

Global Investigations Bulletin

The SFO's Revised
Cooperation Guidance
and Proposed
Whistleblower Rewards

Tipping off
under POCA: R
v Osmond

Upper
Tribunal's
decision in
Odey v FCA

Recent
news

Horizon
Scanning

Encouraging Early Disclosure: The SFO's Revised Cooperation Guidance and Proposed Whistleblower Rewards

Two significant developments were announced last week concerning the UK's approach to detecting and tackling economic crime. On 13 October, the Serious Fraud Office (SFO) announced amendments to its Corporate Cooperation Guidance, first published in April 2025 and discussed in our separate briefing linked [here](#). The key change is the introduction of a [new channel for corporates considering self-reporting to engage in early dialogue with the SFO](#). The previous day, on 12 October, the Government launched a [consultation on proposals for an SFO whistleblower reward scheme](#), under which individuals could receive rewards for providing information about economic crime that leads to a corporate conviction or other enforcement action, including a deferred prosecution agreement (DPA).

Both initiatives reflect a common policy objective: to encourage the earlier disclosure of corporate wrongdoing and strengthen the SFO's ability to detect and investigate economic crime, against a backdrop of declining self-reports and DPAs.

While these are welcome objectives, they should be viewed in the context of the SFO's repeated efforts over the past decade to reinvigorate corporate engagement, which have yielded limited results. These latest initiatives offer a further opportunity to build momentum, but their success will ultimately depend on whether they lead to a meaningful increase in successful enforcement outcomes -

a result that has yet to materialise to any significant degree from the agency's previous efforts.

Changes to the SFO's Cooperation Guidance

The revised Guidance now expressly provides a mechanism allowing companies to explore the prospect of self-reporting before committing to a formal disclosure. A company's legal representatives can initiate the process by contacting the SFO's Director of Legal Services through a dedicated email address. Companies may remain anonymous at this preliminary stage and may be invited to a meeting to discuss a potential self-report. All contact will be documented, with the resulting note shared with the SFO's Intelligence Division.

This mechanism allows companies to explore key issues before making an irreversible self-report, including jurisdictional issues, whether another agency would be better placed to handle the matter and how the timing of a disclosure may be viewed. While the option of anonymity is welcome, it presents an inherent tension: a hypothetical discussion may yield limited case-specific assurances, whereas providing sufficient detail to obtain more meaningful guidance risks revealing the company's identity.

The revised Guidance also expands the non-exhaustive list of conduct the SFO considers cooperative. This now includes taking a proportionate, risk-based approach to

identifying the full extent of the offending. The expectation that companies make employees available for interview has also been extended, “where possible”, to former officers, employees, agents and consultants, whether based in the UK or overseas.

The timetable for DPA negotiations has also been refined. The April 2025 Guidance envisaged concluding negotiations within six months of the SFO issuing an invitation; the revised Guidance retains that target but measures the period from the company’s acceptance of the invitation to negotiate and qualifies it with “wherever possible”. The revised Guidance also expressly recognises that another agency may be better placed to handle a matter and that, where multiple agencies have an interest, responsibility should be allocated to the agency best placed to take it forward.

The core ethos of the Guidance remains unchanged: companies that self-report and fully cooperate will be invited to negotiate a DPA, save in “exceptional circumstances”. The revisions reinforce the SFO’s commitment to a more pragmatic and transparent approach to corporate engagement. However, whether and when to self-report remains a complex, fact-specific decision requiring careful assessment of the available evidence, potential consequences and associated risks.

Whistleblower Rewards

While the revised Guidance seeks to encourage companies to disclose wrongdoing, the Government’s proposed whistleblower reward scheme aims to incentivise individuals to bring information about economic crime to the SFO’s attention. The consultation marks a significant step towards introducing financial incentives for whistleblowers, a measure long advocated for by the SFO’s former Director. The key elements of the Government’s proposals are summarised below:

- Individuals providing “significant and original” information about economic crime that leads to a corporate conviction, or other enforcement action, would be eligible for rewards.
- Rewards would be funded from a proportion of the financial penalty or fine imposed on the company and

paid only following a successful outcome. The amount would fall within a prescribed range, taking into account factors such as the value of the information, the whistleblower’s cooperation, the timing of the disclosure and any involvement in the offending.

