

FCA fines Guaranty Trust Bank (UK) Ltd £525,000 for failures in its anti-money laundering controls



**Press
release**

The Financial Conduct Authority (FCA) has fined Guaranty Trust Bank (UK) Ltd (GT Bank) £525,000 for failings in its anti-money laundering (AML) controls for high risk customers between May 2008 and June 2010.

These failings are particularly serious as they affected customers based in countries associated with a higher risk of money laundering, bribery or corruption, including accounts held by politically exposed persons (PEPs).

GT Bank, a subsidiary of Nigerian Guaranty Trust Bank PLC, opened an office in London in May 2008 offering retail and wholesale banking products and services to private, corporate and institutional clients.

The FCA's predecessor, the Financial Services Authority (FSA), reviewed GT Bank's controls as part of a thematic review into banks' management of money-laundering risks in 2010. The review of GT Bank raised significant concerns and after further investigation, the FCA found that GT Bank failed to establish effective AML policies and procedures when they established their UK operations. This included failures to:

- Assess or document potential money-laundering risks posed by higher risk customers
- Screen prospective customers against sanction lists or databases of PEPs
- Obtain and/or document senior management approval to establish a business relationship with PEPs
- Establish the purpose and intended nature of prospective customers' accounts or the sources of higher risk customers' wealth or funds
- Review the activity of higher risk customers' accounts and check that the information they held on these customers was up to date.

As a result, GT Bank was not able to fully understand or assess their higher risk customers' activities. This breached FCA Principle 3, which requires firms to take reasonable care to organise and control their affairs responsibly and effectively, and a number of our rules on systems and controls.

Tracey McDermott, director of enforcement and financial crime, said:

"Banks are at the front line in ensuring the proceeds of crime do not enter the UK financial system. GT Bank's failures were serious and systemic and resulted in an unacceptable risk of handling the proceeds of crime.

"Regardless of whether firms are well established or new to the industry they must ensure that they have systems and controls to manage money laundering risk.

"The FCA will continue to focus on potential money laundering risks, in line with our objectives to protect and enhance the integrity of the UK financial system and will be 'intensive and intrusive' taking action where serious issues are identified."

GT Bank settled at an early stage of the investigation and qualified for a 30% discount on its fine. Without the discount the fine would have been £750,000.

Notes for editors

1. [The Final Notice for Guaranty Trust Bank \(UK\) Ltd.](#)
2. GT Bank provided financial services to a significant number of higher risk customers, acting as a gateway to the UK financial system. However, 70% of these customers were based in countries which do not have requirements equivalent to those in the UK, and are recognised sources as posing a higher risk of money-laundering.
3. GT Bank breached Principle 3 of the FCA's Principles for Businesses and our rules on systems and controls – specifically SYSC 6.1.1R and SYSC 6.3.1R. These failings resulted in an unacceptable risk that GT Bank could have been used by customers to launder the proceeds of crime. During the relevant period (May 2008 – June 2010) the FSA took action against a number of institutions for shortcomings in their financial crime systems and controls. As such, GT Bank should to have been aware of the importance of systems and controls to prevent and detect all types of financial crime, including money-laundering.
4. Since the majority of the misconduct occurred before the introduction of the new penalty regime on 6 March 2010, GT Bank's fine was calculated using our old penalty regime. Information about how fines are calculated is available on our website.
5. GT Bank and its senior management have co-operated fully with the FCA's investigation and have taken steps to improve their systems and controls, including significantly increasing the resource of its compliance department.
6. On 22 June 2011, the FSA published its findings from a thematic review, which focused on how banks manage money laundering risk in higher risk situations. The FSA published a [Policy Statement PS11/15](#) Financial crime: a guide for firms on 9 December 2011. This contains guidance on steps firms can take to reduce their financial crime risk, including in their dealings with high risk and PEP customers. The FCA published its first [Anti-money laundering annual report](#) in July 2013.
7. On the 1 April 2013 the Financial Conduct Authority (FCA) became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA).
8. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.
9. Find out [more information about the FCA](#), as well as [how it is different to the PRA](#).