

Novuna[®]

KYC requirements
& AML information

KYC requirements & AML information

Contents

Documentary evidence of identity or address	03
Certification	04
Veriff	05
Accepted documentation	06
Passport verification	07
UK issue drivers licence verification	08
Bank statement verification	09
Quick reference guide – proposal submissions and checks	10
Anti-Money Laundering (AML)	11

Documentary Evidence of Identity or Address

As part of our requirements under the UK's Money Laundering legislation and Know Your Customer (KYC) obligations, Novuna need to be satisfied that a customer or other relevant individual is who they purport to be and that they can be identified at the particular address provided. We do this by obtaining two forms of evidence:

- ✓ Photographic ID of the person's identity
- ✓ Evidence of their address by a combination of electronic or documentary means

The vast majority of these checks can be carried out by us via electronic means, through Voters Roll or customer database checks. However, for **ALL** signatories on wheeled transportation deals and for every personal guarantee, we require proof of ID.

In situations where we're unable to obtain satisfactory proof of identity and/or address, then only the following documents listed within the table on page 5 will be acceptable as a documentary proof of that person's identity and address.

The same document **must not** be used for both proof of identity and address if both have been requested on the same deal.

At Novuna Business Finance, KYC is completed on applicants via a single process. It's completed after an application has been approved, and where an e-sign contract has been issued to the applicant.

Certification

Once you have met the customer face to face and been provided with an original legitimate proof of ID and/or address, the documents can be certified. We will need a copy of the original documentation that has been certified.

The certification cannot be completed by a family member or spouse. Only a broker or FCA registered/franchised dealer can certify the identity of the customer we are providing funding for.

The broker or FCA registered/franchised dealer completing the certification must have met the customer face to face, seen a legitimate proof of ID, and must add the wording (shown right) to the copy of the proof of ID and the proof of address.

The Proof of ID:

'certified as a true copy of the original seen by **[first and last name]**, of **[brokerage or FCA registered/ franchised dealer company name]**. This is a true likeness of the individual'.

The Proof of Address:

'certified as a true copy of the original seen by **[first and last name]**, of **[brokerage or FCA registered/ franchised dealer company name]**. This is a true copy of the original'.

This ensures that we are dealing with the correct individual(s) and serves as evidence that we have satisfied the KYC checks.

veriff

We understand that it's not always possible to go out and see your customers, so to assist in these circumstances, we're offering you free use of our Artificial Intelligence (AI) driven digital identification and document verification tool called 'Veriff'. This will verify your customer's ID and their facial likeness for you using AI technology.

Veriff helps Novuna meet regulatory requirements when it comes to our **KYC** procedures.

If you would like to use this tool for a particular agreement, please download and complete the 'ID Verification Request Form' which can be located within the Useful Information folder on the doc portal <https://www.novuna.co.uk/business-finance/document-portal>

Email the completed form to brokersupport@novunabusinessfinance.co.uk and once the team receive the completed form, they'll be happy to trigger the identification verification journey. A link will be sent directly to the applicant's email address to complete the ID verification. Upon completion, an email is received into Novuna to notify us that the customer has completed the journey.

This should only take the customer a matter of minutes to complete.

Accepted Documentation

Documentary evidence of Identity

- Current valid Passport
- Current valid full Photocard Driving Licence (full licence card accepted alone and with counterpart but counterpart alone will not be accepted)
- UK Shotgun Licence or Firearms Certificate
- EU National Identity Card (if you are a non-UK national)
- Current Northern Ireland Electoral ID Card

Documentary evidence of Address

- Current full UK photocard driving licence (if not used for identity verification – full licence card accepted alone and with counterpart but counterpart alone will not be accepted)
- Council tax bill (valid for current year)
- Utility bill (dated within last three months)
- Telephone bill (dated within last three months) – mobile phone bills are not acceptable

- Sky or cable TV bills (dated within last three months)
- Home broadband bill (dated within the last three months)
- Credit card bill (dated within last three months) – online statements are not acceptable
- Bank, Building Society, Credit Union statement – all pages showing transactions should be provided (dated within last three months)
- Online statements are not acceptable
- Mortgage statement from a recognised lender (dated within last 12 months)
- Online statements are not acceptable
- HM Revenue & Customs tax notification dated within the last three months e.g. tax assessment, statement of account/notice of coding
- P45s and P60s are not acceptable

- ✓ We will always need proof of ID of the signatory on wheeled transportation deals.
- ✓ We will always need proof of ID for a personal guarantor.
- ✓ If we have to ask for a proof of ID or proof of address (or both), these will be listed on the proposal credit acceptance sheet.
- ✓ The same document can't be used for both proof of identity and proof of address if they have both been requested on the same application.