- Eligibility would be subject to criteria addressing, among other things, whether the individual was under a legal duty to report, was culpable in the offending, has a serious criminal conviction, is an authorised Covert Human Intelligence Source or obtained the information dishonestly.
- The Government is also considering new criminal offences for knowingly making false reports and harassing or intimidating whistleblowers who report under the scheme.

The proposals draw on the US Securities and Exchange Commission’s (SEC) whistleblower regime, a well-established model for financial incentives. Since its introduction in 2011, the SEC has awarded more than \$2.2 billion to 444 whistleblowers, with rewards typically ranging from 10% to 30% of monetary sanctions exceeding \$1 million. The US Department of Justice (DOJ) has also introduced a similar programme.

A UK scheme could have significant implications for corporate whistleblowing arrangements. Companies may need to reconsider how they support whistleblowers, investigate concerns promptly and fairly, and assess when to self-report. However, whistleblower incentives and corporate self-reporting need not conflict. Under the DOJ’s programme, for example, a company that self-reports within 120 days of receiving an internal whistleblower report may still qualify for a presumption of a declination. How the UK scheme will reconcile external reporting incentives with corporate cooperation remains to be seen.

The consultation closes on 8 January 2027, with the Government expected to publish its response later that year.

Tipping off under POCA: Key implications of *R v Osmond*

The Court of Appeal's decision in *R v Osmond* provides the first appellate guidance on the tipping-off offence under section 333A(3) of the Proceeds of Crime Act 2002 (POCA), clarifying its scope and the circumstances in which disclosures to clients may give rise to criminal liability.

The offence of 'tipping off'

The offence of tipping off under section 333A(3) of POCA is committed where:

- *a person discloses* that an investigation into suspected offences under Part 7 of POCA is being contemplated or is underway;
- the disclosure is likely to *prejudice* the investigation; and
- the information on which the disclosure is based came to the person in the course of a business in the *regulated sector*.

The regulated-sector requirement is defined by reference to Schedule 9 of POCA, which lists over 20 activities, including participation in financial or real property transactions. These include the buying and selling of real property or business entities.

As regards the mental element of the offence, a person does not commit the offence of tipping off if they do not know or suspect that the disclosure is likely to prejudice the relevant investigation.

Factual Background

Mr Osmond, a senior partner at Osmond and Osmond, acted for his long-standing client, James Ramsay, in connection with a £4 million loan towards the purchase of a Mayfair property. The transaction came to the attention of the Serious Fraud Office (SFO) during its high-profile investigation into ENRC. Although Mr Ramsay was not a suspect, the property was being purchased by the wife of an ENRC investigation suspect.

The SFO initially contacted Mr Osmond by telephone, seeking information and documents about his relationship with Mr Ramsay and the property purchase. It subsequently served a formal notice under section 2 of the

Criminal Justice Act 1987, requiring further documents and answers to specific questions.

The day after the initial call, and before the formal notice was issued, Mr Osmond informed Mr Ramsay of the SFO's enquiries. He later travelled to Malta to meet Mr Ramsay and continued discussing how to respond to the SFO's requests.

At trial, Mr Osmond was convicted of tipping off under section 333A(3) of the Proceeds of Crime Act 2002 (POCA). He was also convicted of forgery for creating and providing the SFO with a purported letter of engagement concerning the transaction that had never previously existed. Notably, he was also his firm's money laundering reporting officer (MLRO).

Key Issues for the Court of Appeal

The appeal centred on three principal issues:

(i) Which investigation was disclosed?

The Prosecution argued that the relevant investigation was the specific SFO investigation into the Mayfair property transaction. Mr Osmond, by contrast, contended that the disclosure concerned the wider ENRC investigation, which was already widely publicised and therefore could not give rise to a tipping-off offence.

Mr Osmond further argued that the trial judge had unfairly narrowed his case by effectively directing the jury that the relevant investigation was the one concerning the Mayfair property transaction. This, he submitted, improperly removed from the jury the factual question of which SFO investigation was relevant.

The Court of Appeal rejected this argument, holding that the judge's direction was necessary to ensure the trial was conducted efficiently and expeditiously. The Prosecution had made clear that its case concerned the investigation into suspected money laundering in connection with the Mayfair transaction, rather than the wider ENRC investigation.

For a disclosure to fall within section 333A(3) of POCA, it had to convey information that the recipient did not

already know. Although Mr Ramsay knew of the ENRC investigation, he was unaware of the separate investigation into the Mayfair property. The Court found no reason why an investigation could not constitute the subject of a disclosure for the purposes of section 333A (3) merely because it also formed part of a wider investigation. The property investigation remained distinct and capable of triggering the tipping-off offence.

