

Tenant and landlord sanctions checks: 40+ burning questions answered (ahead of May 14)



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GENERAL OVERVIEW

What are sanctions?

Sanctions are restrictions the government sets to prevent financial crime, protect national security, and uphold international obligations. They can apply to people, businesses, or even entire countries. There are several kinds of sanctions, including:

- **Financial sanctions** - block access to assets, restrict financial services, or stop services from being provided to specific individuals or entities
- **Trade sanctions** - limit the buying and selling of goods with certain countries
- **Immigration sanctions** - prevent named individuals from entering or staying in the UK
- **Transport sanctions** - control aircraft and ship movements associated with sanctioned entities

Which sanctions are most relevant to letting agents?

The key type to understand is financial sanctions, which freeze assets or block transactions with individuals or entities on the UK sanctions list.

What's changing on May 14, 2025?

From May 14, the government has decided that letting agents will be classed as a “relevant firm” under the UK’s sanctions regulations. This means you’ll have a legal obligation to report any confirmed or suspected sanctions breaches to the Office of Financial Sanctions Implementation (OFSI). To make these reports, you must check every prospective tenant and landlord against the UK sanctions list.

To whom does this apply?

Regardless of size, all letting agents in the UK are affected, irrespective of whether you deal primarily with students or company lets, or work as a relocation agent. In other words, if you are a letting agent with one or 1,000 customers, you must comply with these regulations.

GENERAL OVERVIEW

Why should I care about changes to sanctions regulations?

If you let a property to a sanctioned person or company—even by mistake—you could face serious consequences. These **include fines (up to £1 million or 50% of the transaction value, whichever is higher), criminal prosecution, and reputational damage.**

Has anyone been fined for breaching sanctions regulations?

Yes. In September 2024, the Office of Financial Sanctions Implementation (OFSI) fined a company in the lettings sector £15,000 for breaching UK sanctions.

Will there be a grace period for compliance?

No. From May 14, 2025, all letting agents must comply with sanctions regulations. The government expects relevant firms to have processes in place by that date.

Who needs to complete the checks?

Only letting agents should complete sanctions checks. You shouldn't instruct landlords to complete them on your behalf in your terms of business because the regulation applies to you, not them.

How should I prepare for these changes?

Here's how to prepare:

1. **Update your process** - integrate sanctions screening into your existing tenant and landlord onboarding flows
2. **Train your team** - make sure everyone involved knows how to identify and escalate a match
3. **Keep clear records** - store evidence of every check to show compliance if audited

WHO NEEDS TO BE CHECKED?

Does every type of tenant need to be checked?

Yes, **the regulations don't distinguish between different types of tenants**. All tenants who go through the referencing process must be screened.

Do landlords need to be checked?

Yes, **you must check every landlord against the UK sanctions list** and the named directors if the landlord is a company.

What about joint landlords or joint tenants?

Each individual involved must be checked separately. For example, both must be screened if a husband and wife co-own a property. This is because both will be considered the landlord, regardless of whether you only deal with one of the owners.

Do I need to check guarantors as well?

While the regulations specifically mention tenants and landlords, you should also consider screening guarantors, especially as they're named parties to the tenancy. Referencing providers, like Goodlord, already include guarantors in their screening process.

Do I need to check permitted occupiers?

The legal requirement applies to tenants and landlords, the named parties to the tenancy agreement. However, you still must assess risk and act on any suspicion.

If a permitted occupier is known to contribute financially to the tenancy or is closely associated with a high-risk individual (e.g., a politically exposed person), you could consider including them in your sanctions screening.

TIMING OF CHECKS

When is the right time to run a tenant sanctions check?

Sanctions checks should happen **after a landlord accepts the tenant's offer but before the tenancy agreement is signed**. In other words, the referencing stage is the ideal time to run a sanctions check. This ensures compliance without screening every single applicant in advance.

When is the right time to run a landlord sanctions check?

As early as possible in the onboarding process. The landlord is your client, so you should include sanctions screening in Know Your Customer (KYC) checks when they instruct you to let a property.

You should carry out the check before progressing with the tenancy, ideally at the same time as verifying proof of ownership and identity. This ensures you remain compliant and can demonstrate you've assessed the risk before taking any payments or advertising the property.

Can I take a holding deposit before running a tenant sanctions check?

Taking a holding deposit doesn't trigger the reporting obligation under these new regulations because you haven't accepted an offer at this point. However, **you must run the check before signing the tenancy agreement**.

It's best practice to assess your process in line with your internal policies and risk appetite. If you decide to run a check before taking a holding deposit, we strongly advise you to conduct another check during referencing, as the sanctions list can change daily.

What's the last possible moment to run the tenant check?

Before signing the tenancy agreement, you must complete the check and report any matches. **Signing without checking risks breaching the regulations.**

TIMING OF CHECKS

Do I need to recheck someone if there's a delay to the tenancy?

Sanctions lists change frequently. If a significant amount of time passes between the check and the signing of the agreement, or if the tenancy is delayed by weeks or months, you should re-run the check for peace of mind.

Do I need to ask tenants or landlords permission to conduct a sanctions check?

No, the names on the sanctions list are publicly available, but you should ensure your privacy policy is up to date with all data processing activities you carry out. This ensures tenants and landlords know how their data will be used.

Will tenants know they've been screened?

Tenant sanctions checks happen quietly during the referencing stage, so it's unlikely the tenant will know they've been screened. You'll be notified if there's a match and can take the next steps without alarming them.

Will landlords know they've been screened?

