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CLIENT ALERT

UK Financial Crime Developments

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The UK's financial crime landscape is changing. This briefing covers several recent developments in financial crime investigations and enforcement, including:

- proposals for a "*fundamental recalibration*" of the UK's counter-fraud regime following a comprehensive independent review;
- increased focus by the FCA on financial crime enforcement, alongside an extension of non-financial misconduct rules to non-banks;
- the growing role of whistleblowing as a driver of internal and external investigations, together with increased momentum behind proposals to reward whistleblowers; and
- emphasis from policymakers and law enforcement on 'failure to prevent' offences, following on from wider reforms to the law on corporate criminal liability.

Fraud Reform: Independent Review of Fraud Offences

The UK Government has been urged to introduce sweeping reforms, following an independent, Government-commissioned review of the framework for detecting, investigating and prosecuting fraud. Fraud is now the UK's most prevalent crime – accounting for 44% of reported offending in England and Wales – and overwhelmingly digital.

Senior criminal barrister Jonathan Fisher KC has recently concluded the first independent review of fraud in 40 years. In a 280-page report published on 14 July 2026, he identifies a system that is structurally unequipped to tackle the growth of fraud, concluding that "*deterrence is almost non-existent*"*.* Calling for a "*fundamental recalibration*" of approach, he makes 47 recommendations for reform, several of which are far-reaching and likely to prove controversial.

The most significant recommendations for businesses include:

1. **Criminal liability for failing to prevent fraud on online platforms:** A new offence is proposed for tech companies which fail to implement reasonable procedures to prevent fraud on social media and other online platforms. Fisher likens this proposal to existing 'failure to prevent' offences, which require companies to take steps to prevent bribery, fraud or tax evasion by those who act on their behalf. In reality, however, it would create a wholly new type of corporate offence, applying where unrelated third parties commit fraud on a platform for their own gain. There are various practical challenges to the proposal, such as technical difficulties in identifying online fraud and jurisdictional enforcement issues. It is also unclear what 'reasonable fraud prevention procedures' would look like in this context and how this would interact with existing requirements, such as those under the Online Safety Act. For these and other reasons, we expect this recommendation to face substantial resistance.

2. **Anti-fraud levy:** Fisher also proposes a levy on online platforms to help fund counter-fraud initiatives. It would be modelled on analogous programmes, such as the Economic Crime Levy on banks and other large regulated businesses to support anti-money laundering efforts, and the Climate Change Levy on commercial energy consumers. These proposals are resisted by the online sector, but supported by other stakeholders such as banks which argue that they currently bear a disproportionate financial burden for compensating victims of fraud.

3. **Information sharing:** Fisher recommends that mechanisms for sharing intelligence about economic crime between the private and public sectors should be strengthened and formalised within statutory frameworks. Although the stated intention of this recommendation is to support public-private partnerships that already function informally – the Joint Money Laundering Intelligence Taskforce is cited as a successful example – this proposal could lead to additional obligations for businesses to disclose information to public authorities on a voluntary or compelled basis. On the other hand, information sharing about fraud risks should produce benefits to both the private and public sectors, and a statutory framework with clear rules and protections could assist with this. Fisher also proposes mechanisms to facilitate information sharing between public agencies, both within the UK and

internationally. The Government has already progressed action to reform economic crime information sharing by running a public consultation in March to May 2026, and we are likely to see further developments in this area.

4. **Making it easier for the SFO to obtain documents held overseas:** To help the Serious Fraud Office (SFO) overcome practical challenges in conducting cross-border investigations, Fisher recommends an expansion of the SFO's powers to require the production of documents so that they apply to: (i) foreign companies without a UK presence but with a "*sufficient UK connection*" (with guidance to be published on what this entails); and (ii) UK directors of UK companies who are based overseas. If implemented, this recommendation would expand the circumstances in which non-UK companies and UK directors could be required to provide documents in an investigation. It could also require multinational companies to review how they manage data that may be relevant to an SFO investigation. Implementation of this proposal would face a number of challenges, however. For example, it is unclear how such powers would interact with mutual legal assistance processes, which involve important legal protections even if they can be time-consuming. Granting the SFO powers to compel the production of overseas material would also raise significant questions of sovereignty and international comity, including where the SFO targets material that is subject to statutory confidentiality or privilege under local laws.

