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SOLICITORS

My daughter has just put in an offer to buy her first home and I have agreed to gift her some money to assist with the purchase price. What information will I need to provide to the bank and to her solicitor?

This is a very common scenario, and you are wise to ask the question at the beginning of the transaction and put everything into place as soon as possible. Failure to provide this information in a full and timely manner can delay a transaction or jeopardise the purchase entirely. Whilst both the bank and the solicitor will have their own internal procedures, the crucial information which both the solicitor and the bank will need to ascertain is: who is providing the money, where that money is coming from and how that person has obtained those funds in the first place. You will need to prove your identity, provide documents showing where the funds are currently located, such as bank account statements or details of an investment portfolio, and provide a satisfactory explanation of how you as the person who is gifting the money have accrued those funds. The explanation of the source of funds is often the trickiest part to satisfy but before we can receive the funds from you or your daughter, we need to be happy that the information fits the scenario and the people involved. This can often involve providing details of an inheritance, the proceeds of a previous sale, a historical pattern of saving and investments, company dividend payments or anything which provides a comprehensive picture of where the funds have come from.

These requirements seem very heavy handed for a parent gifting money to their child, is it all really necessary?

Financial institutions and solicitors are all subject to The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, which govern the questions which we must ask of our clients and third-party financial contributors to ensure that neither party is using the conveyancing transaction to launder money obtained from illegal sources or to assist or fund terrorism. The questions which we ask may seem intrusive and potentially excessive for a parent gifting money to their child but if we fail to ask these questions and obtain the prescribed information, the solicitor and/or the bank can be committing a criminal offence and we would breach our professional obligations, which can lead to serious sanctions against the firm or the individual solicitor. Therefore, whilst the process may seem unnecessary to you, it is a crucial part of the conveyancing procedure and one which should be dealt with as soon as possible to avoid delay or disappointment. However, it is not something to be feared and all parties should work together to make this process as painless as possible.

To find out how we can help you, please call **01904 528200** or email **law@hethertons.co.uk**

By Phil Robinson, Head of Residential Conveyancing

