

Know Your Customer

Formally identifying our customer is an important anti-money laundering (AML) requirement. This process – known as know your customer or KYC – aims to prevent fraud and money laundering and prove the customer is who they say they are.

FLA standard for the prevention of financial crime

In 2017 motor finance providers that are members of the FLA agreed a new minimum standard of KYC checks to prevent financial crime in line with new money laundering regulations.

All finance providers must identify and verify the identity of all new private customers and carry out checks on new business customers. This is referred to as customer due diligence (CDD).

To successfully carry out CDD, finance providers require retail staff and brokers to obtain some key information and/or documentation from the customer:

Using physical forms of identification

1. Obtain a photocopy of one form of photo ID:
 - a. Passport
 - b. Photocard driving licence
 - c. National identity card / HM Forces ID card; or
 - d. request the customer shares their driving licence details through the DVLA's Share Driving Licence service (and retain a pdf/print out).
2. Stamp the photocopy and sign to confirm the photo is a fair and true likeness of the individual.
3. Finance companies such as banks and other independent lenders that do not operate in the same group as the retailer should additionally request one form of non-photo ID that contains the customer's address:
 - a. Old style driving licence
 - b. Evidence of state or local authority benefit
 - c. Bank or credit card statement
 - d. Utility or telephone bill

Using Electronic Identification and Verification (EID&V)

Many finance providers and brokers now use EID&V to conduct CDD. Dealer staff might only need to obtain basic information from the customer such as name, date of birth, address and may not always be required to ask for ID documentation confirming the validity of these details. It is best practice for dealers to check photo ID and if necessary non-photo ID and take copies - even where lenders do not request this information.

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