If you have any queries, please contact your Account Manager who will be happy to help.

Passport Verification

The government make alterations to UK passports every five years to prevent the production of genuine-looking fake passports.

Authentic UK passports must be the correct size and feature a digitally printed photo with a holographic overlay. They must feature the holders signature, a nine digit number on the first page and a perforated serial number throughout the pages.

The number of pages is important too, passports issued after November 2015 have 34 pages, those issued before have 32 pages.

A fake passport may have an invalid expiry date, personal details that have been amended, a photo that is not digitally printed, no hologram, perforations or no passport chip.

Please also check the following:

- ✓ Passport name and Date of Birth matches Director's record held at [Companies House](#)
- ✓ Signature and name match the application and contract
- ✓ Font and format are the same across all information

If you have any concerns, please contact your Account Manager who will be happy to help.

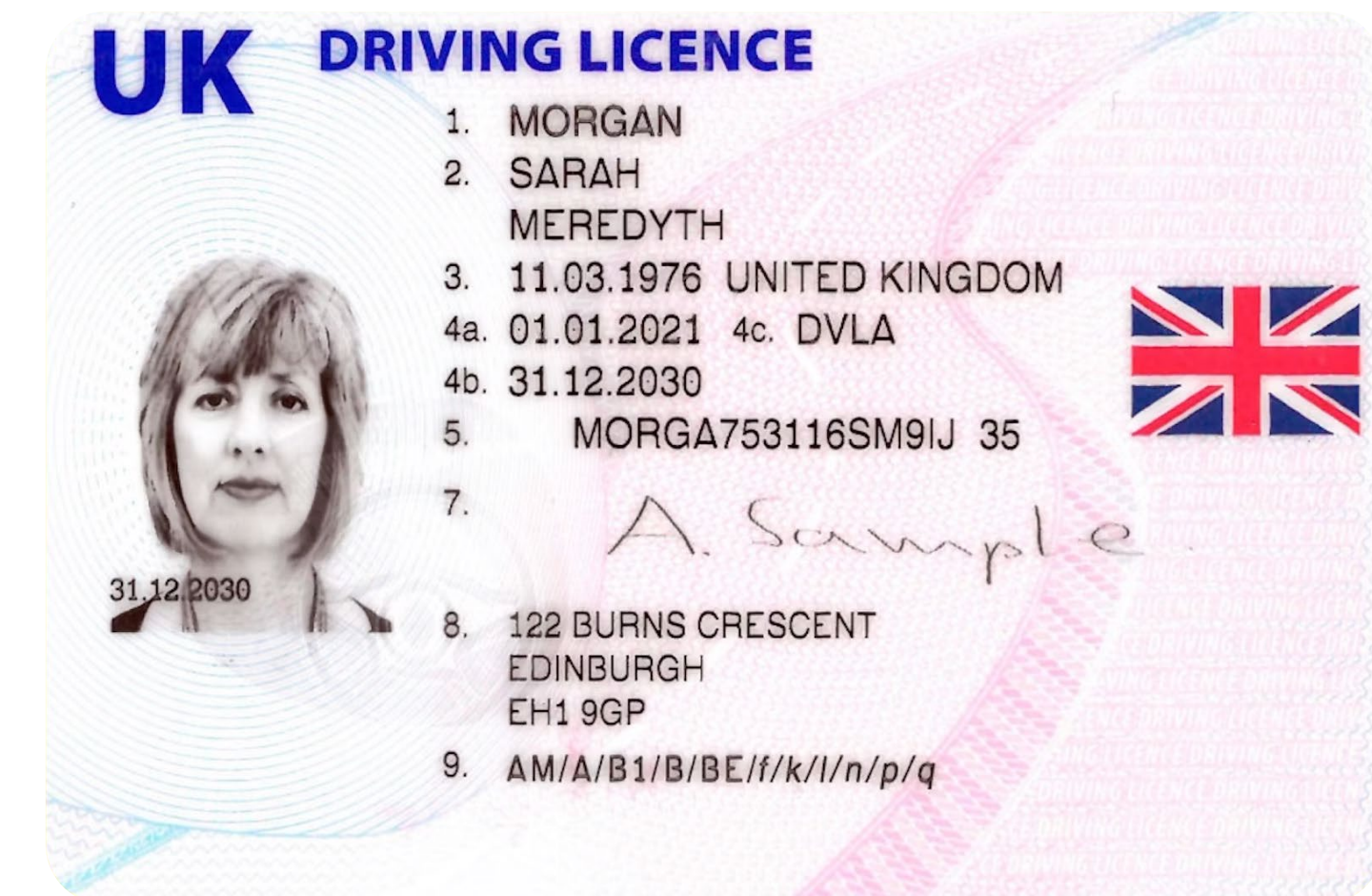


UK Issue Drivers Licence Verification

A fake driving license may have an incorrect flag, a plain or simple-patterned background, the photo in the wrong place, no signature or fake holograms.

Please check the following:

- 1 If not a UK licence, compare the examples of the same version from the issuing country
- 2 Can you feel the tactile (raised) surfaces and engraved text?
- 3 Does the drivers name match the application, for example, Tony or Anthony?
- 4 Is it valid (date of issue and expiry)?
- 5 The first five letters of the surname are part of the licence number
- 6 The address on the licence must match the current address on the application
- 7 Signature and name match the application
- 8 Must be a full licence (provisional licences are not acceptable)
- 9 Font and format are the same across all information except surname which should be bold



If you have any concerns, please contact your Account Manager who will be happy to help.

Bank Statement Verification

We require all pages showing transactions, online statements are not acceptable.

