Why UK Sanctions Review Recommendations Lack Substance

By **Lloyd Firth, Fred Saugman and Alice Lepeuple** (June 27, 2025)

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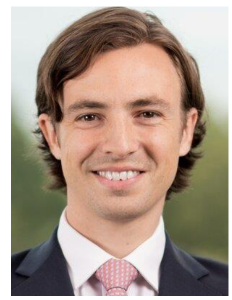

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On May 15, the U.K. government published the conclusions of its cross-government review of U.K. sanctions implementation and enforcement.[1]

Launched in October 2024 and led by the Foreign, Commonwealth and Development Office in collaboration with sanctions departments and agencies,[2] the review makes recommendations to facilitate compliance with U.K. sanctions, increase deterrence against breaches, and invigorate the cross-government tool kit of sanctions enforcement.

We analyze those recommendations here and conclude that they are unlikely to deliver the U.K. government's ambitions, stated in the review, which are to "support the private sector to understand and comply with sanctions" while "punish[ing] serious breaches with large fines or criminal prosecution."

Facilitating Compliance

The review identifies the following four government actions to facilitate compliance by U.K. nationals and companies operating within the U.K. by ensuring that they understand which sanctions are in place and how to comply:

- Creating additional guidance for, and increasing engagement with, sectors less familiar with sanctions compliance;
- Updating sanction pages and statutory guidance on gov.uk to make it clearer and better structured;
- Consolidating the U.K. sanctions list and the consolidated list of asset freeze targets into a single sanctions list for all U.K. designations; and
- Delivering measures to provide further clarity on ownership and control.

The review does not indicate which sectors have been identified as less familiar with sanctions or how it proposes to engage with those sectors.

One option would be for the U.K. government to draw inspiration from the Joint Money Laundering Intelligence Taskforce, or JMLIT, and create a public-private sanctions partnership.

JMLIT brings together more than 200 members from a broad spectrum of law enforcement, regulators and private sector companies to exchange information, detect money laundering threats and develop responses to those threats.

The National Economic Crime Centre, which hosts JMLIT, estimates that between 2015 and 2024, JMLIT activity resulted in 8,100 account closures, 391 arrests and the restraint of £248 million ($341 million).

Another, perhaps more accessible action to drive engagement would be the creation of a U.K. sanctions compliance hotline to address queries regarding compliance with the various sanctions regimes. Allocating sufficient resources to the Office of Financial Sanctions Implementation to enable it to reactivate its contact telephone line, which has been suspended for months due to OFSI's incapacity to deal with the high number of queries it was receiving, would be a welcome first step.

Alternatively, the U.K. government could take inspiration from the U.S. Office of Foreign Assets Control and its online compliance hotline, which provides guidance on how to comply with its administered sanctions programs.

It remains to be seen whether the U.K. government's commitment to increased engagement will result in tangible support for the sectors that most need it.

Increasing Deterrence

The review proposes steps to increase deterrence by underscoring the impact of noncompliance. It recommends the following:

- Publishing sanctions enforcement action and disruptions regularly to take advantage of so-called teachable moments;
- Publishing a governmentwide sanctions enforcement strategy;
- Developing an early civil settlement scheme for breaches of financial sanctions for public consultation; and
- Developing an accelerated civil penalty process for certain financial sanctions breaches for public consultation.

Regular publishing of sanctions enforcement actions requires constant and vigorous enforcement activity. OFSI's enforcement data demonstrates neither regular nor vigorous enforcement activity: Since January 2022, OFSI has concluded seven enforcement actions — an average of two per year.[3]

Of those actions, four resulted in the imposition of fines of less than £30,000 and two were concluded without the imposition of a financial penalty. Two of the enforcement actions related to failures to respond to requests for information from OFSI rather than to substantive sanction breaches.

The seventh action, which resulted in a fine of £465,000 being imposed on Herbert Smith Freehills CIS LLP, which self-reported to OFSI a breach committed while winding down its Russian operations, might well have the contrary effect of deterring companies from self-reporting.

Developing an early civil settlement scheme for breaches of financial sanctions will promote cooperation only if companies are sufficiently incentivized to engage with it, meaning that the scheme must be paired with a meaningful risk of OFSI unilaterally identifying, investigating and criminally enforcing against those sanctions breaches that are not self-reported.