(ii) **Did Mr Osmond receive the information in the course of a business in the regulated sector?**

Mr Osmond argued that the information concerning the SFO investigation had come directly from the SFO, rather than in the course of an activity within the regulated sector. The Prosecution contended that he had received the information in his capacity as a solicitor acting for Mr Ramsay in connection with a loan relating to the property transaction.

The Court of Appeal rejected Mr Osmond's argument, holding that the relevant consideration was not the source of the information, but the capacity in which he received it. As Mr Osmond had received the information while acting as a solicitor in connection with the property transaction, the fact that it originated from the SFO did not take it outside the scope of the regulated-sector requirement.

(iii) **Was the disclosure likely to prejudice the investigation?**

Mr Osmond argued that the SFO had failed to establish that the investigation had suffered any prejudice or that the information and documents provided to the SFO had been affected by his disclosure to Mr Ramsay.

The Court of Appeal confirmed that the legislation does not require the Prosecution to prove that the disclosure actually prejudiced the investigation. The test is whether prejudice was likely at the time of disclosure. Accordingly, the absence of actual prejudice does not provide a defence to the offence. The Court further observed that disclosing an investigation to its target is inherently likely to prejudice it, given the risk that evidence may be destroyed or compromised. This sets a relatively low threshold for the Prosecution to satisfy.

Practical implications for regulated firms

The Court of Appeal's judgment provides an important reminder that communications with clients following contact from law enforcement require careful consideration. In particular:

- *Do not assume that public knowledge of a wider investigation removes the risk.* Disclosing the existence of a previously unknown, specific investigation may still constitute tipping off.
- *Consider the capacity in which information was received.* The fact that information originates from an investigating authority does not, of itself, exclude the regulated-sector requirement.
- *Assess the risk of prejudice at the time of disclosure.* Actual harm to an investigation need not be demonstrated, so the absence of apparent consequences should not be treated as establishing that a disclosure is permissible.
- *Maintain a clear record.* Firms should document the information received, the assessment of any tipping off risk and the reasoning behind decisions about whether and how to communicate with clients.

Corporate Criminal Liability: a further consideration

Although *Osmond* concerned the criminal liability of an individual, its implications may extend to regulated firms. Section 250 of the Crime and Policing Act 2026 (CPA) introduced a new corporate attribution rule (discussed in our separate briefing linked [here](#)), under which an organisation may be held directly liable for an offence committed by a senior manager acting within the actual or apparent scope of their authority.

Accordingly, where a senior manager commits the tipping-off offence, section 250 of the CPA could, in principle, expose the firm to criminal liability for the same offence. The Court of Appeal's clarification in *Osmond* of the scope and application of the offence may therefore have implications not only for the criminal liability of individuals, but also for the potential criminal exposure of the firms on whose behalf they act.

Upper Tribunal's decision in Odey v FCA

The *Upper Tribunal has upheld the FCA's decision to prohibit Crispin Odey from working in financial services*, while reducing the financial penalty imposed.

The Tribunal found that Odey had lacked integrity by frustrating internal disciplinary proceedings relating to allegations of sexual misconduct. The case was decided on grounds of integrity and governance, rather than on the underlying non-financial misconduct (NFM). However, the FCA's new *NFM regime, which came into force on 1 September 2026*, gives the decision added significance: allegations of this kind may now fall more directly within the FCA's enforcement remit, rather than serving merely as background to other misconduct findings.

What happened?

Mr Odey was the founder and majority owner of Odey Asset Management LLP (OAM), as well as a fund manager required to be certified as fit and proper. He was therefore both a controller of the firm and a certification employee subject to the FCA's Individual Conduct Rules.

Following an internal investigation into allegations of inappropriate behaviour towards female employees, OAM's Executive Committee (ExCo) issued Mr Odey with a final written warning (FWW), imposing conditions on his future conduct.

Concerns subsequently arose that he had breached those conditions, prompting a further investigation and a disciplinary hearing to consider his potential dismissal. Before the hearing took place, Mr Odey used his powers as a majority shareholder to remove the ExCo, appoint himself as its sole member and indefinitely postpone the proceedings.

A second ExCo was subsequently appointed to resume the disciplinary process, but Mr Odey again removed it and reinstated himself as the sole member.

