



## What do you need to know about the new UK "failure to prevent fraud" offence?

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11 November 2024

The UK government has introduced a new corporate offence, the "Failure to Prevent Fraud" (FTPF), which will come into force on 1 September 2025. This offence, part of the Economic Crime and Corporate Transparency Act 2023 (ECCTA), aims to hold large organisations and their subsidiaries accountable if they benefit from fraud committed by an associated person and have not implemented reasonable fraud prevention procedures. The definition of a large organisation includes entities meeting two or more of the following criteria: a turnover exceeding £36 million, a balance sheet total over £18 million, or more than 250 employees.

The guidance, published on 6 November 2024, outlines procedures organisations can adopt to avoid liability. Key principles include top-level commitment, risk assessment, proportionate risk-based prevention procedures, due diligence, communication, and ongoing monitoring and review. The guidance emphasises that the absence of a risk assessment will be viewed negatively by prosecuting authorities.

The offence has a broad scope, applying to any fraud with a UK nexus, regardless of the organisation's location. It also encourages self-reporting and clarifies that compliance with other legislation, such as the UK Bribery Act 2010, may support but not solely constitute a reasonable procedures defence. The guidance is advisory, allowing organisations to tailor their fraud prevention measures accordingly. Practical steps recommended include identifying senior managers and associated persons, conducting risk assessments, updating policies, providing comprehensive training, and monitoring compliance. Failure to implement adequate measures could result in significant financial penalties.

This summary was based on a detailed [client alert](#) written by Rosanne Kay, Patrick Rappo, Emma Shafton, Christian Lally, Jamie Fryer and Jos Maesen.