

OFSI's 10th Anniversary: A Decade of UK Sanctions Guidance and Enforcement

15 April 2026

31 March 2026 marked ten years since the United Kingdom established the Office of Financial Sanctions Implementation (“OFSI”), the United Kingdom’s dedicated financial sanctions enforcement agency and its answer to the U.S. Office of Foreign Assets Control (“OFAC”). Over the past decade, OFSI has evolved into a sophisticated enforcement body, drawing on international best practices while developing its own distinctive approach to financial sanctions compliance and enforcement. This Client Update examines the key developments that have shaped OFSI’s first decade and notes its impact on the United Kingdom’s business environment.

OFSI Highlights

When OFSI was established within HM Treasury in 2016, the United Kingdom’s sanctions enforcement landscape was markedly different. The agency has since undergone significant transformation, particularly following Brexit and the introduction of the Sanctions and Anti-Money Laundering Act 2018, which provided the United Kingdom with an autonomous sanctions regime. The Russian invasion of Ukraine in February 2022 served as a catalyst for further evolution, with OFSI rapidly adapting its processes to handle an unprecedented volume of designations and compliance queries.

General Licences: Adopting the OFAC Model

One of the most significant developments in OFSI’s approach has been the introduction of general licences, mirroring the practice long established by OFAC. Unlike specific licences, which are granted to individual applicants for particular transactions, general licences authorise categories of activity for all persons who meet the stated conditions without the need for individual application.

The granting of general licences represents a pragmatic acknowledgment that certain routine activities—including the payment of legal fees, the winding-down of pre-existing contracts or humanitarian transactions—should be authorised on a broader

basis. Since 2021, OFSI has issued 113 general licences. Although most general licences remain regime-specific, OFSI has begun issuing general licences that apply across various UK autonomous sanctions regimes. While some of these can be described as more routine in nature, for example, in relation to the general licence authorising payments from designated persons for certain legal services, OFSI has also started to use such general licences to reinforce certain UK policy priorities, such as providing a broad general licence to allow news media to operate in sanctioned countries.

General licences allow certain activities without the need for a time-consuming individual licence application. Entities seeking to do business that may be affected by UK sanctions should monitor OFSI general licences closely to assess whether they can rely on them, as doing so is likely to be more time- and cost-efficient.

Consolidated Guidance: U.S.-Style FAQs

From the outset, OFSI issued regime-specific sanctions guidance and later sector-specific guidance. However, this guidance was issued in separate documents, and this fragmentation initially made the guidance somewhat difficult to locate. On 1 May 2024, OFSI adopted a more centralised guidance with the introduction of a consolidated Frequently Asked Questions (“FAQ”) resource that collates interpretive guidance in a single, searchable location. The FAQ provides clarification on common interpretation and compliance questions, including ownership and control assessments, the scope of prohibitions and licensing procedures. While still short of the 1,200 or so FAQs maintained by OFAC, as of March 2026, OFSI had nonetheless issued answers to 144 questions, and it continues to add answers on a regular basis.

OFSI’s commitment to providing guidance on the UK sanctions regimes has also been illustrated by it taking the unprecedented step of published guidance on UK sanctions for non-UK businesses operating outside the United Kingdom. This guidance is notable in that it acknowledges the limits of UK sanctions jurisdiction, while highlighting the risk for companies not required to comply with UK sanctions of losing access to services and goods provided by UK and other international banks and suppliers.

Companies should be aware of and continue to monitor OFSI guidance, as it clarifies areas of UK sanctions that may otherwise be vague and may help companies ensure their sanctions compliance framework is fit for purpose.

Enhanced Enforcement Framework

In February 2026, OFSI updated its enforcement framework. This update included several key innovations, including the introduction of the following schemes:

- **Early Attestation Scheme:** Under the Early Attestation Scheme, corporates can agree to conduct a comprehensive internal investigation within an agreed scope, providing OFSI with a full and complete account of potential breaches together with all relevant materials and evidence. In return, companies may receive a penalty discount of up to 20%. This scheme incentivises early cooperation.
- **Settlement Scheme:** OFSI has also introduced a formal Settlement Scheme, under which companies who agree not to contest OFSI's findings (through waiving rights to ministerial review and appeal) and agree to be named in the case summary may be invited to negotiate the contents of the published case summary. The company would receive a 20% discount on the baseline monetary penalty.
- **Fixed Penalties for Procedural Breaches:** OFSI now imposes fixed penalties of £5,000 or £10,000 for information, reporting and licensing offences, including late reporting, incomplete licence compliance reports and failure to respond to information requests.

