



# **BEHIND CLOSED BOOKS:**

**Money Laundering in UK  
Insolvency Proceedings**

March 2026

## Acknowledgements

This project has been funded by an ESRC Impact Acceleration Account (Award ES/X004406/1). The authors gratefully acknowledge this support, which contributed to the publication of this policy report.

We wish to thank the Insolvency Practitioners Association for their contribution to the development of this project as a non-academic partner, and the School of Law at the University of Leeds for their financial and logistical support. We are also grateful to the many stakeholders who participated in the discussions at the international conference *Behind Closed Books: Money Laundering in UK Insolvency Proceedings* held at the University of Leeds on 17 July 2025.

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First published March 2026.

Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of March 2026.

# Table of Abbreviations

<b>AML</b>	Anti-Money Laundering
<b>CDD</b>	Customer Due Diligence
<b>EDD</b>	Enhanced Due Diligence
<b>FCA</b>	Financial Conduct Authority
<b>FIN-NET</b>	Financial Crime Information Network
<b>HMRC</b>	HM Revenue & Customs
<b>ICAEW</b>	Institute of Chartered Accountants in England and Wales
<b>ICAS</b>	Institute of Chartered Accountants of Scotland
<b>IPs</b>	Insolvency Practitioners
<b>IPA</b>	Insolvency Practitioners Association
<b>MLRs</b>	Money Laundering and Terrorist Financing Regulations 2017
<b>MLRO</b>	Money Laundering Reporting Officer
<b>MPs</b>	Members of Parliament
<b>NCA</b>	National Crime Agency
<b>NRA</b>	National Risk Assessment
<b>OPBAS</b>	Office for Professional Body Anti-Money Laundering Supervision
<b>PEP</b>	Politically Exposed Person
<b>PBSs</b>	Professional Body Supervisors
<b>SAR</b>	Suspicious Activity Report
<b>SIS</b>	Shared Intelligence Service
<b>UK</b>	United Kingdom

# Executive Summary

## Background

This policy paper examines the money laundering risks and anti-money laundering (AML) challenges arising within UK insolvency proceedings. The central problem addressed is the increasing vulnerability of insolvency processes to criminal misuse, particularly where regulatory, supervisory, and professional safeguards prove insufficient.

**This matters because the misuse of insolvency facilitates the concealment of illicit funds and undermines the integrity of the insolvency system, distorts market functioning, and weakens public confidence in the broader financial and regulatory environment.**

According to the National Crime Agency (NCA), an estimated £100 billion is laundered through the UK economy each year, underscoring the scale of the challenge posed by insolvency-related risks.

Drawing on evidence presented at the international conference *Behind Closed Books: Money Laundering in UK Insolvency Proceedings* (University of Leeds, July 2025), supervisory reports, academic research, and stakeholder consultation, the paper identifies several structural vulnerabilities that make insolvency processes susceptible to abuse. Criminals may exploit insolvency through methods such as shell companies, phoenixing, and fabricated debt structures. These schemes can remain undetected where practitioners, supervisors, and enforcement bodies face constraints in information-sharing, resources, and coordinated intervention. While recent reforms, including the Insolvency Service's expanded AML mandate and the introduction of the Economic Crime Levy, represent steps forward, persistent gaps in compliance, oversight, training, and inter-agency data sharing continue to limit the effectiveness of the AML regime.

## Key findings

The paper identifies recurring weaknesses across the insolvency sector. For Insolvency Practitioners (IPs), customer due diligence (CDD) remains an area of concern: the Insolvency Service reported that five out of eight AML-related disciplinary actions in 2024 involved failures in CDD; while the Insolvency Practitioners Association (IPA) found that seven out of twelve real-life money laundering cases analysed involved CDD breaches.

Policymakers and supervisors face significant information-sharing challenges that affect the coherence and effectiveness of the AML regime. Horizontally, insufficient collaboration among Companies House, The Insolvency Service, HMRC, the FCA, NCA, and PBSs limits the sector's ability to identify risks and detect red flags. Vertically, information largely flows upwards through Suspicious Activity Reports (SARs), but downward feedback remains inadequate. As a result, IPs receive little insight into the outcomes of their SARs, PBSs cannot meaningfully risk-profile supervised populations, and practitioners are unable to learn from real cases to strengthen their practices.

A further set of challenges concerns the lack of consistency in the implementation of best practices across supervisory bodies. Despite initiatives led by OPBAS, supervisory approaches continue to vary in the scope of oversight, the quality of advisory notices, and the application of sanctions. Compounding these issues are resource constraints within both The Insolvency Service and PBSs, which limit their capacity to undertake detailed investigations or pursue robust enforcement. Finally, concerns remain regarding sanctions and transparency, as penalties are not always proportionate or sufficiently publicised to deter misconduct. In many cases, sanctions issued by PBSs are not widely communicated, reducing their deterrent and educational effect.

## Recommendations

For IPs, the paper calls for stronger risk-based CDD practices, closer engagement with AML training and outreach initiatives, and improved use of available intelligence tools. For supervisors, it proposes harmonising supervisory approaches across the sector, strengthening information-sharing frameworks, enhancing follow-up on SARs, and applying enforcement measures more consistently. For policymakers and MPs, the paper recommends reinforcing the AML regulatory framework, ensuring adequate funding for investigative and supervisory functions, granting greater supervisory powers where appropriate, and increasing parliamentary attention to the AML risks inherent to insolvency.

# Background

## The UK economy presents advantages for legitimate investors and vulnerabilities that criminals can exploit.

The ease of registering a company, low incorporation costs, and the perceived international prestige of setting up a UK-based company have made this jurisdiction particularly attractive to entrepreneurs.<sup>1</sup> While these features promote entrepreneurship and a vibrant economic environment, they also provide opportunities for abuse by criminals and professional enablers involved in money laundering.<sup>2</sup>

These risks exist within the context of one of the world's largest economies. In 2025, the UK's GDP reached £3,038 billion in cash terms,<sup>3</sup> with real annual growth of 1.3%,<sup>4</sup> reflecting a sizeable and globally connected marketplace that can both support legitimate economic activity and mask illicit financial flows. The scale of the country's corporate landscape further contributes to its attractiveness: between April 2024 and March 2025, Companies House recorded 801,864 new company incorporations,<sup>5</sup> even though this represented a 10% decline from the previous year.<sup>6</sup> By the end of the same period, the total register had grown to 5,427,787 companies,<sup>7</sup> underscoring the continuing appeal and accessibility of UK company formation.

