

## **Investigations: Unexplained Wealth Orders**

### **What is an Unexplained Wealth Order (UWO)?**

A UWO is a High Court order requiring a person to explain the nature and extent of their interest in a property and how it was obtained. UWOs came into force on 31 January 2018.

### **What happens if the person fails to comply?**

If the person fails to provide the detailed information requested in the UWO, then this will create a presumption that the property is criminal and may be taken from them under any subsequent civil recovery action (i.e. Part 5 of the Proceeds of Crime Act 2002).

### **What happens if the person provides false or misleading information?**

When responding to the UWO, if the person makes a statement which they *know* is false or misleading in a material way, or are *reckless* in making such a statement, they commit a criminal offence. The maximum sentence is 12 months and/or a fine in the Magistrates' Court, or two years and/or a fine in the Crown Court.

### **Who are UWOs aimed at?**

In short, persons who own expensive properties whose lawfully obtained incomes are not easily discoverable are vulnerable to UWOs.

UWOs came about largely as a result of public outcry over the influx of foreign money into the London property market which was suspected to be the result of corruption or serious crime. They are therefore primarily aimed at foreign nationals who have acquired wealth through corruption or serious crime *outside* the UK and who have invested the proceeds into the UK, creating wealth disproportionate to their apparent means. In this context a foreign national is a person resident outside the European Economic Area (EEA) or someone connected to them.

UWOs are also aimed at persons suspected of involvement in serious crime (e.g. money laundering) *inside* the UK. This includes persons not in the UK but whose crimes take place in the UK. Again, these will be persons (and persons connected to them) who own property beyond their apparent means.

### **Who will the UWO come from?**

The UWO will be obtained by the National Crime Agency, HM Revenue & Customs, the Financial Conduct Authority, the Serious Fraud Office, or the Crown Prosecution Service.

### **What will the person have to do?**

The person will need to explain how they obtained the property and how any of the acquisition costs were met. This includes properties held by trustees of a settlement, who will have to set out details of the settlement. UWOs can require persons to provide other specific information depending on the case.

### **What is the potential for the authorities to misuse UWOs?**

UWOs can be used for properties greater than £50,000. This is a relatively low threshold given that UWOs are intended to target properties obtained by political corruption and serious crime. Given the investigating agencies' tendency to target individuals not initially envisaged by the Government, it will not be surprising if individuals of relatively modest property holdings are targeted by the National Crime Agency and others in order to try to score 'easy wins' in the early days.

### **Further information**

The UK Government is raising awareness of UWOs via [Circular 003/2018: unexplained wealth orders](#).

For analysis and assistance on how to respond to UWOs contact [Hughmans Solicitors LLP](#).