Where a potential breach is identified, organisations should assess the merits of voluntary disclosure promptly. Although OFSI reduced the maximum voluntary disclosure discount from 50% to 30% in its new enforcement guidance, early and comprehensive disclosure combined with full cooperation can still result in substantial penalty reductions, given that all discounting schemes—the voluntary disclosure and co-operation discount (which can lead to a penalty discount of up to 30%), the Early Attestation Scheme and the Settlement Scheme—can be used concurrently, giving rise, at least theoretically, to a maximum penalty discount of 70%.

OFSI issued its first penalty under the Settlement Scheme on 19 March 2026, when it imposed a penalty on an Irish subsidiary of a U.S. technology company. The penalty was noteworthy in that it showed OFSI's willingness to impose penalties on non-UK entities that breach UK sanctions by virtue of using UK financial institutions to conduct payments, even where the non-UK entity manages its account outside of the United Kingdom.

OFSI has also announced its intention to seek legislative changes that would double the maximum civil monetary penalties from the higher of £1 million or 50% of the breach value to the higher of £2 million or 100% of the breach value. While this change requires new legislation and is not yet in force, it signals OFSI's intent to pursue more substantial penalties in serious cases.

OFSI had originally suggested introducing a turnover-based approach to penalties, which would have brought the United Kingdom more in line with the European

Union's sanctions penalty harmonisation directive. Following consultation feedback, OFSI stated it would not pursue further changes to the penalty model at this time.

Companies who become aware of potential UK sanctions breaches should carefully consider the new enforcement framework and in particular the potential new significant advantages for early and full cooperation with OFSI.

OFSI Enforcement Actions

OFSI's civil enforcement toolkit is still relatively new. The power to impose monetary penalties for financial sanctions breaches was introduced by the Policing and Crime Act 2017 and was materially strengthened in March 2022, when the Economic Crime (Transparency and Enforcement) Act 2022 removed the requirement for OFSI to show that a person knew, suspected or had reasonable cause to suspect that it was in breach. For civil penalty purposes, OFSI now operates on a strict-liability basis.

Although the number of published OFSI penalty decisions is relatively modest, OFSI is continuing to build up its enforcement practice. As of April 2025, OFSI had 240 active cases, with an increasing proportion identified through non-self-reported sources. In 2024–25, OFSI took 57 enforcement actions spanning monetary penalties, warning letters, disclosures and referrals. In the same period, OFSI recorded 394 suspected breach cases and closed 214 cases.

The largest OFSI penalty to date remains the approximately £20.47 million penalty imposed on Standard Chartered Bank in 2020. Though many OFSI cases have involved much smaller penalties, the penalty amount can be many times greater than the value of the transaction that breached UK sanctions where the compliance failings are deemed to be sufficiently serious. Companies should therefore not interpret the relatively low penalty amounts as an indicator that OFSI will not impose large monetary penalties.

Importantly, OFSI has also shown an increasing willingness to publicise enforcement action even where it does not impose a monetary penalty. In August 2023, it used its disclosure power for the first time, publishing details of a breach by Wise Payments Limited without levying a civil monetary penalty. OFSI has presented that disclosure mechanism as part of its broader educational and deterrent toolkit, designed to signal expectations to industry and drive better compliance behaviour.

Looking ahead, the direction of travel is clearly toward more enforcement. OFSI describes its enforcement model as increasingly targeted, intelligence-led and proactive, and recent legislative changes have expanded mandatory reporting obligations to additional categories of "relevant firms," including high-value dealers, art market participants, insolvency practitioners and letting agents. These expanded reporting

obligations, combined with OFSI's growing case pipeline and greater reliance on non-self-reported intelligence, are likely to increase both the volume and visibility of enforcement action going forward. Companies should therefore ensure their sanctions compliance frameworks are sufficiently robust to meet OFSI's evolving expectations.

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