

Sanctions: Fortnightly Summary



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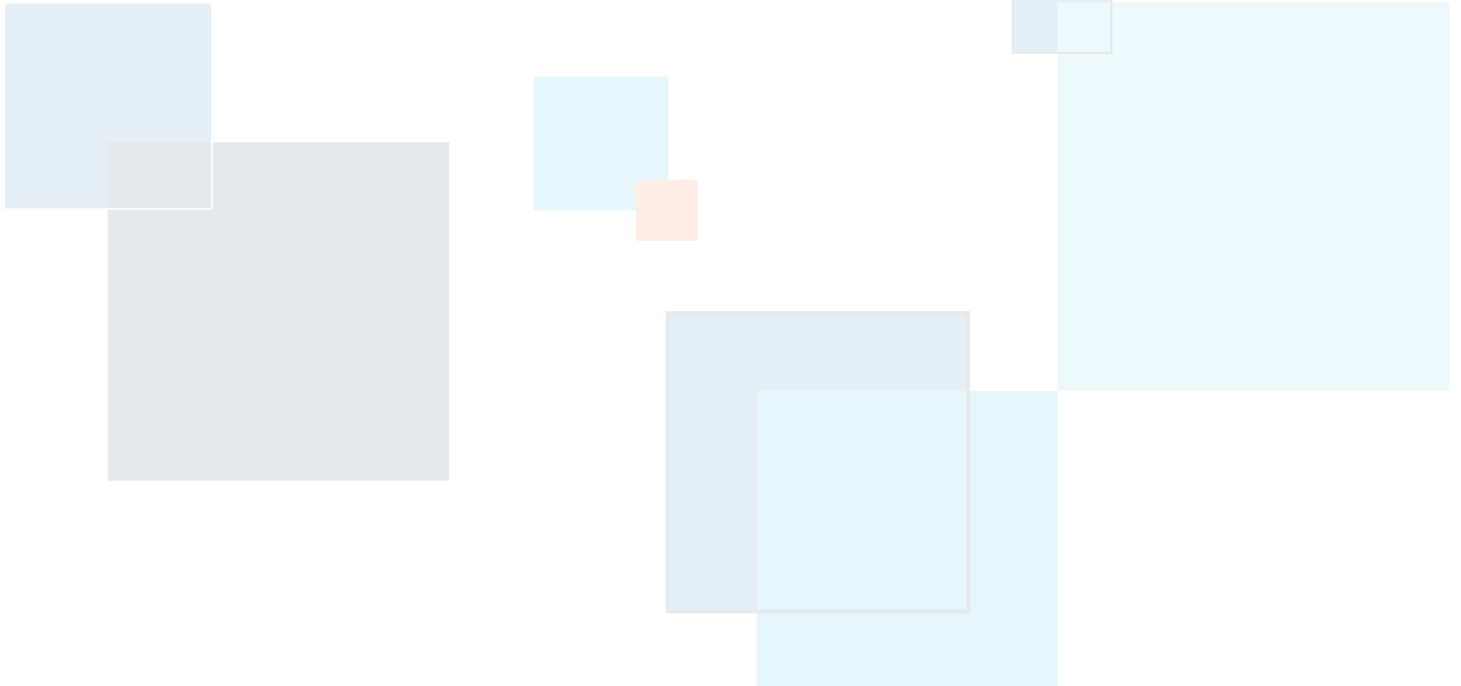
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Welcome to the BCL's first 2026 edition of the sanctions round-up, highlighting key UK and international developments in sanctions law and compliance.

This edition covers, amongst other matters, consideration of the UK's sanctions targeting Venezuela amidst the international coverage of the US's intervention, the purported use of UK statutory powers to board and detain 'shadow fleet' vessels, and the parliamentary debate questioning the effectiveness of the UK's 'Magnitsky' sanctions.