Such a vast and fluid company population increases the risk of abuse, particularly where oversight is limited or can be circumvented. This is compounded by the volume of businesses ceasing to trade through formal insolvency procedures. In 2025, there were 23,938 registered company insolvencies in England and Wales, including 18,525 creditors' voluntary liquidations and 3,730 compulsory liquidations.<sup>8</sup> Notably, the insolvency rate remained at 1 in every 190 companies on the register,<sup>9</sup> indicating that while the absolute numbers are high, the expansion of the corporate register has diluted the rate relative to historical peaks.

Taken together, these factors illustrate why the UK remains an appealing environment not only for legitimate enterprise but also for illicit activity. The combination of a large and prestigious economy, an accessible and rapidly expanding corporate register, and steady insolvency turnover creates opportunities for misuse, ranging from the establishment of shell or front companies to the recycling of distressed entities through phoenixing. Recent studies highlight that criminals continue to exploit these structural features, with an estimated £100 billion laundered through the UK each year,<sup>10</sup> demonstrating the persistent and evolving threats that accompany the very characteristics that make the UK an attractive place to do business.

**According to the latest National Risk Assessment (NRA), one area of concern is the abuse of insolvency proceedings.<sup>11</sup>**

<sup>1</sup> HM Treasury and Home Office, *National Risk Assessment of Money Laundering and Terrorist Financing 2025* (17 July 2025) para 3.101 <[www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2025](http://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2025)> accessed on 28 February 2026.

<sup>2</sup> *ibid*, para 3.107.

<sup>3</sup> House of Commons, *Gross domestic product: Economic Indicators* (Research briefing 02783, 18 February 2026) <<https://researchbriefings.files.parliament.uk/documents/SN02783/SN02783.pdf>> accessed on 28 February 2026.

<sup>4</sup> *ibid*.

<sup>5</sup> Companies House, *Companies register activities April 2024 to March 2025* (29 July 2025) <[www.gov.uk/government/statistics/companies-register-activities-statistical-release-april-2024-to-march-2025/companies-register-activities-april-2024-to-march-2025](http://www.gov.uk/government/statistics/companies-register-activities-statistical-release-april-2024-to-march-2025/companies-register-activities-april-2024-to-march-2025)> accessed on 28 February 2026.

<sup>6</sup> *ibid*.

<sup>7</sup> *ibid*.

<sup>8</sup> The Insolvency Service, *Commentary - Company Insolvency Statistics December 2025* (20 January 2026) <[www.gov.uk/government/statistics/company-insolvencies-december-2025/commentary-company-insolvency-statistics-december-2025?ref=ed\\_direct](http://www.gov.uk/government/statistics/company-insolvencies-december-2025/commentary-company-insolvency-statistics-december-2025?ref=ed_direct)> accessed on 28 February 2026.

<sup>9</sup> *ibid*.

<sup>10</sup> National Crime Agency, *National Economic Crime Centre leads push to identify money laundering activity* (NCA, 17 May 2019) <[www.nationalcrimeagency.gov.uk/news/national-economic-crime-centre-leads-push-to-identify-money-laundering-activity#:~:text=The%20organisations%20were%20sending%20a,reaching%20consequences%20for%20us%20all](http://www.nationalcrimeagency.gov.uk/news/national-economic-crime-centre-leads-push-to-identify-money-laundering-activity#:~:text=The%20organisations%20were%20sending%20a,reaching%20consequences%20for%20us%20all)> accessed on 28 February 2026.

<sup>11</sup> Home Treasury and Home Office (n 1) paras 3.99 - 3.103, Box 3M.

For example, ‘shell’ or front companies can be established to facilitate criminal activity.<sup>12</sup> These entities may appear to operate as legitimate businesses, but they are used as vehicles to conceal the origins of illicit funds. Once the company has been established, criminals can exploit subsequent insolvency proceedings to launder their illicit capital. The impression could be that a business failed naturally in the market, when in fact funds had already been diverted.<sup>13</sup> Furthermore, perceived financial distress and the economic pressures surrounding it may discourage scrutiny of pre-insolvency financial flows due to resource constraints, urgency, or uncooperative directors.

Tactics such as ‘phoenixing’ further complicate the picture. For example, a company declared insolvent is replaced with a similar entity, sometimes with new directors or by moving assets to an existing shell company.<sup>14</sup> This method enables criminal enterprises to continue their activities under a seemingly new guise, while debts and liabilities remain with the insolvent entity, thereby facilitating money laundering.<sup>15</sup>

The risk of abuse of insolvency proceedings is mitigated by the UK Money Laundering and Terrorist Financing Regulations (MLRs) and by the professionals who implement them.<sup>16</sup> By offering accountancy or insolvency services that help disguise the illicit nature of funds, a professional may become involved in layering or integrating dirty capital into the legitimate economy.<sup>17</sup>

IPs are at the forefront of insolvency proceedings. As obligated subjects listed in the MLRs,<sup>18</sup> they can facilitate money laundering if they do not fulfil their AML obligations.<sup>19</sup> This can erode public trust in, and damage the reputation of, the insolvency sector in addressing financial distress.

IPs also have duties under the Statement of Insolvency Practice 2 (SIP2). SIP2 includes investigations into how the business was conducted, how trading was controlled, whether proper decisions were made, whether there was asset dissipation, and the conduct of the company’s directors and officers.<sup>20</sup> However, these investigations are expensive and require significant resources to uncover complex money laundering schemes, which often involve transferring funds across entities and jurisdictions. If the insolvency proceedings conclude without revealing the true nature of the transactions, the trail of criminal proceeds can be concealed.

Despite recent governmental efforts, such as the creation of an AML Intelligence Cell within The Insolvency Service,<sup>21</sup> gaps remain in detecting and addressing money laundering in corporate insolvency. Without stronger PBSs and Government oversight, and more effective compliance and engagement by IPs, the UK risks maintaining its reputation as a money-laundering hub, also harming the insolvency sector.

<sup>12</sup> HM Treasury and Home Office, *National Risk Assessment of Money Laundering and Terrorist Financing 2020* (17 December 2020), para 17.14 <[www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2020](https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2020)> accessed on 28 February 2026.

<sup>13</sup> Home Treasury and Home Office (n 1) para 3.103.