The statements must show:

- Applicant's full name
- Address
- Sort code and account number
- Dated within the last three months

The applicant's full name, address and sort code and account number must match the application.

Please check the following:

- 1 Is the copy clear – can you clearly read everything on the document?
- 2 Does the account holder name and address match the application, for example, Tony or Anthony?
- 3 Does the address on the statements match the application?
- 4 Does the sort code and account number match the application?
- 5 Are the font and format the same across the entire document?
- 6 Does the reconciliation of the transactions add up?
- 7 Do the layouts or fonts look inconsistent?
- 8 Are there any grammar or typo errors?
- 9 Are there any missing pages?
- 10 Right click and check the properties of the document, is it what you expect? Do the created and modified dates differ?

FIRST BANK OF WIKI		CHEQUING ACCOUNT STATEMENT			
1425 JAMES ST, PO BOX 4000 VICTORIA BC V8X 3X4 1-800-555-5555		Page : 1 of 1			
JOHN JONES 1643 DUNDAS ST W APT 27 TORONTO ON M6K 1V2		Statement period	Account No.		
		2003-10-09 to 2003-11-08	00005-123-456-7		
Date	Description	Ref.	Withdrawals	Deposits	Balance
2003-10-08	Previous balance				0.55
2003-10-14	Payroll Deposit - HOTEL			694.81	695.36
2003-10-14	Web Bill Payment - MASTERCARD	9685	200.00		495.36
2003-10-16	ATM Withdrawal - INTERAC	3990	21.25		474.11
2003-10-16	Fees - Interac		1.50		472.61
2003-10-20	Interac Purchase - ELECTRONICS	1975	2.99		469.62
2003-10-21	Web Bill Payment - AMEX	3314	300.00		169.62
2003-10-22	ATM Withdrawal - FIRST BANK	0064	100.00		69.62
2003-10-23	Interac Purchase - SUPERMARKET	1559	29.08		40.54
2003-10-24	Interac Refund - ELECTRONICS	1975		2.99	43.53
2003-10-27	Telephone Bill Payment - VISA	2475	6.77		36.76
2003-10-28	Payroll Deposit - HOTEL			694.81	731.57
2003-10-30	Web Funds Transfer - From SAVINGS	2620		50.00	781.57
2003-11-03	Pre-Auth. Payment - INSURANCE		33.55		748.02
2003-11-03	Cheque No. - 409		100.00		648.02
2003-11-06	Mortgage Payment		710.49		-62.47
2003-11-07	Fees - Overdraft		5.00		-67.47
2003-11-08	Fees - Monthly		5.00		-72.47
*** Totals ***			1,515.63	1,442.61	

