken to reduce the risk of tipping off.

Scenarios to reduce the risk of tipping off in enhanced CDD

Below are scenarios where staff may need to engage with a customer to conduct enhanced CDD. In each of these scenarios, we've provided examples of talking points staff may use, however you can tailor these to better suit your circumstances.

Scenario 1: A customer provides inconsistent identification information

Enhanced CDD measure you might apply

- Collecting and/or verifying more KYC information about the customer.

What staff can say to the customer

- "We're required to collect this information, and documents to verify it, to comply with anti-money laundering and counter-terrorism financing legislation."
- "We need to make sure we have the most up to date customer details on file."
- "This is part of our standard process before we can proceed with a transaction."

Scenario 2: A customer's source of funds is unexplained

Enhanced CDD measure you might apply

- Collecting and/or verifying information about the customer's source of funds.

What staff can say to the customer

- "We're required to collect this information, and documents to verify it, to comply with anti-money laundering and counter-terrorism financing legislation."
- "This is part of our standard process before we can proceed with a transaction."
- "This is part of our standard processes when transactions meet specific criteria."

Scenario 3: Transfers to or from high risk countries

Enhanced CDD measure you might apply

- Obtaining information on the destination of the transfer
- Obtaining the reason for the transaction

What staff can say to the customer

- "We're required to collect information to comply with anti-money laundering and counter-terrorism financing legislation."
- "This is part of our standard process before we can proceed with a transaction."
- "This is part of our standard processes when funds are sent to / received from certain countries."

Scenario 4: Declining to provide a designated service where it falls outside of your risk appetite

Enhanced CDD measure you might apply

- Electing not to provide a designated service where the ML/TF risk falls outside of your business's risk appetite

What staff can say to the customer

- "The nature of these activities falls outside of our business's risk appetite."
- "Our business has made the decision not to fund the additional systems and controls that would be required to manage regulatory obligations associated with your activity."

Where a customer refuses to provide required information:

- "As you've failed to respond to our request for further details within a reasonable timeframe, or in a satisfactory way, we are unable to provide you with services."



Talking points to help you reduce the risk of tipping off when engaging with customers

It's a criminal offence to disclose certain types of information to another person, where it would or could reasonably be expected to prejudice an investigation. This is known as **tipping off**.

Asking customers for information about themselves or their activity that may be unusual is not, by itself, considered tipping off. To manage the risk of tipping off, you should provide the customer with genuine reasons for the enquiry that don't indicate you're suspicious of them.

Consider using these talking points when engaging customers as part of enhanced CDD:

- "We're required to collect this information, and documents to verify it, to comply with anti-money laundering and counter-terrorism financing legislation."
- "We need to make sure we have the most up to date customer details on file."
- "This is part of our standard process before we can proceed with a transaction."
- "This is part of our standard processes when transactions meet specific criteria."
- "This is part of our standard processes when funds are sent to / received from certain countries."

Consider using these talking points when ending a business relationship with a customer:

- "The nature of these activities falls outside of our business's risk appetite."
- "Our business has made the decision not to fund the additional systems and controls that would be required to manage regulatory obligations associated with your account."
- "As you've failed to respond to our request for further details within a reasonable timeframe, or in a satisfactory way, we're unable to provide you with services."



Tips for engaging with customers safely:

- Ask neutral, factual questions.
- Keep explanations simple and consistent.
- Treat enquiries as routine and process based.
- Request only information and documents required under your AML/CTF program.
- Avoid any references to suspicion, reports or investigations.
- Use your business's own standardised forms and approved scripts where possible.