

ARTICLE · RED FLAGS · 6 MIN READ

Red flags in property transactions

Common suspicious-activity indicators specific to residential and commercial deals.

Red flags don't prove wrongdoing but they shift a transaction from 'business as usual' to 'document this and escalate'. Knowing them by heart is what separates a defensible programme from a paper one.

Customer behaviour

Reluctance to provide ID, use of nominees with no clear connection, unexplained urgency to settle, multiple changes of named purchaser, or a customer who appears coached or accompanied by a controlling third party.

Funds and payments

Funds from unrelated third parties, multiple smaller deposits that appear structured below reporting thresholds, cash with no clear source, last-minute changes to the source of funds, or funds routed via a high-risk jurisdiction.

Transaction structure

Price materially above or below market, purchase by a newly-formed entity with no trading history, layered corporate or trust ownership without commercial rationale, quick on-sale at a different price, related-party loans without explanation.

Property-specific

Off-the-plan purchases used to layer funds, property bought without inspection or negotiation, or property pledged as collateral for unrelated business borrowing.

What to do when you see one

Document the objective facts (not opinions), escalate to the Compliance Officer the same day, do not 'tip off' the customer, and continue to act professionally. The Compliance Officer decides whether a report is filed not the licensee.

This article is provided by Compliance1 as general information about AML/CFT obligations for real estate. It is not legal or regulatory advice.