Upper Tribunal's Findings

The FCA's case rested on five allegations that Mr Odey had breached Individual Conduct Rule 1 (ICR 1) by failing to act with integrity. The Tribunal upheld all five allegations, finding that his conduct demonstrated a lack of integrity across several aspects of OAM's governance, disciplinary processes and regulatory compliance.

The judgment serves as a useful reminder of the breadth of the regulatory concept of integrity. Drawing on established authorities, the Tribunal reiterated that a lack of integrity does not necessarily require dishonesty:

recklessness may suffice, including where an individual appreciates a risk but unreasonably proceeds regardless.

(1) Interference with the disciplinary process

The FCA alleged that Mr Odey frustrated OAM's disciplinary process for his own benefit by removing the two ExCos. Mr Odey denied acting without integrity, arguing that he had legitimate grounds to believe the process was predetermined and that the ExCo members would unfairly dismiss him, potentially forcing the firm to close. He maintained that, as OAM's majority owner, he was entitled to intervene in the firm's interests, particularly in what he characterised as an existential crisis. He also alleged that the FCA was targeting him and exerting undue pressure on OAM and the ExCo members.

The Tribunal rejected these explanations, finding that the concerns Mr Odey relied upon were neither his primary nor his contemporaneous motives for removing the ExCo members. His actions therefore could not be justified by the reasons he advanced.

(2) Reckless disregard for governance

The Tribunal also found that Mr Odey had acted with reckless disregard for OAM's governance arrangements and its regulatory obligations. By consolidating control of the firm's governing body while retaining his fund management responsibilities, he created significant governance deficiencies and conflicts of interest. In particular, the arrangements meant that risk management and whistleblowing concerns involving Mr Odey could ultimately be escalated to a committee of which he was the sole member.

The resulting concentration of authority also left OAM with a single governing decision-maker, contrary to SYSC 4.2.2R, which requires a firm's business to be managed by at least two appropriately qualified individuals. Further, the arrangements undermined the functional and hierarchical separation between risk management and fund management required by FUND 3.7.2R. The Tribunal did not regard these shortcomings as merely technical breaches.

(3) Risk of entrenching inappropriate culture

The Tribunal further agreed that Mr Odey's conduct risked entrenching an organisational culture in which inappropriate behaviour towards female employees was normalised and employees were discouraged from raising concerns.

The Tribunal was careful to distinguish the issues before it from the underlying allegations of sexual misconduct, emphasising that Mr Odey was not on trial for that alleged misconduct. Nevertheless, those allegations remained relevant as background and context for assessing the significance of his conduct and its potential implications for OAM's culture and willingness to address concerns.

(4) / (5) Threats, pressure and misleading representations

The Tribunal also found that Mr Odey had threatened members of the ExCo in an attempt to prevent the disciplinary process from proceeding, made misleading representations to members of the firm and investors, including regarding his reasons for appointing himself as its sole member, and falsely told an FCA employee that a more senior FCA official had agreed to postpone the disciplinary process.

These findings further supported the Tribunal's conclusion that Mr Odey had acted without integrity.

FCA Penalties

While the Tribunal agreed with the FCA's substantive conclusions, it reduced Mr Odey's fine from £1.835 million to £1.529 million following an adjustment at Step 3 of the FCA's penalty calculation, which accounts for aggravating and mitigating factors.

The FCA had applied a 20% uplift because Mr Odey removed the second ExCo despite knowing of the FCA's concerns about his removal of the first. The Tribunal, however, disagreed with the uplift on the basis that the aggravating factors were offset by Mr Odey's cooperation and steps to restore a properly constituted ExCo. The Tribunal also expressed concern about double counting, as the seriousness of his conduct, including the repeated behaviour, had already been accounted for at an earlier stage of the calculation.

This is the latest in a series of Upper Tribunal decisions upholding the FCA's substantive findings while reducing the penalties imposed, reinforcing firms' ability to challenge and argue for reduced penalties by reference to the full context of the case.

What does it mean for firms?

The judgment is a reminder that governance arrangements must remain effective even when the interests or conduct of a controller or senior manager are themselves in question. Firms should ensure that governance and oversight functions can operate independently, that compliance, risk, HR and

whistleblowing functions have clear escalation routes outside the usual management chain where necessary, and that ownership rights remain distinct from the management of a regulated business.