<sup>14</sup> *ibid.*

<sup>15</sup> *ibid.*

<sup>16</sup> HM Treasury and Home Office, *National Risk Assessment of Money Laundering and Terrorist Financing 2017* (1 October 2017) para 6.8 <[https://assets.publishing.service.gov.uk/media/5a755a1140f0b6360e4736f7/National\\_risk\\_assessment\\_of\\_money\\_laundering\\_and\\_terrorist\\_financing\\_2017\\_pdf\\_web.pdf](https://assets.publishing.service.gov.uk/media/5a755a1140f0b6360e4736f7/National_risk_assessment_of_money_laundering_and_terrorist_financing_2017_pdf_web.pdf)> accessed on 28 February 2026.

<sup>17</sup> ‘Criminals may mask the audit trail of money laundered through a company that has gone into liquidation. By providing insolvency services that disguise the funds and distance them from their source, the accountant may be involved in ‘layering’ of the illicit funds into the legitimate economy. In particular, member voluntary liquidations (MVLs) may be used by criminals as a tool to liquidate the assets of a business, owing to the IP not having any obligation to investigate the company’s affairs’. See Accountancy AML Supervisors’ Group, *AASG Risk outlook - circumstances where there might be high risk of money laundering, terrorist financing or proliferation financing in the accountancy sector* (22 July 2024) 17 <[www.icaew.com/-/media/corporate/files/technical/ethics/money-laundering/risk-outlook.ashx](https://www.icaew.com/-/media/corporate/files/technical/ethics/money-laundering/risk-outlook.ashx)> accessed on 28 February 2026.

<sup>18</sup> Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, SI 2017/692, Reg 8(2)(c).

<sup>19</sup> See IPA, ‘Understanding AML risk’ (IPA, 2025) <<https://insolvency-practitioners.org.uk/understanding-aml-risk-aml/>> accessed on 28 February 2026, where it states: ‘Therefore, when we talk about an Insolvency Practitioner’s AML risk, we are referring to both the Insolvency Practitioner’s risk of exploitation for money laundering and the risk that the Insolvency Practitioner may fail to identify (or reasonably suspect) money laundering where it has taken place’.

<sup>20</sup> Joint Insolvency Committee, *Statement of Insolvency Practice 2: Investigations by Office Holders (SIP 2)* (6 April 2016) <[www.icaew.com/-/media/corporate/files/regulations/insolvency/sips/eng-land/sip-2-e-and-w-investigations-by-office-holders-in-administrations-apr-2016.ashx](https://www.icaew.com/-/media/corporate/files/regulations/insolvency/sips/eng-land/sip-2-e-and-w-investigations-by-office-holders-in-administrations-apr-2016.ashx)> accessed on 28 February 2026.

<sup>21</sup> The Insolvency Service, *Insolvency Service Annual Report and Accounts 2023-2024* (23 July 2024) <[www.gov.uk/government/publications/insolvency-service-annual-report-and-accounts-2023-2024/insolvency-service-annual-report-and-accounts-2023-2024](https://www.gov.uk/government/publications/insolvency-service-annual-report-and-accounts-2023-2024/insolvency-service-annual-report-and-accounts-2023-2024)> accessed on 28 February 2026.

In addressing these AML issues, this policy paper outlines money laundering risks and AML implementation challenges and offers recommendations for IPs, PBSs, policymakers, and MPs. The policy paper is based on the Conference *Behind Closed Books: Money Laundering in UK Insolvency Proceedings*,<sup>22</sup> held at the School of Law, University of Leeds, on 17 July 2025. The Conference provided a platform for dialogue among IPs, academics, PBSs, and policymakers on the connection between the UK's insolvency proceedings and money laundering. The insights shared during the keynote, panel discussions, and roundtables highlighted issues and gaps in the current AML regime, informing the themes and recommendations included in this report.

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<sup>22</sup> University of Leeds, 'Behind Closed Books: Money Laundering in UK Insolvency Proceedings' (University of Leeds, 2025) <<https://essl.leeds.ac.uk/directories0/dir-record/research-projects/1318/behind-closed-books-money-laundering-in-uk-insolvency-proceedings>> accessed on 28 February 2026.

# Key findings

Key challenges identified are:

- The lack of IPs' compliance as AML gatekeepers in insolvency.
- Issues in AML governance and public/private partnerships affecting PBSs and policymakers.

## AML Obligations and IPs

Under Section 388 of the Insolvency Act 1986, IPs are professionals who manage businesses' financial distress.<sup>23</sup> IPs are also regulated for AML purposes, and they are listed as obligated subjects under Reg. 8(2)(c) of the AML Regs 2017.<sup>24</sup> Their AML obligations include, among others, CDDs, training, reporting, and record-keeping. At present, three PBSs oversee IPs: the Insolvency Practitioners Association (IPA), the Institute of Chartered Accountants in England and Wales (ICAEW), and the Institute of Chartered Accountants of Scotland (ICAS).<sup>25</sup> By January 2025, these regulatory bodies had issued a total of 1,504 licenses to IPs,<sup>26</sup> who need to comply with the MLRs.

### Recent findings from PBSs highlight persistent and emerging challenges in AML compliance across the insolvency sector.

For instance, the IPA reports that in 2023/2024, among 313 supervised IPs, five of 12 AML inspection visits found IPs to be either partially or non-compliant.<sup>27</sup> In 2024–25, the IPA imposed £48,000 in AML fines on eight supervised

firms, issued 18 Advisory Notices requiring immediate procedural or policy changes to ensure compliance with MLR 2017 and related requirements, and took disciplinary action against insolvency practitioners, issuing 11 Severe Reprimands, one Reprimand and one Warning.<sup>28</sup>

In 2024–25, ICAEW supervised insolvency practitioners as part of its wider AML supervisory population of approximately 9,500 firms. Across that population, it completed 1,185 monitoring reviews, required remedial action at 237 firms, imposed fines totalling £197,706 on 41 firms, and excluded three members for serious AML non-compliance.<sup>29</sup> ICAEW does not publish AML enforcement data disaggregated by practice area, so its figures reflect outcomes across all supervised firms, including those providing insolvency services. By contrast, the IPA's AML supervision relates exclusively to insolvency practitioners, and ICAEW disaggregated data would therefore assist in assessing sector-specific compliance among IPs.

In 2024–25, ICAS supervised more than 750 firms for AML compliance. Following monitoring visits conducted between 6 April 2024 and 5 April 2025, ICAS assessed firms against AML compliance standards, identifying

<sup>23</sup> The definition includes liquidator, provisional liquidator, administrator, administrative receiver, supervisor of a company or individual voluntary arrangement are included within the legal definition. See Insolvency Act 1986, s 388.

<sup>24</sup> ML Regs (n 18), Reg. 8(2)(c).

