

# Anti-corruption: UK government pushes for major shift in corporate culture

Alice Johnson, IBA Multimedia Journalist Monday 17 November 2025



In September, legislation came into force in the UK that aims to hold businesses to account if they profit from fraud committed by their employees. Under the new 'failure to prevent fraud' offence, a company will be liable where a specified fraud offence is committed by an employee or 'associated person' for the organisation's benefit and the business lacked 'reasonable' procedures to prevent it.

Following various large-scale, high-profile financial scandals that have resulted in numerous job losses, the UK government is keen to promote a corporate culture that's anti-fraud in nature. 'Next time there is a financial crisis, and a big institution is perceived to have behaved badly, the offence provides a mechanism by which they can be prosecuted as a result of the actions of their associated persons,' says Nick Barnard, a partner in Corker Binning's criminal and regulatory practice in London.

The government says the law will encourage organisations to implement and improve compliance, driving a major shift in corporate culture to help reduce fraud, which accounts for over 40 per cent of crime recorded against individuals in England and Wales. The legislation follows similar 'failure to prevent' laws introduced in previous years in relation to bribery and the facilitation of tax evasion.

In order to fall under the scope of the law, companies need to meet two of three criteria: they must have more than 250 employees, a turnover of above £36m and/or over £18m in assets. Fraudulent conduct covered by the legislation includes dishonest sales practices or the hiding of important information from consumers or investors. It also includes dishonest practices in financial markets.

Enforcement will be predominantly handled by the UK's Serious Fraud Office (SFO) and the Crown Prosecution Service (CPS), with penalties for breaking the law including unlimited fines, criminal convictions and significant reputational damage.

The failure to prevent fraud offence is expected to reshape business thinking about risk – from how a company may become a victim of fraud to how an organisation could benefit from it through the actions of their employees. For compliance professionals who already have experience of meeting the requirements of the other failure to prevent laws, the process of implementing organisation-wide fraud controls should be similar.

## Related links

- [News analysis: Anti-corruption: additional funding for UK's Serious Fraud Office 'a drop in the ocean'](#)
- [News analysis: UK deregulation is risk to financial stability and 'really concerning'](#)
- [In-House Perspective: Anti-corruption survey underlines ongoing challenges facing legal profession](#)

“The challenge around enforcement is to make sure that the SFO has the resources that it needs to take up those cases

Loydette Bai-Marrow

Former Investigative Counsel, UK Serious Fraud Office

'It's a big concern if you are a business of that size which is now thinking this is a major new risk because it's not just about falling victim to fraud, or maybe there will be some civil proceedings because [the organisation has] been sued by an unhappy counterparty, but [the company] might actually get locked into a criminal investigation which is going to last five to ten years,' says Barnard.

The broad scope of the offence is demonstrated by its extraterritorial reach and its definition of 'an associated person', which is wider than that attached to the other failure to prevent offences and includes employees, subsidiaries, contractors and suppliers. 'Non-UK businesses may want to assess their exposure to the UK more,' says Alex Swan, an officer of the IBA Business Crime Committee. 'It's not merely a question of do we have subsidiaries operating in the UK but to what extent does our business involve the UK and UK persons.'

Lloydette Bai-Marrow, a former investigative counsel at the SFO, says that, despite the law only targeting large companies, there will be a 'trickle-down effect' for small to medium sized enterprises (SMEs). It's therefore best practice for SMEs to establish robust anti-fraud measures. 'Small businesses by virtue of the legislation may be classed as associated persons,' says Bai-Marrow, who's also founding partner at Parametric Global Consulting. 'SMEs will need to be in a position to have their own processes in place to assure the large companies in scope that they not going to bring them risk'.

Alongside holding companies to account for defrauding the public purse or making false financial statements, the new rules on failure to prevent fraud also make greenwashing a criminal offence. Rebecca Dix is a barrister at 5 Paper Buildings and a former associate general counsel at the SFO. She says that, with increasing pressure to reduce carbon emissions, companies need to be careful to not make misleading or false statements about their environmental credentials. 'Fraud could potentially emanate from many areas of a business, but ultimately environmental and regulated sectors are at a high risk,' she says.

The Director of the SFO, Nick Ephgrave, has made investigating and prosecuting fraud a clear enforcement priority of the agency and said in a speech in April that he is 'very, very keen' to prosecute businesses who fail to comply with the failure to prevent fraud offence.

Bai-Marrow is clear about what the SFO needs to be able to achieve this. 'The challenge around enforcement is to make sure that the SFO has the resources that it needs to take up those cases,' she says. 'It's important to recognise that these cases take time and it's not going to be overnight'.

White-collar practitioners say that while prosecutions are important, the success of the failure to prevent fraud legislation shouldn't be measured by the number of companies prosecuted for alleged wrongdoing. 'What should be a measure of success is whether, across the board, compliance standards have improved,' says Barnard.

'If we look at the Bribery Act, whilst there hasn't been a huge amount of prosecutions, it has been incredibly effective in terms of changing culture or at least sensitising people to the risks around bribery,' says Bai-Marrow. 'If the failure to prevent fraud offence can do something similar it would count as a success.'

*Header image: Andrey Popov/Adobe Stock*