Landlord sanctions checks typically happen during the Know Your Customer (KYC) process. This means they'll have a soft footprint on their credit report notifying them of a check, but **this footprint won't affect their credit score.**

EXISTING TENANCIES AND IN-SITU LANDLORDS

Do I need to screen existing tenants and landlords?

Legally, the rules only apply to prospective tenants and landlords. However, OFSI has suggested that sanctions checks should always have taken place. So, while not required, **checking in-situ parties is advisable**.

Should I proceed with tenancies that start before the regulation comes into place?

Yes, you can proceed with tenancies that start before May 14, 2025, as the regulations are not retroactive.

Does the regulation apply to renewed tenancies?

Strictly speaking, no. However, as OFSI stated, agents should always have been conducting sanctions checks. Screening anyone who hasn't yet been subject to a sanctions check is advisable.

How does Goodlord help with sanctions checks for existing tenants and landlords?

Goodlord offers a bulk upload tool for running sanctions checks on your entire portfolio, including tenants, landlords, and guarantors. This is particularly helpful if you manage many properties or transition to Goodlord from another platform.

WHAT HAPPENS IF THERE'S A MATCH?

What do I do if I find a potential match?

You must report it to OFSI immediately. The match could be a confirmed sanctions hit or just a strong suspicion. Either way, you're required to act straight away.

Can I go ahead or continue a tenancy if there's a match?

Landlords must apply for a licence from OFSI to get permission. Until this happens, for:

- **New tenancies** - you must stop the transaction until OFSI reaches a decision
- **Existing tenancies** - you must stop accepting rental payments while you also can't evict tenants until OFSI reaches a decision or gives you specific guidance

Do I need to be certain it's a match before reporting?

No, even if you're unsure, you must report the suspicion. OFSI will decide whether it's a confirmed match.

If a tenant is flagged on the sanctions list, what should I do with their holding deposit?

Wait for guidance from OFSI before either processing a refund or keeping hold of the deposit.



ONGOING MONITORING AND RECORD KEEPING

Do I need to monitor tenants after the check is complete?

Technically, no. However, to ensure you have complete coverage, Goodlord monitors applicants daily for 12 months after the initial screening. If anyone previously cleared is flagged during that time, you'll be alerted automatically.

How long should I keep records of sanctions checks?

You should keep records of all checks:

- Throughout the tenancy
- A period after the tenancy ends, in line with your internal data retention policies

Without a record, it's as if the check never happened.

How should I store these records?

Store them securely alongside your referencing records. Referencing providers like Goodlord include this as part of their compliance documentation.



AML SUPERVISION VS SANCTIONS CHECKS

Is this the same as AML registration?

No, the May 2025 sanctions rules are separate from AML supervision. They apply to all letting agents, regardless of whether you must register for AML supervision.

If I'm already AML-registered, do I still need to do this?

Yes, this is a new and separate requirement. Even if you're already screening for AML purposes, you must extend those checks to every tenant and landlord.

What do I do if I'm not already AML-registered?

The new sanctions regulations are separate from anti-money laundering (AML) supervision.

From May 14, 2025, letting agents will be required to conduct and report sanctions checks regardless of whether they meet the threshold for AML registration.

If your agency isn't AML-registered, you don't need to register solely because of these new rules. However, you do need to start screening prospective tenants and landlords for sanctions from the compliance date.

If you later meet the AML threshold—for example, due to high monthly rents—you must register separately for AML supervision in line with existing HMRC requirements.

AML SUPERVISION VS SANCTIONS CHECKS

Does the new sanctions regulation change AML guidance or thresholds?

No, the AML threshold—currently for rents over €10,000 a month—remains unchanged. Sanctions checks are separate obligations, and you should manage them accordingly.

Does an agent need to run an AML check on the same landlord every time their property is re-let?

No, landlord AML checks aren't linked to the property or tenancy. You should perform AML checks on landlords when you first start working with them. To be safe, consider refreshing the checks every 12 months.

How is a sanctions check different from a right to rent check?

Right to rent checks are about confirming a tenant's immigration status. On the other hand, sanctions checks are about ensuring you don't deal with individuals or businesses subject to government-imposed restrictions. The two are separate, and you must complete both as part of your compliance duties.



TOOLS AND SUPPORT

Can I run sanctions checks manually?

You can, but it's not ideal. The UK sanctions list is long and constantly changing. Manually checking each person is time-consuming and risks human error, especially with common names or spelling variations.

How does Goodlord or Vouch simplify the process?

Goodlord and Vouch's Sanctions Checks are built into the tenant, landlord, and guarantor referencing journeys.

The checks screen against key databases, including the UK Sanctions List and the Politically Exposed Persons (PEPs) list. Goodlord manages the "fuzzy matching" process (e.g. Michael Smith vs. Mike Smith) to reduce false positives and prevent unnecessary delays.

We alert you to flagged individuals in the referencing report, allowing you to report them to OFSI.

To support ongoing compliance, Goodlord offers a self-serve bulk Back Book upload tool, which allows you to screen your entire portfolio in one go. We also provide audit trails to demonstrate that checks have been completed, and you'll be notified if any existing tenants or landlords are flagged.

Once a check is complete, applicants are monitored daily for 12 months. If anyone previously cleared is flagged during that time, you'll be alerted automatically.

Tenant PEPs and Sanctions checks, *sorted*

Goodlord is ready to support you with:

- ✓ Automated PEPs and Sanctions checks
- ✓ Daily monitoring and alerts
- ✓ Back book check

[Book a walk-through](#)

DEADLINE:
14 May