<sup>25</sup> The Insolvency Service, 'FOI IPs and Money Laundering regulations' Freedom Of Information release No. 113 (The Insolvency Service, 2 February 2022) <[www.gov.uk/government/publications/insolvency-service-foi-responses-october-to-december-2021/foi-113-ips-and-money-laundering-regulations](http://www.gov.uk/government/publications/insolvency-service-foi-responses-october-to-december-2021/foi-113-ips-and-money-laundering-regulations)> accessed on 28 February 2026.

<sup>26</sup> The Insolvency Service, Annual Review of Insolvency Practitioner Regulation 2024 (10 June 2025) <[www.gov.uk/government/publications/insolvency-practitioner-regulation-process-review-2024/annual-review-of-insolvency-practitioner-regulation-2024](http://www.gov.uk/government/publications/insolvency-practitioner-regulation-process-review-2024/annual-review-of-insolvency-practitioner-regulation-2024)> accessed on 28 February 2026.

<sup>27</sup> IPA, Anti-Money Laundering Annual Report 2023-2024 (2024) 15-16 <<https://insolvency-practitioners.org.uk/ipa-anti-money-laundering-annual-report-2023-24-published-1-november-2024/>> accessed on 28 February 2026.

<sup>28</sup> IPA, Anti-Money Laundering Annual Report 2024-2025 (2025) 16 <<https://insolvency-practitioners.org.uk/ipa-anti-money-laundering-annual-report-2024-25/>> accessed on 28 February 2026.

<sup>29</sup> ICAEW, Anti Money Laundering Supervision Report 2024–25 (2025) <[www.icaew.com/-/media/corporate/files/regulations/aml-supervision/aml-supervision-report-2024-25.ashx](http://www.icaew.com/-/media/corporate/files/regulations/aml-supervision/aml-supervision-report-2024-25.ashx)> accessed 28 February 2026.

varying levels of compliance and non-compliance and addressing deficiencies through remedial requirements, follow-up reviews, regulatory action and, where appropriate, disciplinary measures. Ultimately, ICAS's report focuses on supervisory and compliance assessment outcomes rather than on enforcement metrics.<sup>30</sup>

Notwithstanding the reporting inconsistencies, key challenges identified for IPs are (i) the failure to adequately conduct CDD checks, and (ii) the lack of engagement with training and outreach activities provided by PBS and governmental agencies.

## Failure to Complete Adequate Customer Due Diligence Checks

CDD checks are one of the main AML obligations, and the most recurring breaches among IPs. According to the latest NRA, poor CDD checks prior to establishing the business relationship and during monitoring remain among the most widespread compliance deficiencies.<sup>31</sup> Similarly, in 2024, The Insolvency Service reported that five out of eight disciplinary actions related to AML concerned failures in CDD checks.<sup>32</sup> The IPA confirmed that in 2024-2025, failing to conduct proper CDD checks was one of the most common breaches among IPs.<sup>33</sup> In particular, these failures were to (i) carry out CDD checks before the establishment of a business relationship, and (ii) to have clear AML policies explaining to staff the rationale and regulatory requirements of CDD checks.<sup>34</sup> The IPA reported real-life cases of money laundering, showing that seven out of 12 involved breaches of CDD duties.<sup>35</sup> The IPA also highlighted other CDD checks failures, including a lack of ongoing controls and updates after customer onboarding and a lack of clarity from the Money Laundering Reporting Officer (MLRO) regarding thresholds and

higher-risk elements that trigger Enhanced Due Diligence (EDD) checks.<sup>36</sup>

In this sense, IPs need to actively recognise when they are exposed to higher money laundering risks requiring EDD checks. For instance, if a client is a politically exposed person (PEP), EDD checks are required.<sup>37</sup> Similarly, companies that were dormant or set up just before receiving COVID-19 loans pose a higher money laundering risk.<sup>38</sup> Members Voluntary Liquidations are also high-risk proceedings - where an individual can set up a company, purchase assets with illicit funds, accumulate a tax debt, and then start liquidation proceedings.<sup>39</sup> Here, IPs could inadvertently sell tainted assets and clean them for the criminals.

## Lack of or Limited Engagement with Training and Outreach Activities

The IPs' ability to identify money laundering in their practice is key to an effective AML regime in insolvency. However, as emerged from the Conference's discussions, IPs often do not participate in or engage properly with training and outreach activities to improve their understanding and awareness. Since the Insolvency Act 1986 and the AML regime<sup>40</sup> are separate sets of regulations, IPs may not necessarily be familiar with AML obligations, and they may require further training to identify and report money laundering.<sup>41</sup> According to the IPA, the most significant risk for IPs 'continues to be that they are not fully aware of the warning signs, developing techniques and emerging risks'.<sup>42</sup>

In addition, insolvency proceedings with cross-border elements and specific industries' risks are particularly difficult to handle. IPs must identify and assess the money

<sup>30</sup> ICAS, Anti Money Laundering Supervision Report 2024/25 (2025) <<https://icas-com.uksouth01.umbraco.io/media/di5lztmo/icas-aml-supervision-report-2024-25-final.pdf>> accessed 28 February 2026.

<sup>31</sup> This observation was made in the accountancy service context. HM Treasury and Home Office (n 1) para 5.213.

<sup>32</sup> The Insolvency Service (n 21) Annex A <[www.gov.uk/government/publications/insolvency-practitioner-regulation-process-review-2024/annual-review-of-insolvency-practitioner-regulation-2024](http://www.gov.uk/government/publications/insolvency-practitioner-regulation-process-review-2024/annual-review-of-insolvency-practitioner-regulation-2024)> accessed on 28 February 2026.

<sup>33</sup> IPA (n 28) 15.

<sup>34</sup> *ibid.*

<sup>35</sup> IPA, 'Anti-Money Laundering Case Studies' (IPA) <<https://insolvency-practitioners.org.uk/anti-money-laundering-case-studies/>> accessed on 15 August 2025. See also IPA, 'Examples and case studies' (IPA) <<https://insolvency-practitioners.org.uk/examples-and-case-studies-aml/>> accessed on 28 February 2026.

<sup>36</sup> IPA (n 19) 23-24.

<sup>37</sup> ML Regs (n 18) Reg 33(1)(d). See also ACCA, Help sheet for IPs on the impact of sanctions (Technical Alert No. 01/2023, March 2023) para 21 <[www.accaglobal.com/content/dam/ACCA\\_Global/Technical/insolv/help-sheet-for-insolvency-practitioners-on-the-impact-of-sanctions.pdf](http://www.accaglobal.com/content/dam/ACCA_Global/Technical/insolv/help-sheet-for-insolvency-practitioners-on-the-impact-of-sanctions.pdf)> accessed on 28 February 2026.

