

Check this template against your local regulations and your own policies before you use it.

SOP no.		Version		Effective date	
Owner		Approver		Review date	

Purpose

To make sure we know who every client is before we arrange credit, so we meet our identification obligations and the lender's requirements, and protect clients and lenders from identity fraud.

Scope

Every borrower, co-borrower, guarantor and person acting for a client, and the directors, shareholders and trustees behind company and trust borrowers. It applies to every broker and credit assistant.

Responsibilities

Role	Responsibility
Broker	Verifies each client's identity, or checks the credit assistant has, and is accountable for the file.
Credit assistant	Collects and checks the documents, runs electronic checks, and records the verification on the file.
Compliance manager or licensee	Sets the accepted documents and methods, audits files, and handles suspected fraud.

Definitions

KYC: Know your client, the checks that confirm a client is who they say they are.

Certified copy: A copy of an original document that an authorized person has compared with the original and signed as a true copy.

Beneficial owner: A person who ultimately owns or controls a company or trust that is borrowing.

What you need

- The list of accepted identification documents, from your licensee or lender
- An electronic identity verification service, if you use one
- The identification record or form for the file
- Secure storage for copies of identity documents

Procedure

1. Identify everyone who needs checking

List every borrower, guarantor and person acting for a client, and for companies and trusts, the directors, trustees and beneficial owners your rules require.

2. Ask for the right documents

Ask for the documents on your accepted list, such as a passport or driver's license plus a secondary document where required.

- Individuals: a primary photo ID, such as a passport or driver's license
- Where required, a secondary document showing their name and address, such as a bank statement
- Companies and trusts: the company search or trust deed, and ID for each director, trustee and beneficial owner
- Guarantors and people acting for a client: the same ID as a borrower, and their authority to act

3. Sight originals or certified copies

Meet the client in person and compare the originals with the person, or accept certified copies, or use an approved electronic or video verification method.

4. Check the documents

Check each document is current, the names, dates of birth and photos match across documents and the application, and nothing looks altered.

- The expiry date
- The photo matches the person
- The name and date of birth match across documents
- The address matches the application
- No signs of alteration, such as uneven fonts or edits

Caution: Stop and escalate if anything doesn't match or looks altered. Don't lodge the application until it's resolved.

5. Watch for red flags

Be wary of clients who resist meeting, push for urgency, use a third party to do all the talking, give contact details that don't match, or bring documents that look new or inconsistent.

6. Record the verification

Record who was identified, the documents and numbers, the method, the date, and who did the check, and keep copies as your rules allow.

7. Refuse or report when needed

If you can't verify a client, don't proceed. Report suspected fraud to your licensee, the lender and the authorities your rules name.

Caution: Don't tell a client you suspect them of fraud or that you've made a report, where your rules prohibit it.

8. Re-verify when things change

Re-verify when a client returns after a long time, details change, or you have any doubt.

Records

- The identification record for every person, with the documents, method and date, kept for as long as your rules require.
- Copies of identity documents, stored securely and only as your privacy rules allow.
- Records of escalated concerns and any reports made.
- Staff training records for client identification.

Related documents

- Mortgage loan file checklist
- Privacy policy
- Fraud and suspicious matter reporting procedure

- Broker file audit checklist

Revision history

Version	Date	What changed	Approved by