These lessons are particularly relevant to founder-led firms and those with smaller, more centralised management structures. However, the broader message applies to all regulated firms: governance must be effective in practice, not merely on paper, particularly when those in positions of power are the subject of scrutiny.

Recent news

SFO Round-up: Disclosure Failings Persist; LIBOR and EURIBOR Convictions Overturned; Investigation Closures and ENRC Settlement; Proceeds of Crime Guidance; and Search for New Director

Against the backdrop of the SFO's revised Cooperation Guidance and proposals to introduce whistleblower rewards, discussed above, a number of other significant developments are also shaping the agency's enforcement landscape.

A follow-up [inspection published by HM Crown Prosecution Service Inspectorate \(HMCPPI\) on 8 October 2026](#) found that, although the SFO has made meaningful progress in strengthening its disclosure practices since 2024, significant weaknesses remain. In particular, none of the cases charged in the preceding two years had undergone the recommended independent disclosure review shortly before charge. The handling of legally privileged material also continued to present substantial risks. HMCPPI made two further recommendations, requiring pre-charge disclosure reviews in every relevant case and monthly updates on the review of legally privileged material by October 2027. The SFO has responded that a process introduced in early 2026 will ensure that all cases receive pre-charge peer reviews. The findings nevertheless underscore that disclosure remains a significant and unresolved challenge for the agency, despite its efforts to strengthen its procedures.

The SFO has suffered a further setback following the Court of Appeal's decisions to overturn six convictions arising from its prosecutions for alleged LIBOR and EURIBOR manipulation. The ruling follows last year's Supreme Court decision to overturn the convictions of Tom Hayes and Carlo Palombo, discussed in our previous briefing linked [here](#). The Supreme Court found that the juries had been misdirected on the issue of dishonesty, having been told that trading-related advantages automatically rendered the relevant submissions dishonest. This deprived the juries of the opportunity to determine whether the defendants had intended to make false or misleading submissions. In the subsequent appeals, the SFO did not oppose five challenges brought by individuals convicted at trial, but contested the sixth, brought by a former Deutsche Bank trader who had pleaded guilty. Only one former trader now remains convicted: a former Barclays

trader who was also an original whistleblower in the case and has since applied for permission to appeal his conviction. The outcome of these cases represents a significant further reversal of the SFO's LIBOR and EURIBOR enforcement efforts.

The SFO has [closed its investigation into Signature Group's](#) suspected £140 million property investment fraud, which left more than 1,000 investors facing potential losses. The agency concluded that there was no realistic prospect of conviction. Separately, more than a decade of litigation between the SFO and Kazakh mining group ENRC has concluded with a settlement. The dispute concerned allegations of misconduct by the SFO in the opening and handling of its now-closed bribery investigation into ENRC. That investigation was discontinued in 2023 without charges, with the SFO citing insufficient admissible evidence. The settlement brings an end to the protracted dispute, but its financial implications remain unclear. The terms have not been disclosed, including the extent of any payment by the SFO towards the \$290 million in damages pursued by ENRC.

On 10 August 2026, the SFO published what it describes as [statutory guidance](#) on proceeds of crime, which in substance summarises its enforcement activity in this area between August 2023 and August 2026. The publication highlights the range of powers available to the agency under the Proceeds of Crime Act 2002 (POCA), including the recovery and confiscation of criminal assets, civil recovery proceedings, applications to revisit confiscation orders when further assets are identified, and enforcement of restraint orders through contempt proceedings. The examples cited illustrate the breadth of this activity. They include recovering funds for victims rather than paying them to HM Treasury; obtaining an unexplained wealth order in respect of a £1.5 million Lake District property suspected of having been purchased with the proceeds of fraud; and securing additional confiscation orders after previously unidentified assets came to light.

[Applications have opened](#) for the next Director of the Serious Fraud Office (SFO), following Nick Ephgrave's departure announcement in January, that he would leave the role halfway through his five-year term. Graham McNulty has led the agency on an interim basis since then. The nine-month interval before the recruitment process began has not been publicly explained. Given the usual vetting requirements, a permanent appointment is unlikely before early 2027.