<sup>38</sup> IPA, 'Indicators of Higher Risk of Money Laundering' (IPA, April 2024) 2 <<https://insolvency-practitioners.org.uk/anti-money-laundering-high-risk-indicators/>> accessed on 28 February 2026.

<sup>39</sup> *ibid.* 6.

<sup>40</sup> In particular, the Proceeds of Crime Act 2002 and the Money Laundering and Terrorist Financing (Amendment) Regulations 2019, which amended the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

<sup>41</sup> Caroline Clark, 'What insolvency practitioners need to know about suspicious activity reports (SARs)' (The Gazette, 26 February 2025) <[www.thegazette.co.uk/insolvency/content/104343](http://www.thegazette.co.uk/insolvency/content/104343)> accessed on 28 February 2026.

<sup>42</sup> IPA, '2022/2023 Sector-Risk Assessment' (IPA, 2023) 11 <<https://insolvency-practitioners.org.uk/aml-annual-report-and-sector-risk-assessment-news22/>> accessed on 28 February 2026.

laundering risks associated with insolvent companies, considering the unique vulnerabilities of each sector.<sup>43</sup> This adds substantial layers of complexity. For instance, firms regulated by the Financial Conduct Authority (FCA) that are experiencing financial distress must comply with specific regulatory requirements and guidelines.<sup>44</sup>

Compounding these challenges is the constantly evolving AML Regime. Between 2024 and 2025 alone, the IPA issued at least 26 AML regulatory alerts, each requiring IPs to adapt and update their practices.<sup>45</sup> Additionally, IPs are expected to apply a risk-based approach when determining whether insolvency assets may constitute proceeds of crime.<sup>46</sup> While this approach allows for professional judgment, it also introduces the risk of incorrect assessments if IPs lack adequate training and up-to-date knowledge on relevant benchmarks used to assess risk.

Training obligations lie with IPs<sup>47</sup> and PBSs.<sup>48</sup> PBSs are crucial in ensuring that legal, accountancy, and insolvency professionals safeguard the UK's reputation and economic integrity.<sup>49</sup> As explained, oversight of insolvency proceedings is shared among the ICAEW, IPA, and ICAS. These PBSs provide different guidelines, resulting in fragmented training.<sup>50</sup> In turn, IPs should identify their own needs and require effective training and advice from PBSs as part of their AML obligations.<sup>51</sup>

According to the IPA, members demonstrate a growing understanding of AML.<sup>52</sup> The increase in SARs' numbers indicates that training and education initiatives are having a positive impact.<sup>53</sup> However, the IPA's AML visits identified the lack of (i) training logs and (ii) tests assessing the effectiveness of training as remaining issues.<sup>54</sup> This highlights the need to regularly evaluate the effectiveness

of the training provided. In addition, training is necessary to improve the quality of submitted SARs.<sup>55</sup>

One key weakness in current AML training for IPs is its accessibility for small firms or sole practitioners. These may lack the knowledge and resources to implement AML measures and ensure their maintenance and updating.<sup>56</sup> If they do not have sufficient resources, small firms or sole practitioners might be less inclined or able to bear the financial burden of AML training. Moreover, in insolvency cases, practitioners are typically remunerated from the proceeds of the sale of the insolvent estate.<sup>57</sup> This means that if assets are lacking, IPs could be unpaid for their work in conducting CCD checks or preparing SARs. This financial risk discourages IPs from engaging with training or checks that may represent additional unrecoverable costs for their firm.

A further area of concern for training is the quality of SARs. While SARs are the cornerstone of the UK AML regime, they are designed primarily for banks and other financial institutions rather than IPs.<sup>58</sup> In this sense, the reporting mechanisms are often ill-suited to the specific circumstances of insolvency cases. Alongside this, practitioners often lack specialist resources or investigative tools. Without better resourcing and improved reporting mechanisms, IPs are left in a difficult position: responsible for identifying complex money laundering schemes but without the means to do so effectively. As a result, compliance becomes a tick-box exercise rather than a real tool against criminal activities.

As explained, PBSs play a crucial role in AML supervision and training internally (for their AML specialists) and externally (for their supervised population). The FCA

<sup>43</sup> ML Regs (n 18) Reg 18.

<sup>44</sup> FCA, Guidance for insolvency practitioners on how to approach regulated firms (FG 25/2, 2025) <[www.fca.org.uk/publication/finalised-guidance/fg25-2.pdf](http://www.fca.org.uk/publication/finalised-guidance/fg25-2.pdf)> accessed on 28 February 2026.

<sup>45</sup> IPA, 'News and Notifications' (IPA, 2025) <<https://insolvency-practitioners.org.uk/news-and-notifications/>> accessed on 28 February 2026.

<sup>46</sup> CCAB, Appendix F: Supplementary Anti-Money Laundering Guidance of IPs (May 2022) para F.3 <[www.ccab.org.uk/wp-content/uploads/2022/05/Insolvency-Appendix-FINAL-002.pdf](http://www.ccab.org.uk/wp-content/uploads/2022/05/Insolvency-Appendix-FINAL-002.pdf)> accessed on 28 February 2026.

<sup>47</sup> ML Regs (n 18) Reg 24.

<sup>48</sup> *ibid* Regs 46-47, 49.

<sup>49</sup> OPBAS and FCA, Anti-Money Laundering Supervision by the Legal and Accountancy Professional Body Supervisors: Progress and themes from our 2023/2024 supervisory work (September 2024) paras 2.40-2.43 <[www.fca.org.uk/publication/opbas/opbas-report-progress-themes-supervisory-work-2023-24.pdf](http://www.fca.org.uk/publication/opbas/opbas-report-progress-themes-supervisory-work-2023-24.pdf)> accessed on 28 February 2026.

<sup>50</sup> IPA, 'Insolvency Practitioner newsletter AML Digest' (November 2022) <<https://insolvency-practitioners.org.uk/iss-aml-training-and-ipa-learning-aml122/>> accessed on 28 February 2026; ICAEW, 'AML Resources' (ICAEW) <[www.icaew.com/regulation/aml-supervision/aml-resources](http://www.icaew.com/regulation/aml-supervision/aml-resources)> accessed on 28 February 2026.