This risk does not currently exist, as OFSI relies heavily on self-reporting for its enforcement actions.

HM Revenue & Customs already has the power to offer compound settlements for breaches of export controls in lieu of criminal prosecution under Section 152 of the Customs and Excise Management Act 1979. By contrast, the U.K. agencies responsible for the civil enforcement of sanctions do not have the power to agree settlements for sanctions cases.

The Prudential Regulation Authority introduced its own early account scheme in February 2024. Under the scheme, companies apply to participate and conduct their own investigation into the alleged breaches within a six-month period in exchange for an enhanced settlement discount of up to 50%.

Invigorating Cross-Government Toolkit

The review recommends invigorating the cross-government toolkit by:

- Exploring ways to clarify reporting requirements and channels, including the viability of a single reporting point for suspected sanctions breaches; and
- Updating the Public Interest Disclosure (Prescribed Persons) Order 2014 to enable whistleblowers to make protected disclosures to relevant government departments in relation to financial, transport and certain trade sanctions.

A single reporting point would be a welcome step. Like the central sanctions compliance hotline mentioned, however, it would require adequate resourcing to translate the reports into effective investigative and enforcement action.

The U.K. government has taken swift legislative action to extend the existing U.K. whistleblowing regime to include reports of suspected sanction breaches. The Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2025, which comes into force at the end of June, adds the secretary of state for business and trade, the secretary of state for transport and HM Treasury to the list of entities to which whistleblowers can make protected disclosures.

The review follows HMRC's introduction of an informant incentive scheme in March and a commitment by the Serious Fraud Office to "progress whistleblower incentivization reform" as part of its 2025-2026 Business Plan, published in April.[4]

However, the review's summary of external engagement points to stakeholders' concerns that an incentivization scheme might result in a flood of so-called low grade reports that "detract …from more effective enforcement."

Yet, there is clear evidence that incentivizing whistleblowers can, as part of a comprehensive whistleblower framework, strengthen enforcement against financial crime.[5]

Once again, the U.K. government may wish to look across the Atlantic, where the U.S. FinCEN's anti-money laundering and sanctions whistleblower program awards the whistleblower between 10% and 30% of the financial penalty levied as a result of the report.

Awarding a percentage of the ultimate financial penalty to the whistleblower would discourage false, incomplete or trivial reports.

Indeed, in May, the Financial Crimes Enforcement Network director Andrea Gacki indicated that the program had received more than 270 unique tips since its inception in 2022, which included information "highly relevant to many of Treasury's top priorities," and "some of the most pressing policy objectives of the United States" including "Iran- and Russia-related sanctions evasion."[6]

Conclusion

Ultimately, the review makes welcome but unambitious recommendations for the improvement of sanctions enforcement.

Its recommendations are unlikely to result in a meaningful improvement of the ability of the U.K. agencies to investigate and enforce against egregious sanctions breaches by companies acting in bad faith.

The U.K. government could and should go further by creating a public-private sanctions partnership, increasing the funding for sanctions agencies, and developing a whistleblower incentivization scheme for sanctions breaches.

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[1] https://www.gov.uk/government/publications/sanctions-implementation-and-enforcement-cross-government-review-may-2025/cross-government-review-of-sanctions-implementation-and-enforcement.

[2] HM Treasury (HMT), the Department for Business and Trade (DBT), the Department for

Transport (DfT), HM Revenue and Customs (HMRC) and the National Crime Agency (NCA).

[3] https://www.gov.uk/government/collections/enforcement-of-financial-sanctions.

[4] https://assets.publishing.service.gov.uk/media/67ee4e86199d1cd55b48c6e8/SFO_2025-26__Business_Plan.pdf.

[5] See notably the Royal United Services Institute (RUSI) report by Eliza Lockhart, The Inside Track The Role of Financial Rewards for Whistleblowers in the Fight Against Economic Crime.

[6] https://whistleblowersblog.org/aml-rewards/aml-whistleblower-program-has-received-tips-highly-relevant-to-many-of-treasurys-top-priorities.