CPS Strengthens Oversight of Private Prosecutions

The Crown Prosecution Service (CPS) has updated its *guidance on private prosecutions*, introducing a more structured process for deciding whether to intervene in criminal proceedings brought by private parties. The revised guidance strengthens governance, increases oversight by the CPS Special Crime Division and clarifies requirements concerning disclosure, extradition, costs and victims' rights. Where the CPS is asked to intervene, a reviewing lawyer must now prepare a written assessment of whether the Full Code Test is met, explaining the reasons for any decision to take over, discontinue or decline to intervene. Decisions must also be endorsed by a Chief Crown Prosecutor, Deputy Chief Crown Prosecutor or relevant head of division. The changes do not affect the right to bring a private prosecution or substantively alter the legal test for CPS intervention. Instead, they strengthen the oversight and accountability surrounding these decisions.

FCA Round-Up: Motor Finance Hearing Set for February 2027; Caceis UK Censured; Enforcement Action on Integrity and Pension Advice; Court Action over Unauthorised Activity; and Investigation into Euro Exchange Securities

The Upper Tribunal has *scheduled a nine-day hearing, commencing in February 2027*, to consider challenges to the FCA's motor finance compensation scheme. The hearing had initially been provisionally listed for either December 2026 or February 2027. The Tribunal has permitted the parties to adduce expert economic evidence and ordered the FCA to disclose further data and analysis, including material relating to its redress calculations.

The *FCA publicly censured Caceis UK*, Crédit Agricole's UK asset-servicing subsidiary, after finding that it failed to respond adequately to warnings about WealthTek's unauthorised handling of client assets and did not promptly resolve transaction-monitoring alerts. WealthTek entered administration in 2023 amid a criminal investigation into its director over the alleged embezzlement of more than £64 million. Caceis agreed to make a voluntary payment of £31.7 million to WealthTek clients. In recognition of its substantial cooperation and the payment, the FCA did not impose a fine, which it said would otherwise have been £23 million.

Pension transfer advice remains one of the highest-risk activities from a regulatory perspective, as illustrated by two recent FCA enforcement cases highlighting shortcomings in advice, conflicts management and oversight.

- The *Upper Tribunal has upheld the FCA's findings against Heather Dunne and Richard Fenech*, a director of Financial Solutions Midhurst Limited (FSML), concerning flawed defined benefit (DB) pension transfer advice and inadequate oversight. The Tribunal found breaches of APER Statements of Principle 1, 2 and 7, relating to integrity, due skill, care and diligence, and the effective organisation and control of a firm's affairs. Both individuals were also found to have acted dishonestly by providing the FCA with a backdated appointed representative (AR) agreement during its investigation. Consistent with other recent Upper Tribunal decisions scrutinising FCA penalty calculations, the Tribunal substantially reduced Dunne's fine from approximately £400,000 to £41,230 and Fenech's from £271,000 to £16,046. It found that the FCA had overstated the scale of unsuitable advice and incorrectly characterised aspects of Fenech's conduct as reckless.
- In a separate case involving pension investments, the *FCA fined and prohibited Mr Hadjigeorgiou* from holding senior management or other significant influence functions in regulated financial services. The FCA found that he had breached APER Statement of Principle 6 by failing to exercise due care, skill and diligence. In particular, he failed to ensure that conflicts of interest, inducements and investment due diligence were appropriately managed when SVS Securities plc (SVS) invested customers' pension funds in high-risk, illiquid bonds while receiving significant commissions from product providers. He also failed adequately to challenge SVS's application of a 10% markdown to customers' fixed-income investments on disinvestment, despite recognising concerns about its fairness. The change was inadequately disclosed and generated approximately £359,800 for SVS at customers' expense.

In another enforcement action concerning integrity, the *FCA fined and prohibited former Dolfín Financial chief executive Denisz Nagy and finance director Sanjay Maraj, and issued a prohibition decision against co-founder Roman Joukovski*, in connection with a £35.5 million

scheme designed to circumvent UK investor visa rules. The scheme enabled at least 99 individuals to obtain visas without making the required £2 million investments. Joukovski has referred the decision to the Upper Tribunal, meaning the findings against him remain provisional pending its determination.

The FCA has also *fined and prohibited Paul Taylor, former chief executive of Blue Horizon Asset Management, and Esmeralda Toni*, its former managing director, from working in financial services following findings of dishonesty in attempted acquisitions of a UK bank and Reading Football Club. Taylor was fined £489,000 and Toni £121,200 after misleading statements and falsified documents claimed ownership of a €200 million bond portfolio. The FCA found that both had acted dishonestly to mislead colleagues, counterparties and regulators, breaching their obligations to act with integrity.