5. **Incentivising whistleblowers:** Fisher also favours giving the SFO powers to financially reward those who provide information that leads to a conviction, which we discuss further below.

6. **DPAs for individuals:** Deferred prosecution agreements (DPAs) allow companies to avoid prosecution for serious economic crimes if they admit liability, pay a penalty and agree other terms. If a company agrees a DPA, individuals may be prosecuted separately as part of the same investigation, but in practice successful convictions are rare. Fisher recommends a separate DPA mechanism for directors and senior employees involved in serious economic crimes, on the basis that it would reinforce personal accountability, encourage cooperation and reduce the courts' caseload. This would bring the UK more in line with the US, where DPAs have long been available for individuals. Critics counter that there are already sufficient tools for individuals to reach out-of-court resolutions (such as early guilty pleas), individuals do not have the same incentives as companies to admit guilt to avoid a conviction, and offering DPAs to individuals will not cure the evidential and other challenges that prosecutors face when pursuing other individuals suspected of serious economic offences.

7. **New sanctions for foreign criminals:** While an estimated 70% of fraud has an international element, the investigation and prosecution of foreign nationals by UK law enforcement can be complex and time-consuming. Fisher recommends new penalties that could be imposed on foreign nationals linked to fraud against UK victims without requiring a full court proceeding, including asset freezes, travel bans and denying UK visas.

Fisher's report is currently being considered by the Government, which will publish a written response. While some of the proposals are likely to be contentious, we expect several of them to lead to action. Many of the recommendations would require primary legislation and a public consultation, meaning that any statutory reforms are likely to be some way off. However, following the Fisher review, businesses should be prepared for substantial changes to the counter-fraud regime within the medium term.

FCA prioritises financial crime

The FCA is sharpening its focus on financial crime enforcement and prevention. Fighting financial crime is a key pillar of the FCA's current five-year strategy (2025-30), in which it has committed to focus resources on financial crime investigations, support collaboration with the private sector and other public sector agencies, and improve awareness for consumers.

There are signs that this strategy is producing results. The FCA's latest enforcement data (2025/26) shows that 75% of its enforcement work is now focused on financial crime. In the past year, it issued 30 Final Notices and obtained 17 criminal convictions, charged 10 individuals, imposed fines of £130 million and achieved 137 outcomes using the FCA's intervention tools. As at March 2026, the FCA had 127 open investigations, of which 56 concern fraud and another 40 relate to other financial crime.

In its supervisory role, the FCA has also been pursuing a variety of initiatives aimed at preventing financial crime. For example:

- In July 2026, it published the results of a review of asset management and alternatives firms' financial controls, which found heightened financial crime risks in several areas, including widespread use of complex ownership structures, a large number of politically exposed persons in such firms' customer base, and gaps in control frameworks.

- Also in July 2026, the FCA published the findings of a review into financial crime controls at insurance companies, which identified several areas for improvement.

- In August 2026, the FCA announced an increased focus on the financial crime risks associated with 'Annex 1' firms (firms that need to be registered with the FCA for anti-money laundering purposes without full authorisation, such as unregulated lenders, safe custody providers, money brokers and financial leasing companies). The FCA has previously identified a high proportion of risk failures in such firms, having rejected 40% of Annex 1 firm applications in 2022/23. The collapse of unregulated lender MFS in early 2026 has provided further impetus for FCA action in this area.

The FCA's message to regulated firms is clear: financial crime controls need to be a priority and firms should expect any gaps to be scrutinised. Firms seeking FCA authorisation should also expect to be required to demonstrate that their financial crime compliance frameworks are up to standard.

Whistleblowing in focus

Whistleblowing is growing as a source for corporate investigations, both internal and external.