If you have any concerns, please contact your Account Manager who will be happy to help.

Quick reference guide – proposal submissions and checks

Adverse media checks

Before submitting a proposal to us, we advise to check any adverse media that may be against the customer or supplier business/director (irrespective of if the customer is new or existing). For example, Google search “ABC Limited fraud or ABC Limited convicted”. If adverse media is found, and you still believe it’s reasonable to submit the proposal to us, please note it on the agreement or proposal for the underwriter to review.

Disqualified Directors

Anyone can run a [disqualified director check](#) to see if an individual has been previously disqualified.

If the Shareholders differ to the Directors on a proposal, it may be useful to run the shareholders through the link as sometimes it could be an indicator of potential fronting.

Suppliers

Ideally suppliers should be trading for a minimum of three years and should typically sell the asset. The Supplier should have a visible trading address on Google Maps and all vehicle dealers should have a forecourt. If the supplier is located a considerable distance from the customer, why? Especially if the assets are readily available. There should be no links between the customer and supplier.

Change of directors within the last 12m–24m/ or change of shareholding

Please ask for details of any ownership changes that have occurred in the business over the past 24 months. Resignations/ appointments can be viewed on Companies House.

Insolvency register

Anyone can check the [individual insolvency register](#), this will provide details of all cases in England and Wales.

Beware of Shell Companies

Shell companies are set up to commit fraud and Money laundering (< 3 years old, big increases in turnover, inexperienced directors).

Does the deal feel right?

Is the asset/s appropriate for the business? Is the quantity of the assets in line with the size of the business?

Anti-Money Laundering (AML)

The Money Laundering Regulations 2017 (UK Law) is designed to prevent the financial system being used to facilitate financial crime and terrorism.

What are common warning signs of Money Laundering?

- 1 Unusual Transactions:** Transactions that are inconsistent with a customer's known income or business activity can be a significant red flag. This includes unusually large deposits, withdrawals, or transfers.
- 2 Unusual/unexplained source of funds:** Significant sums of cash or privately sourced funding, even when held in a bank account, can serve as a potential indicator of money laundering. It's crucial to assess how the client has come into possession of this private funding and whether it aligns with your existing knowledge of them.
- 3 Frequent and high-value cash transactions:** Transactions involving significant amounts of cash conducted on a regular basis, particularly when they don't align with the typical business activities of the customer can raise red flags.
- 4 Rapid Movement of funds:** The swift transfer of funds between various accounts or across different jurisdictions, especially when there isn't a clear and justifiable business purpose, can be a strong indicator of potential money laundering. This rapid movement aims to complicate the tracing of funds and can be part of a strategy to conceal the illicit source of the money.
- 5 Transactions involving Politically Exposed Persons (PEPs):** Transactions involving individuals with prominent political positions or their close associates can be at higher risk due to the potential for corruption. People occupying elevated positions, along with their family members and close associates are potentially more susceptible to engaging in corrupt activities.
- 6 Inconsistent documentation:** In the context of financial transactions, inconsistent documentation refers to any paperwork, records, or evidence that doesn't align with the nature of the transaction.
- 7 Refusal to provide information:** When customers are uncooperative or evasive in response to requests for additional information or documentation it can be a significant warning sign. Refusal to provide information or cooperate with enquiries can indicate a deliberate attempt to conceal illicit activities or the true nature of the transaction.

Please inform Novuna Business Finance straight away if you have any concerns.

Tomorrow. Together