The FCA has brought *High Court proceedings* against Osborne Baldwin, trading as Hunter Jones and Hunter Jones Group, and its founder, Reece Mennie, over alleged unauthorised financial activity and the sale of loan notes. The FCA is seeking to prevent further unauthorised regulated activity and secure the return of investors' funds. The action illustrates the regulator's willingness to use court proceedings to address alleged breaches and protect investors.

The FCA has announced it is *investigating Euro Exchange Securities over suspected breaches of anti-money laundering regulations* between 2020 and June 2026, including inadequate risk assessments and controls. The firm entered special administration in June amid concerns over potential money laundering links within its network. This is the 8th investigation naming the firm announced by the FCA since its revised transparency proposals were implemented in June 2025.

Sanctions Round-Up: OFSI Issues £4.7m Fine; HMRC Intensifies Sanctions Enforcement

In one of the largest fines in recent years, OFSI fined *Citibank NA London Branch £4.7 million* for breaches of Russian sanctions, involving transactions worth approximately £19.7 million between 2022 and 2025. The breaches arose from systems and controls failures and human error, including inadequate screening of correspondent banking payments and failures to restrict accounts linked to designated persons. OFSI considered

the failures reasonably foreseeable given the bank's exposure to Russian sanctions risks. The penalty was reduced by 40% for cooperation and settlement, although the full voluntary disclosure discount was withheld because some breaches were not self-reported and other disclosures were delayed or incomplete. The case underscores the importance of robust, risk-based sanctions controls, including screening the full payment chain and checking applicable general licences before processing transactions.

HMRC has stepped up sanctions enforcement and now publicly names companies entering into compound settlements for trade sanctions and strategic export control breaches, aligning its approach with OFSI and OTSI. Recent cases include *Petrofac Facilities Management, which agreed a £569,000 settlement in June 2026* for breaches of Russia sanctions, and *Airbus Operations, which agreed a £6.4 million settlement in July* for export control breaches. Most notably, *Illumina Cambridge Limited agreed to pay £7.44 million in September* for supplying sanctioned goods between overseas group companies for onward export to Russia, despite no goods leaving the UK. This was HMRC's largest compound settlement to date, highlighting the potential reach of UK sanctions enforcement across international corporate supply chains.

FRC Round-up: Audit Enforcement, Investigation Closures and New Probes

The Financial Reporting Council (FRC) has announced a series of significant audit enforcement outcomes in recent months, reflecting its continued focus on audit quality, professional scepticism and the sufficiency of audit evidence.

Deloitte was fined £6.05 million for failures in its audits of Go-Ahead Group, including failing to challenge the retention of more than £30 million in public funds. *Forvis Mazars and its audit engagement partner were fined £577,125 and £33,412* respectively over deficiencies in the 2021 audit of Studio Retail Group, while *PwC and a former audit partner received combined fines of approximately £3.3 million for failures in the 2019 and 2020 audits of Babcock International*. Separately, *EY and its audit engagement partner were fined £1.197 million and £49,000 respectively*, and reprimanded over the 2021 audit of Made.com, with failings relating to going-concern

assessments and insufficient evidence supporting a deferred tax asset.

Alongside these sanctions, the FRC has expanded its investigative activity. It opened *investigations into KPMG's audits of Wood Group* and the conduct of two accountants in relation to the group's financial reporting, as well as into an individual accountant's conduct and the *audits of State Oil Limited (part of the Prax Group) by KPMG and PKF Littlejohn*. In contrast, the FRC closed its investigation into Deloitte's 2021 audit of Joules Group without taking enforcement action.

ICO Round-up: £12.7m Fine for Children's Data Protection Breaches; and Action Against Nuisance Linked to Motor Finance Claims

The Information Commissioner's Office (ICO) has confirmed a *£12.7 million fine against a social media platform* after it withdrew its appeal against the penalty imposed in 2023 for unlawfully processing children's personal data. The breaches included failing to identify and remove under-13s from the platform, provide clear information about how their data was used and obtain parental consent, despite an estimated 1.75 million UK children under 13 using the service in 2020. The platform has also withdrawn its appeal against an ICO information notice concerning its use of 13–17-year-olds' data in personalised content recommendation systems, allowing a separate investigation, launched in February 2025 amid concerns about children accessing potentially harmful content, to proceed.