The FCA received 1,369 disclosures from whistleblowers in 2025/26, up 20% from last year. Over 93% of those reports had a tangible impact – more than 40% led to direct action, while a further 53% informed the FCA's wider work. The SFO received 335 whistleblowing disclosures in the same period, and has emphasised the importance of such disclosures to its intelligence work.

Meanwhile, we are seeing similar growth in internal investigations triggered by whistleblowing reports. Wider market data confirms this trend. For example, one recent survey found consistent increases in corporate whistleblowing since 2020, with a particular emphasis on cultural and governance issues, which often sit alongside allegations of fraud and other dishonest behaviour.

In parallel with this shift, whistleblower incentivisation is also gaining traction. This is a complex topic that has created long-running debate in the UK, although the advocates for whistleblower incentivisation have gained momentum in recent years. Two UK agencies (HMRC and the Competition and Markets Authority) are currently able to reward whistleblowers in certain cases. In November 2025, HMRC received new powers to incentivise those who report significant tax non-compliance (building on an earlier, more limited scheme), who may be entitled to up to 30% of the tax collected. The more-established and generous whistleblower reward schemes in the US are often referred to as a successful model (indeed UK nationals are the second-largest users of the US programmes) and continue to produce valuable intelligence for law enforcement. In one recent example, a former banker was convicted in a New York court in August 2026 for his role in a large-scale bribery scheme, following an investigation that started when an informant reportedly came forward under the SEC's reward scheme.

In its 2025 Anti-Corruption Strategy, the UK Government committed to explore opportunities to reform the whistleblowing framework, including through potential financial incentives. The SFO has been calling for some time for powers to reward whistleblowers, and has become increasingly vocal on this issue in recent years. The recent Fisher review supports the SFO's position and we may well see reform in this area. To protect whistleblowers and the integrity of the information they provide, Fisher also recommends new offences for knowingly making a false report under a whistleblower reward scheme, and for harassing or intimidating whistleblowers, plus an independent arbitration panel to review appeals and complaints by whistleblowers. If adopted, this proposal would likely increase the volume of whistleblower reports being made directly to the SFO (rather than, for example, via a company's internal reporting procedures for employees). This could increase the risks of SFO investigations or inquiries for companies, though the practical impact will depend on how any such scheme is designed.

Overall, there appears to be a shift in favour of whistleblower incentivisation in the UK and we expect this trend to continue. This is particularly the case with respect to the proposed introduction of a reward scheme for the SFO, but we may also see similar schemes proposed for other agencies. We also expect the upward trend in the volume of whistleblowing reports to continue, both within companies and externally. This in turn will likely lead to more internal and external investigations, particularly those which involve an element of cultural, governance or other workplace issues.

These dynamics add another source of exposure for businesses (whether the allegations are well-founded or not) and further impetus to ensure that corporate policies and procedures are adequate and being followed, and that internal whistleblowing procedures are fit for purpose. Given the costs of dealing with an external investigation, companies will need to ensure that their whistleblowing frameworks go beyond a mere tick-box exercise and are genuinely viewed by employees as an effective, independent and transparent mechanism for raising and resolving concerns, which is embedded in the corporate culture. Where employees use and respect internal processes, they may be less likely to make an external report before the internal process has been exhausted. The rise in whistleblowing, including external whistleblowing, may also impact how companies react once an investigation has commenced, such as by raising the prospect of a whistleblower 'going public', or by influencing the question of whether or when to self-report suspected wrongdoing to an external agency.

Corporate criminal liability and 'failure to prevent'

The UK has completed the most significant reform of the law on corporate criminal liability in 50 years, by extending the new 'senior manager' attribution test to all criminal offences. We discuss this major development in further detail here.

At the same time, the UK is leaning into 'failure to prevent' offences as another mechanism for making companies responsible for criminal conduct and for encouraging compliance improvements:

- Since its introduction in 2011, the failure to prevent bribery offence under s.7 of the Bribery Act 2010 has been by far the most common corporate bribery offence, demonstrating its effectiveness for prosecutors.