<sup>51</sup> IPA, 'Resources for Members' (IPA) <<https://insolvency-practitioners.org.uk/resources-for-members-aml/>> accessed on 28 February 2026; ICAS, 'Technical Resources AML' <[www.icas.com/regulation-technical-resources/technical-resources/anti-money-laundering](http://www.icas.com/regulation-technical-resources/technical-resources/anti-money-laundering)> accessed on 28 February 2026.

<sup>52</sup> IPA (n 27) 4. See also IPA (n 19) 4.

<sup>53</sup> IPA (n 19) 4.

<sup>54</sup> *ibid* 16.

<sup>55</sup> OPBAS and FCA (n 49) paras 2.32 - 2.33.

<sup>56</sup> HM Treasury and Home Office (n 1) para 5.213.

<sup>57</sup> R3, 'Insolvency Fees' (R3) <[www.r3.org.uk/about-r3-insolvency-restructuring/about-insolvency-and-restructuring/the-insolvency-framework/insolvency-fees/#:~:text=This%20means%20insolvency%20practitioners%20report,affairs%20they%20are%20dealing%20with](http://www.r3.org.uk/about-r3-insolvency-restructuring/about-insolvency-and-restructuring/the-insolvency-framework/insolvency-fees/#:~:text=This%20means%20insolvency%20practitioners%20report,affairs%20they%20are%20dealing%20with)> accessed on 28 February 2026.

<sup>58</sup> See Simon D. Norton, 'Suspicious activity reporting in the United Kingdom and the United States: statutory obligations of auditors and optimal harvesting of information' (2024) 27(3) *Journal of Money Laundering Control* 432; Law Commission, Anti-money laundering: the SARs regime (Law Com, No 384/2019) <[https://cdn.websitebuilder.service.justice.gov.uk/uploads/sites/54/2025/12/6.5569\\_LC\\_Anti-Money-Laundering\\_Report\\_FINAL\\_WEB\\_120619.pdf](https://cdn.websitebuilder.service.justice.gov.uk/uploads/sites/54/2025/12/6.5569_LC_Anti-Money-Laundering_Report_FINAL_WEB_120619.pdf)> accessed on 28 February 2026.

reports that certain PBSs rarely offered targeted AML training and failed to consistently keep feedback and training records for their AML specialist staff.<sup>59</sup> In some cases, staff training records were incomplete, and PBSs could not provide evidence of any AML training given to their nominated officer.<sup>60</sup> Moreover, if supervisors do not dedicate sufficient resources and commitment to training members, this negatively affects IPs' AML compliance. These gaps can undermine the ability to supervise and provide effective training to the supervised populations. At the same time, other PBSs invest in comprehensive AML training and have established monitoring and feedback mechanisms,<sup>61</sup> demonstrating that more effective practices are possible and should be encouraged for all PBSs operating in insolvency.

Similar considerations apply to outreach activities conducted by PBSs. Although outreach AML-related activities are not legal obligations, they are useful initiatives to make sure that supervised populations are aware of their regulatory obligations, making complex information easier to digest.<sup>62</sup> According to the Conference discussions, IPs and the general public can be hesitant to engage, so PBSs must develop initiatives that are compelling enough to attract their attention. Outreach initiatives also demonstrate the role of PBSs in promoting AML, aligning their objectives with those of IPs, namely, preventing criminals from infiltrating the insolvency sector. The Office for Professional Body Anti-Money Laundering Supervision (OPBAS), which oversees PBSs, has noted that outreach enhances targeting of IPs and ensures that important AML messages are communicated and implemented in practice.<sup>63</sup> Conversely, when outreach efforts are limited or inconsistent, firms and individual practitioners are less likely to access timely, specific guidance, resulting in uneven AML training and weaker CDD practices.

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<sup>59</sup> OPBAS and FCA (n 49) paras 2.40-2.43, 'Less effective PBSs rarely offered targeted AML training, and did not consistently keep feedback and training records for AML specialist staff. We saw staff training records which, if they were kept at all, were not comprehensive or sufficiently detailed. One PBS could not provide evidence of any AML training given to the Nominated Officer, who also serves as the Single Point of Contact (SPOC)'.

<sup>60</sup> *ibid.*

<sup>61</sup> *ibid.*, 9.

<sup>62</sup> IPA offers webinars, event attendance, newsletters, a helpline, and even issues AML alerts and other educational resources on AML-related matters. See IPA, 'Membership overview and benefits' (IPA) <<https://insolvency-practitioners.org.uk/membership/membership-benefits/>> accessed on 28 February 2026. See also IPA (n 27) 4. ICAEW offers educational outreach programs, including webinars and the recording and distribution of an AML-related film titled 'All too familiar.' See ICAEW, Protecting Against Professional Enabling: Aml Supervision Report 2023/2024 (2024) 15 <[www.icaew.com/-/media/corporate/files/regulations/aml-supervision/aml-supervision-report-2023-24.ashx?](http://www.icaew.com/-/media/corporate/files/regulations/aml-supervision/aml-supervision-report-2023-24.ashx?)> accessed on 28 February 2026.

<sup>63</sup> OPBAS and FCA, Sourcebook for professional body anti money laundering supervisors (January 2023) para 4.16 <<http://fca.org.uk/publication/opbas/opbas-sourcebook.pdf>> accessed on 28 February 2026.

## AML Governance and Public/Private Partnerships

There is a need for more coordinated AML governance and stronger public/private partnerships in insolvency. On 16 July 2025, The Insolvency Service published a five-year strategy that expands its role in tackling ML.<sup>64</sup> The strategy sets out a stronger focus on enforcement, supported by increased funding from the ‘Economic Crime Levy’ collected by Companies House.<sup>65</sup> In terms of AML governance and partnerships, The Insolvency Service commits to working with HMRC and Companies House to identify individuals who abuse the insolvency framework or fail to meet their legal obligations.<sup>66</sup> Despite these recent developments, structural obstacles persist and continue to pose challenges for policymakers and supervisors in insolvency.

### Lack of Data Sharing

One of the most persistent difficulties, repeatedly raised at the Conference, is the lack of or limited information exchange among supervisors, law enforcement, and other stakeholders. Although OPBAS was created to improve cooperation between PBSs and agencies, its power remains limited, and it has no direct supervisory control over IPs.<sup>67</sup> These challenges have further negative consequences: even when IPs implement effective AML practices and identify money laundering issues, the response to their SARs may be limited if the information is not adequately shared or actioned at the supervisory level.<sup>68</sup>

While there are information-sharing platforms such as the FCA Shared Intelligence Service (SIS) and the Financial Crime Information Network (FIN-NET),<sup>69</sup> OPBAS reported that, until 2023, none of the assessed PBSs maintained fully effective intelligence and information-sharing ar-

rangements.<sup>70</sup> Case studies have shown both the problem and the potential. In one instance, a PBS investigating suspected AML failings by one member was only able to progress its inquiry after FIN-NET facilitated cross-border intelligence, obtaining crucial shareholder and beneficial ownership information from an offshore jurisdiction.<sup>71</sup> Without this intervention, the PBS’s investigation would likely have stalled. This underlines the importance of more systematic information-sharing practices among AML actors.