Enforcement

OFSI imposes a penalty of £160,000 for breaches of the Russia sanctions regime [\[OFSI penalty notice\]](#)

- On 26 January, OFSI published a notice regarding the imposition of a £160,000 penalty on Bank of Scotland (part of Lloyds Banking Group ("**LBG**")), a UK registered company, concerning breaches of regulation 11 and 12 of the Russia (Sanctions) (EU Exit) Regulations 2019 (the "Russia Regulations").
- The breaches involved 24 payments that the bank processed between 8 and 24 February 2023, to and from a personal current account held by a UK-designated person (the "**DP**"), totalling £77,383.39. The payments were processed by the bank because the DP, a British Citizen, used a UK passport for identification when opening the Account with Bank of Scotland. The name on the DP's UK passport contained spelling variations and a missing middle name compared with the OFSI Consolidated list, highlighting the risks of inadequate sanctions screening systems.
- LBG (on behalf of its subsidiary, Bank of Scotland) formally disclosed the breaches on 16 March 2023, which was deemed a prompt by OFSI as LBG notified them within two weeks of identifying the breaches. This led OFSI to apply the full 50% voluntary disclosure discount.
- On 28 August 2025, OFSI issued a Notice of Intention to impose a penalty of £175,000. Following representations made by LBG on 2 October 2025, on 10 November 2025, OFSI considered it appropriate to revise the final penalty amount from £175,000 to £160,000 (a penalty of £320,000 would have been imposed were it not for the voluntary disclosure discount).

OFSI publishes blog on clamping down on the abuse of crypto assets [\[OFSI blog\]](#)

- OFSI has announced that it has joined forces with the Crypto Cash Fusion Cell (CCFC) in tackling the abuse of crypto assets and associated money laundering activities.
- CCFC is a pilot, multiagency initiative, bringing together various UK law enforcement and regulatory partners such as the NCA, the MPS, HMRC, FCA, City of London Police and OFSI, who, through shared intelligence, target criminal funds linked to sanctions offences.
- OFSI states that members of the CCFC initiative are already involved in joint working collaborations against "specific, prioritised targets", resulting in action against potential breaches of financial sanctions involving crypto assets by UK-based individuals.

OFSI publishes consultation response to proposed reform of enforcement processes **[OFSI Blog] [OFSI consultation response]**

- OFSI has published its public consultation response on the proposed changes to enforcement processes following a cross-government review of sanctions implementation and enforcement in 2025.
- OFSI outlines that there has been a significant increase in the volume and complexity of enforcement investigations, chiefly prompted by the war in Ukraine. As of April 2025, OFSI was dealing with 240 active cases, which were being investigated (this was up from 172 in April 2023). OFSI aims to bring the number of active cases down, by prioritising, inter alia, the cases that have the highest seriousness, support specific wider objectives, and/or highlight weaknesses or vulnerabilities in firms or sectors.
- OFSI has set out the following five key improvements they aim to implement when enforcing against breaches and financial sanctions:
 - **Case assessment matrix and voluntary disclosure discount:** OFSI aims to provide more guidance on how OFSI assesses cases by publishing a new case assessment matrix, which is aimed at improving “transparency and predictability” of OFSI’s penalty processes. OFSI will also introduce a “Voluntary disclosure and co-operation discount”, available up to a maximum of 30% of the baseline penalty.
 - **Settlement Scheme:** OFSI will implement the option to resolve certain enforcement cases through settlements (which will reduce the time it takes OFSI to delivery enforcement action). Subjects who agree to settle with OFSI will be eligible for a 20% discount on the baseline penalty.
 - **Early Account Scheme (EAS):** If OFSI decides to take enforcement action against a subject who provides OFSI with a comprehensive account of a breach as early as possible, they will be eligible to receive an EAS discount of up to 20% on the baseline penalty (with efforts in expediting OFSI investigation being recognised).
 - **Information, reporting and licensing offences:** OFSI will introduce a streamlined enforcement process for information, reporting and licensing offences, with set penalties set out in public guidance, which will provide greater consistency and clarity.
 - **Statutory maximum penalty amounts:** OFSI will double the maximum penalty amount from £1m or half of the total value of the breach to the greater of £2m or the total value of the breach.
- OFSI have also announced that they will be moving to a model of greater dialogue with the subjects of their enforcement action (in some of the more serious cases OFSI may pursue). OFSI’s primary means for gathering information from subjects of their investigation will remain through writing. However, OFSI recognises that open dialogue and meetings with the subjects of their investigation might assist OFSI in a more effective way.

The UK government says it has legal authority, under the Sanctions and Anti-Money Laundering Act 2018 (SAML), to board and detain shadow-fleet vessels [\[BBC News article\]](#)

BBC News reported that government ministers are considering utilising legislative instruments, which they believe are available under SAML, in using military force in boarding and detaining UK-sanctioned tankers (“**Shadow Tankers**”).