- The offences of failing to prevent the facilitation of UK and foreign tax evasion, introduced under the Criminal Finances Act 2017, have historically been criticised as a 'paper tiger' as no prosecution was brought under these offences for several years. However, HMRC is now signalling a renewed intention to pursue the corporate tax evasion offences. In August 2025, HMRC secured its first conviction for the UK offence. In June 2026, it announced increased enforcement activity in relation to the corporate offences, with 13 live investigations and a further 27 live opportunities under review.

- In September 2025, the new offence of failure to prevent fraud in the Economic Crime and Corporate Transparency Act 2023 (ECCTA) took effect – see our briefing here. While we are yet to see a prosecution under this offence, the SFO has indicated that it is an area of active focus. The new offence has also already had a significant compliance impact, with companies in scope taking substantial steps to ensure that their fraud policies and procedures meet the new requirements.

- As noted above, the Fisher review would go further still, by recommending a new type of failure to prevent fraud offence, which would apply when tech companies fail to prevent fraud on their online platforms.

Given the renewed interest in ‘failure to prevent’ offences by UK policymakers and law enforcement, businesses would be prudent to prepare for an increase in investigations under the existing offences. Most immediately, this involves ensuring that bribery, tax evasion and fraud policies meet statutory requirements.

New failure to prevent offences could also be on the horizon, although there appears to be limited appetite for this in the immediate term. During Parliamentary debate on the Bill which led to ECCTA, there were proposals to introduce a failure to prevent money laundering offence alongside the fraud offence. While those proposals were dropped at the time, ECCTA includes specific provision for the Government to create new failure to prevent offences – covering money laundering, dishonesty or fraud – by secondary legislation, without requiring a new Act of Parliament.

FCA extends non-financial misconduct rules to non-banks

Approximately 37,000 non-banking firms are now subject to the FCA’s rules on non-financial misconduct (NFM), following an extension of the regime from 1 September 2026. The rules do not apply retrospectively.

Under the FCA’s code of conduct and fitness and propriety rules, NFM – which includes bullying, harassment, violence and certain other types of workplace misconduct – is treated as a regulatory breach. NFM has been a particular focus for the FCA in recent years, though its rules in this area previously only applied to banks. In a significant extension of the NFM rules, intended to align the approach between banks and non-banks, non-banking firms that are subject to the Senior Managers and Certification Regime (SMCR) are now also required to comply with the NFM rules. The FCA has published new guidance to help firms apply the new rules.

<u>The NFM Rules in outline:</u>

- The NFM rules apply to conduct by an employee towards a colleague where either of them works in a part of the business that deals with financial services. They do not cover conduct in an employee’s private or personal life.

- NFM includes serious unwanted conduct that can broadly be described as bullying, harassment or violence.

- Firms are required to provide training to individuals subject to the NFM rules and to notify the FCA of any formal disciplinary action against an employee for a breach of the rules.

- Firms should also consider any relevant breaches when assessing the fitness and propriety of relevant individuals.

- The FCA expects non-banks that now fall within the scope of the NFM rules to have updated their approach to staff policies, conduct breach reporting, fit and proper assessments and regulatory references, and to ensure that staff understand how the changes apply to them.

The extension of the NFM rules may impact financial crime investigations where NFM and other cultural issues are alleged alongside financial misconduct, by adding further regulatory considerations for non-banks. All non-banking firms within scope will also now need to comply with the NFM rules. They will also need to notify the FCA when formal disciplinary action is taken for breach of the NFM conduct rules or where a fitness and propriety assessment is affected.

Key takeaways

UK financial crime enforcement is in a state of transition. Fraud, described by Fisher as "*the defining crime of our digital age*", is now a major priority for enforcement agencies, regulators and policymakers. Further legislative reform is also a real possibility, such as in relation to information sharing. Meanwhile, NFM and other cultural and governance issues are rising up the agenda, alongside (and driven by) a more active speak-up culture. This is already shaping the types of investigations businesses face, and may lead to reform in areas such as incentivisation and protection for whistleblowers.

Overall, these trends suggest that enforcement remains active, even as the priorities and approach of prosecutors, regulators and legislators are changing. Businesses will need to remain alert as the financial crime landscape continues to shift.

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