

OFSI Steps Up: The Future of UK Sanctions Enforcement

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In the past year, the UK Office of Financial Sanctions Implementation (OFSI) actively has focused on sanctions enforcement efforts, particularly with respect to Russia-related measures (Russia sanctions), including by increasing spending for enforcement resources and collaborating with international allies. This note summarises recent trends and expectations with respect to OFSI's enforcement priorities.

UK enforcement developments

Following a boost in funding of £50 million in March 2024, OFSI has been taking an increasingly proactive approach to sanctions enforcement, including through collaboration with sanctions authorities in other jurisdictions. For instance, in January 2025, OFSI and the US Office of Foreign Assets Control (OFAC) released a signed memorandum of understanding setting forth shared intentions with respect to implementation and enforcement of certain sanctions measures. Key measures highlighted in the memorandum include:

- Strengthening and maintaining ongoing collaboration between OFSI and OFAC.
- Establishing new alternative mechanisms to share information.
- Introducing coordinators to oversee personnel training and ensure proper data exchange.

Since February 2022, OFSI has investigated and closed 388 cases relating to possible breaches of Russia sanctions. In September 2024, OFSI issued its first, and to date only, monetary penalty relating to Russia sanctions against Integral Concierge Services Limited (ICSL) for the sum of £15,487.30. The penalty related to ICSL's provision of property management services provided to a person subject to an asset freeze and 26 payments relating to those services. In the Report of Penalty, OFSI stressed the importance of assessing sanctions-related risk, stating that:

'[T]he case highlights that it is essential for firms to understand their exposure to sanctions risks and take appropriate action to address it. ICSL served a client base of primarily Ukrainian and Russian individuals which, given the high profile of Russia sanctions following the invasion of Ukraine in 2022, should have led it to seek out a better understanding of its sanctions responsibilities. Firms serving high risk client bases should fully educate themselves on the risks (including properly engaging with OFSI's published guidance and seeking professional advice on their sanctions obligations if necessary).'

Additional penalty actions may be forthcoming in connection with ongoing Russia sanctions-related investigations, which, as of January 2025, were reported to be above 300.

OFSI also has imposed penalties and taken other actions in response to violations of other sanctions programs in the past few years, including the following:

- In February 2020, OFSI imposed a £20.47 million fine against Standard Chartered Bank for violating sanctions related to asset freezes against Iranian banks.
- In June 2021, OFSI fined TransferGo Limited £50,000 for unlawfully transferring funds to accounts held with the Russian National Commercial Bank, an entity subject to an asset freeze, in breach of applicable sanctions.
- In August 2023, OFSI published a report admonishing Wise Payments for failing to maintain compliance controls reasonably designed to prevent unauthorised account withdrawals. Cooley published an alert on this case.

Lessons and expectations for industry

OFSI's recent actions appear to signal an intent to enforce sanctions vigorously and across industry sectors moving forward, possibly in collaboration with allies, such as the US and the European Union.

Against the backdrop of heightened enforcement, businesses should prioritize sanctions-related risk assessments and the development and implementation of risk-appropriate systems and controls reasonably designed to promote compliance. This is particularly important for businesses whose global activities may be subject to sanctions jurisdiction under multiple regimes. These controls better enable businesses to identify and prevent unauthorised transactions that may be subject to government scrutiny and potential penalties. Further, sanctions compliance programs and policies often are considered favourably by regulators when assessing penalties and taking other actions, such as issuing public notices that can result in adverse reputational impact.

If you have any questions regarding your obligations or liability under UK sanctions, please reach out to the attorneys listed below.

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