Separately, the *ICO has executed search warrants* at premises associated with five companies across the UK as part of an investigation into nuisance marketing linked to motor finance claims. The companies are suspected of sending a combined 170 million text messages between September 2025 and May 2026, prompting more than 12 million consumer complaints. Investigators seized electronic devices and documents during coordinated operations in London, Bolton, Burnley, Liverpool and Swansea. The action forms part of a joint task force established by the ICO, FCA, Advertising Standards Authority and the SRA to tackle poor practices in the motor finance claims sector following the 2025 Supreme Court ruling.

Gambling Commission Enforcement

The Gambling Commission has secured significant settlements for failures in safer gambling and anti-money laundering (AML) controls. Betfred's owner, *Petfre (Gibraltar)*, agreed to pay *£900,000* after inadequate systems failed to identify and respond promptly to customers at risk of gambling-related harm, including one customer who lost £17,900 in 24 hours. Separately, three *Rank Group-owned casino operators were required to pay £5 million for deficiencies in AML controls*, enhanced due diligence and interventions with customers experiencing significant losses, and must undergo an independent audit of their AML and safer gambling arrangements.

Ofcom fines Telecoms Provider £28m

Ofcom fined a telecoms provider £28 million after finding that millions of customer calls were likely mishandled to delay or prevent customers from cancelling their contracts and switching providers. The investigation found that tactics included deliberately dropping calls, unnecessary transfers, repeated holds and failing to process cancellations, with more than one million customers required to repeat their requests because only certain retention agents could process cancellations. The investigation also found that a commission scheme effectively incentivised agents to engage in these practices, which breached Ofcom's consumer protection rules requiring cancellation procedures not to discourage customers from switching.

Tribunal Upholds Privilege Claims relating to Whistleblowing Investigation

The *First-tier Tribunal (Tax Chamber)* has upheld Barclays' claim to legal professional privilege over documents relating to an internal whistleblowing investigation, including a report and a tax opinion from City law firms, in proceedings brought by HMRC. The Tribunal found that the documents were created for the dominant purpose of obtaining or giving legal advice, that privilege had not been lost through circulation within the Barclays group or waived in subsequent Employment Tribunal proceedings, and that confidentiality—not maintaining a record of everyone with access—was the relevant consideration. However, the Tribunal rejected Barclays' claim to privilege over certain redacted passages in emails and interview notes, ordering their disclosure.

Horizon Scanning

What to look out for:

Judge-only trials retained for complex fraud cases

On 4 October, the Ministry of Justice announced that it had *abandoned plans for a broader expansion of judge-only criminal trials* under the Courts and Tribunals Bill, which is currently progressing through Parliament. However, it will retain proposals allowing certain exceptionally lengthy and complex fraud and financial crime cases to be heard by a Crown Court judge sitting alone.

The retained proposals would apply to specified offences, including fraud, bribery, money laundering and insider dealing. A case must have been listed for a preparatory hearing (a procedure used where the length or complexity of a case requires closer judicial management before trial), and the judge must be satisfied that the case is sufficiently technical and lengthy and that it would not be in the public interest for it to be heard by a jury. The decision would rest with the judge, with the usual right of appeal to the Court of Appeal preserved.

The government's partial retreat follows concerns about the implications of restricting jury trials for fairness and public confidence in the criminal justice system. Supporters of the remaining proposals argue that judge-only trials could make prosecutions involving complex financial evidence, intricate corporate structures and large volumes of digital material more manageable. Critics, however, question whether complexity justifies removing the jury's role in determining guilt, particularly where dishonesty is the central issue. Concerns have also been raised that the provision could be extended to additional offences through secondary legislation.

The remaining reforms are also to be fast-tracked, with the Bill's second reading in the House of Lords scheduled for 27 October.

Petrofac executives trial: D&O insurance in focus

The four-month trial of former Petrofac executives charged with bribery is scheduled to begin in November, following a short delay caused by the insurers' attempts to avoid liability under the company's directors' and officers' (D&O) insurance policy and cease funding the defendants' legal costs.

The Court of Appeal rejected the insurers' challenge, holding that they must continue to fund the defence costs until the relevant allegations are established by a final determination or formal admission. The decision highlights the importance of preserving defence-cost cover while allegations remain unproven.

Contact

If you would like to discuss any of the above in more detail, please contact your relationship partner or email one of our DI team.



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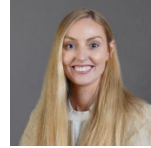


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