The term ‘shadow tankers’ commonly refers to the clandestine network of the aged, unflagged, obscurely-owned and uninsured oil tankers, used by sanctioned states to bypass sanctions and price caps on oil exports (collectively “**the Shadow Fleet**”). There are currently over 500 sanctioned shadow tankers, reflecting a surge in Shadow Fleet operations since the imposition of sanctions on Russia, as well as other states affected by oil sanctions, such as Iran and Venezuela.

OFSI issued specific licence for funds from the sale of Chelsea FC, to be used for humanitarian causes in Ukraine

- In a response letter to the Foreign Affairs and International Development Committees, the Foreign Secretary, Yvette Cooper, outlined that on 17 December 2025, HM Treasury issued a specific licence to enable Roman Abramovich to transfer funds (proceeds from the sale of Chelsea FC) to humanitarian causes in Ukraine (i.e. making a donation).
- The licence, Ms Cooper said, now provides a legal route for Mr Abramovich to proceed with the donation. The context is the government’s stance in threatening to bring legal proceedings against him, alleging breach of an agreement reached with Mr Abramovich in 2022 that the sale proceeds of Chelsea FC be donated to humanitarian causes in Ukraine. [\[FCDO correspondence\]](#)

UK Government policy

Reminder: Move to a single list for UK Sanctions Designations, effective from 28 January 2026

- From 28 January 2026, UK designations will be listed solely on the UK Sanctions List (UKSL), following the retirement of OFSI’s Consolidated List of Asset Freeze Targets (Consolidated List).
- The move to a single UKSL for all UK sanctions designations follows industry feedback and a cross-government review of sanctions implementation and enforcement (published in May 2025), which recommended that the publication of multiple lists should end. The move to a single source of UK sanctions designations aims to provide clarity and consistency to the wider industry, with a view to simplifying compliance and reducing duplication.
- The existing UKSL is in the process of being upgraded with key features, including fuzzy search, ranked results, highlighted matches and improved download formats. Also, from 28 January, the FCDO will publish designation notices (a departure from the previously published OFSI notices). [\[Guidance\]](#) [\[Format guide\]](#)

Parliamentary commentary

Debate concerning strengthening the UK's Magnitsky-style sanctions on human rights abusers and corrupt actors [Hansard]

- Magnitsky sanctions are targeted measures, involving asset freezes, travel bans and other restrictions, imposed on individuals and entities said to be involved in human rights abuses and corruption, with the aim of providing accountability and deterring future violations. Magnitsky sanctions were inspired by a Russian lawyer, Sergei Magnitsky, who died in custody after exposing official corruption in 2009. The motion, as debated in the House of Commons, argued that while sanctions are vital for accountability, the UK government's use of these powers has been inconsistent and insufficient, with many credible perpetrators unsanctioned and enforcement weak.
- By way of context, the FCDO Minister, Stephen Doughty, stated that the current Government has laid 15 new sanctions statutory instruments, including a new regime on irregular migration, under which 32 designations have already been made, highlighting the fact that sanctions may be utilised in newer, thematic manners.
- The UK's "Magnitsky-style" sanctions operate through two regimes, The Global Human Rights Sanctions Regulations 2020 (the "**human rights regime**") and The Global Anti-Corruption Sanctions Regulations 2021 (the "**anti-corruption regime**"). Since introducing Magnitsky sanctions in the legislation passed in 2020, the UK has imposed 164 designations under the human rights regime and 65 under the anti-corruption regime. That makes a total of 229 Magnitsky-style designations, of which 60 relate to Russia and eight to China.
- The debate concluded with the following concerns being raised:
 - Magnitsky sanctions implementation has been inconsistent, insufficient, and lacking oversight;
 - enforcement and transparency around decision-making remain inadequate;
 - sanctioned individuals continue to exploit evasion methods;
 - there is an absence of a long-term strategy for the management and potential forfeiture of frozen assets, and a lack of clear criteria for delisting; and
 - the Government should strengthen the credibility of the Magnitsky sanctions regime through consistent and impartial application, enhanced enforcement, and by ensuring greater Parliamentary oversight.

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