### Lack of Integration of Best Practices

Under the MLRs, PBSs are required to cooperate and coordinate activities with other supervisors, HMRC, and law enforcement agencies to implement AML measures.<sup>72</sup> Despite OPBAS’s efforts to encourage greater consistency, supervisory approaches remain uneven. Some PBSs provide extensive training and implement robust feedback mechanisms, whereas others fail to integrate lessons learned into supervisory practice.<sup>73</sup> The lack of a harmonised framework results in a patchwork of standards, leaving professionals subject to different expectations depending on their regulator.<sup>74</sup> This creates uncertainty about compliance requirements and weakens the deterrent effect of supervision.

### Lack of Adequate Funding

Resource limitations further undermine effective AML supervision. In 2023, it was reported that three out of six PBSs were not fully effective at resourcing AML teams.<sup>75</sup> In 2024, it was also observed that resource challenges negatively affected a PBS’s AML supervisory functions.<sup>76</sup>

<sup>64</sup> The Insolvency Service, Investigation and Enforcement Strategy 2026 to 2031 (2025) <[https://assets.publishing.service.gov.uk/media/687a4e71a8ee0c6e06f4529d/35.92\\_IS\\_Investigation\\_Enforce\\_Strat\\_2026-31\\_v10\\_PRINT.pdf](https://assets.publishing.service.gov.uk/media/687a4e71a8ee0c6e06f4529d/35.92_IS_Investigation_Enforce_Strat_2026-31_v10_PRINT.pdf)> accessed on 28 February 2026.

<sup>65</sup> *ibid* 8.

<sup>66</sup> *ibid* 7.

<sup>67</sup> IPA, ‘The IPA as a supervisory authority’ <<https://insolvency-practitioners.org.uk/the-ipa-as-a-supervisory-authority-aml/>> accessed on 28 February 2026.

<sup>68</sup> OPBAS, Anti-Money Laundering Supervision by the Legal and Accountancy Professional Body Supervisors: Progress and themes from our 2022/23 supervisory work (April 2023) para 3.31 <[www.fca.org.uk/publication/opbas/opbas-report-progress-themes-supervisory-work-2022-23.pdf](http://www.fca.org.uk/publication/opbas/opbas-report-progress-themes-supervisory-work-2022-23.pdf)> accessed on 28 February 2026.

<sup>69</sup> *ibid* para 2.9.

<sup>70</sup> *ibid*.

<sup>71</sup> OPBAS and FCA (n 49) 18.

<sup>72</sup> ML Reg (n 18) Reg 50.

<sup>73</sup> OPBAS (n 63) paras 3.5-3.11.

<sup>74</sup> *ibid*.

<sup>75</sup> Although the analysis covers the entire population of PBSs rather than just those that supervise insolvency proceedings, the findings on funding constraints remain applicable by analogy. See OPBAS (n 63) para 3.10.

<sup>76</sup> OPBAS and FCA (n 49) para 2.18.

This indicates a structural weakness: without sufficient resources, even the most effective AML strategies cannot be implemented successfully. This funding need also extends to IPs who require additional resources to conduct investigations that identify AML risks in the first place.

## Problematic Follow-up Procedures

The Conference discussions suggested that another area requiring improvement is follow-up and feedback after SAR submissions. Practitioners expressed frustration that they rarely receive meaningful updates once a SAR is filed, leaving them unsure whether their reports have contributed to enforcement outcomes. This lack of feedback discourages proactive reporting, turning AML obligations into a procedural rather than substantive exercise. For instance, during Conference discussions, it was noted that greater engagement followed the inclusion of positive feedback for IPs. Similarly, visiting the supervised businesses' premises yielded more productive and valuable information than online meetings. In turn, The Insolvency Service reports indicate that PBSs undertake follow-up actions as necessary after inspections or visits.<sup>77</sup> OPBAS reports that it provides feedback to supervisors during the post-assessment stage to achieve proactive engagement.<sup>78</sup> However, this is not the case when practitioners proactively report AML concerns.

Notably, OPBAS recently assessed PBSs' oversight on SARs submitted by their supervised populations and found that further progress is needed.<sup>79</sup> In particular, PBSs should provide more consistent and clearer guidance on the information practitioners must retain when submitting SARs, along with the rationale for doing so.<sup>80</sup> Strengthening this guidance and ensuring proactive engagement with practitioners is important, as evidence shows that feedback can directly improve the quality of SARs across supervised populations.

Effective supervision depends on timely, meaningful information sharing, which in turn enables supervisors to learn from real-world risks and refine their approaches. The relationship between the Financial Intelligence Unit and OPBAS illustrates this dynamic: both bodies generate intelligence, whether from SAR analysis or from cross-sector regulatory assessments. When shared, this intelligence can help PBSs identify effective practices, align supervisory expectations, and develop learning partnerships. Crucially, PBSs cannot reliably assess risks or supervise their members without understanding the outcomes of criminal investigations; even where prosecutions fail due to the higher criminal standard of proof, the same underlying conduct may still justify regulatory action on the balance of probabilities. The absence of such feedback prevents PBSs from developing targeted AML approaches, hinders the creation of sector-specific red flag indicators, and ultimately limits the profession's collective capacity to learn, adapt, and strengthen detection capabilities.

## Further Issues Around Sanctions and Transparency

Sanctions play a crucial role in strengthening AML compliance. However, The Insolvency Service reports that in 2024, only eight out of 74 disciplinary sanctions related to AML failures were enforced against the 1,504 licensed IPs.<sup>81</sup> These numbers (eight out of 74) indicate a light approach by PBSs in insolvency. OPBAS found that the number and value of fines issued by PBSs have declined in some sectors,<sup>82</sup> raising concerns that enforcement, both within and beyond insolvency, may not be an effective deterrent.

The Conference discussions also considered that publicised fines and press releases could serve as both deterrents and incentives,<sup>83</sup> signalling to firms the reputational costs of non-compliance while promoting a culture of transparency and good practices in the sector. While

<sup>77</sup> The Insolvency Service (n 21).

