



Financial Crime Policy	V 1.1	16/01/2025
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Hot Hatches Limited Financial Crime Policy

Effective Date: 16/01/2025

Review Date: 31/01/2026

1. Purpose

This policy outlines Hot Hatches Limited's approach to preventing and detecting financial crime, including money laundering, terrorist financing, fraud, bribery, and corruption. It ensures compliance with the Financial Conduct Authority (FCA) and Finance & Leasing Association (FLA) requirements.

2. Scope

This policy applies to all employees, directors, contractors, and third-party partners of Hot Hatches Limited. It covers all business activities, including vehicle sales, financing arrangements, and aftersales services.

3. Regulatory Context

Hot Hatches Limited complies with all relevant financial crime legislation and regulatory requirements, including:

Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

Proceeds of Crime Act 2002 (POCA).

Bribery Act 2010.

FCA Handbook, including the Senior Management Arrangements, Systems and Controls (SYSC) requirements.

FLA's Code of Conduct.



4. Policy Objectives

Prevent Hot Hatches Limited from being used to facilitate financial crime.

Detect and respond effectively to any potential or actual financial crime.

Promote a culture of compliance and ethical behaviour across the business.

Ensure that all staff are adequately trained and equipped to identify and mitigate financial crime risks.

5. Financial Crime Risks

5.1. Money Laundering and Terrorist Financing

Accepting criminal funds in vehicle sales or financing arrangements.

Customers using finance products to conceal illicit funds.

5.2. Fraud

False representations by customers, suppliers, or employees.

Fraudulent documentation or identity theft during customer onboarding.

5.3. Bribery and Corruption

Offering or accepting bribes to secure business advantages.

Engaging in corrupt practices with suppliers or third-party partners.



6. Risk Mitigation Controls

6.1. Customer Due Diligence (CDD)

Verify the identity of all customers purchasing vehicles or entering into financing agreements using reliable, independent documentation (e.g., passports, utility bills).

Conduct enhanced due diligence (EDD) for high-risk customers, including those:

From high-risk jurisdictions.

Using complex payment methods.

Identified as politically exposed persons (PEPs).

6.2. Transaction Monitoring

Monitor transactions for unusual or suspicious activity, such as:

Large cash payments.

Discrepancies in customer documentation.

Rapid settlement of financing agreements without clear explanation.

6.3. Reporting Suspicious Activity

Designate a Money Laundering Reporting Officer (MLRO) responsible for:

Receiving and reviewing suspicious activity reports (SARs).

Reporting suspicious activities to the National Crime Agency (NCA).



Train all staff to recognize and report suspicious behaviour promptly.

6.4. Fraud Prevention

Verify the authenticity of customer documents, such as identification, proof of income, and finance applications.

Use fraud detection systems to identify potential risks during onboarding.

Regularly audit internal systems and processes to detect anomalies.

6.5. Anti-Bribery Measures

Maintain a zero-tolerance approach to bribery and corruption.

Prohibit offering, giving, or receiving gifts or hospitality that could influence business decisions.

Record all gifts and hospitality in a central register.

6.6. Supplier and Partner Due Diligence

Assess the financial crime risk posed by suppliers, finance partners, and third-party service providers.

Conduct periodic reviews of their compliance with relevant regulations.



7. Training and Awareness

Provide mandatory financial crime prevention training for all employees annually.

Tailor training to roles, ensuring staff understand their responsibilities under this policy.

Ensure new employees complete training as part of their onboarding.

8. Governance and Oversight

The MLRO is responsible for implementing this policy, reporting to the board on financial crime risks and compliance.

The board reviews and approves the financial crime policy annually.

Independent audits are conducted to assess the effectiveness of financial crime controls.

9. Record-Keeping

Retain customer due diligence records for a minimum of five years after the end of a business relationship.

Maintain SARs and MLRO reports in compliance with data protection regulations.

10. Breach Management

Investigate all financial crime incidents promptly.



Take disciplinary action where breaches of this policy involve employees.

Notify the FCA, FLA, and other relevant authorities as required.

11. Policy Review

This policy is reviewed annually or following significant regulatory changes to ensure it remains effective and compliant.

Approval and Acknowledgement

This Financial Crime Policy has been reviewed and approved by the board of Hot Hatches Limited. All employees are required to confirm they have read, understood, and agree to comply with this policy.