<sup>78</sup> OPBAS and FCA (n 49) para 2.7.

<sup>79</sup> OPBAS, OPBAS Suspicious Activity Report (SAR) project: Phase 1 findings, action taken and next steps (24 April 2025) 2 <[www.fca.org.uk/publication/correspondence/opbas-sar-project-phase-1-findings.pdf](https://www.fca.org.uk/publication/correspondence/opbas-sar-project-phase-1-findings.pdf)> accessed on 28 February 2026; OPBAS, OPBAS Suspicious Activity Report (SAR) project: Phase 2 themes and next steps (8 September 2025) <[www.fca.org.uk/publication/correspondence/opbas-suspicious-activity-report-phase-two.pdf](https://www.fca.org.uk/publication/correspondence/opbas-suspicious-activity-report-phase-two.pdf)> accessed on 28 February 2026.

<sup>80</sup> *ibid.*

<sup>81</sup> The report includes breaches related to failure to report suspicions on ML, failure to carry out adequate due diligence, including verification of customers' identity, failure to maintain evidence of the level of risks identified, and failure to conduct ongoing monitoring of the business relationship. See The Insolvency Service (n 21) Annex A <[www.gov.uk/government/publications/insolvency-practitioner-regulation-process-review-2024/annual-review-of-insolvency-practitioner-regulation-2024](https://www.gov.uk/government/publications/insolvency-practitioner-regulation-process-review-2024/annual-review-of-insolvency-practitioner-regulation-2024)> accessed on 28 February 2026.

<sup>82</sup> FCA, 'OPBAS finds improvements needed amongst anti-money laundering supervisors' (FCA, 23 September 2024) <[www.fca.org.uk/news/news-stories/opbas-finds-improvements-needed-amongst-anti-money-laundering-supervisors](https://www.fca.org.uk/news/news-stories/opbas-finds-improvements-needed-amongst-anti-money-laundering-supervisors)> accessed on 28 February 2026.

<sup>83</sup> IPA (n 35) 12.

the IPA,<sup>84</sup> ICAEW,<sup>85</sup> ICAS,<sup>86</sup> and The Insolvency Service<sup>87</sup> publish the list of sanctioned professionals, participants at the Conference discussed whether this could be further publicised and better coordinated through a newsletter or other public measures. It should be noted that, although in a different context, the FCA has recently conducted public consultations on the ‘naming and shaming’ approach in its enforcement proceedings, which were negatively received by the financial services sector and community.<sup>88</sup> This debate warrants further research into whether ‘naming and shaming’, combined with media attention and enhanced public scrutiny, could be effective in shaping AML compliance in insolvency.

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<sup>84</sup> IPA, ‘Enforcement Notices’ (IPA, 2025) <<https://insolvency-practitioners.org.uk/regulation-and-guidance/warning-notices/>> accessed on 28 February 2026.

<sup>85</sup> ICAEW, ‘ICAEW Disciplinary Database’ <[www.icaew.com/about-icaew/regulation-and-the-public-interest/icaew-disciplinary-database](http://www.icaew.com/about-icaew/regulation-and-the-public-interest/icaew-disciplinary-database)> (ICAEW, 2026) accessed on 28 February 2026.

<sup>86</sup> ICAS, ‘Complaints and Sanctions: Disciplinary Notices’ (ICAS, 2025) <[www.icas.com/regulation-technical-resources/regulation/complaints-and-sanctions/disciplinary-notices](http://www.icas.com/regulation-technical-resources/regulation/complaints-and-sanctions/disciplinary-notices)> accessed on 28 February 2026.

<sup>87</sup> The Insolvency Service (n 21).

<sup>88</sup> House of Lords, Naming and Shaming: How Not to Regulate — 1st Report of Session 2024-25 (Financial Services Regulation Committee, HL Paper 76, 6 February 2025) <<https://publications.parliament.uk/pa/ld5901/ldselect/ldfsrc/76/7602.htm>> accessed on 28 February 2026.

# Recommendations

Conference discussions not only addressed key challenges in the AML insolvency landscape but also proposed specific recommendations to tackle these pressing issues for practitioners, supervisors, and MPs.

## Practitioners

### Customer Due Diligence Practice

**Early CDD checks:** IPs should conduct risk-based CDD checks at the pre-appointment stage. Conference discussions highlighted the need for IPs to gather the necessary information from the client ‘before the establishment of the business relationship or the carrying out of the transaction’.<sup>89</sup> They reiterated that due diligence begins at the initial point of contact with the debtor and throughout the fact-finding process.

**Use of technology and available information:** IPs should leverage digital tools and databases (e.g. the People with Significant Control register established by Companies House, which identifies who owns and controls registered entities<sup>90</sup> and sanctions screening software) to address gaps in incomplete company records.

**Enhanced CDD for high-risk cases:** IPs should have internal policies in place for when and how to apply EDD checks, and they should adhere strictly to these guidelines when indicators of higher risk are identified early in the due diligence process.

**Improve CDD record-keeping:** Enhance systems for documenting CDD procedures to meet regulatory requirements and to promote transparency in the event of enforcement or litigation.

**Seek guidance when in doubt:** When records are incomplete or inconsistent, IPs should proactively seek advice from PBSs or intelligence-sharing networks (e.g. FIN-NET) rather than relying solely on available company documents.

### AML Training and Outreach

**Improve engagement and participation:** IPs should actively participate in training sessions and workshops and interact with guidance and recommendations provided by PBSs. Greater engagement ensures awareness of sector-specific risks, particularly those associated with complex structures and incomplete corporate records. This engagement should also extend to internal teams, with IPs promoting regular discussion of AML matters during staff meetings and ensuring that all staff remain informed, up to date, and involved in AML compliance activities.

**Maximise the use of available support channels:** IPs should utilise fully the resources developed by PBSs, AML supervisors, and law enforcement agencies. Good practices include using consulting guidance documents and utilising available hotlines or support desks. Improved use of these tools would help IPs detect suspicious activity more effectively and strengthen reporting standards.

<sup>89</sup> ML Regs (n 18) Reg 30(2).

<sup>90</sup> Companies House, Economic Crime and Corporate Transparency Act: beneficial ownership (1 March 2024) <[www.gov.uk/government/publications/economic-crime-and-corporate-transparency-act-2023-factsheets/economic-crime-and-corporate-transparency-act-beneficial-ownership](http://www.gov.uk/government/publications/economic-crime-and-corporate-transparency-act-2023-factsheets/economic-crime-and-corporate-transparency-act-beneficial-ownership)> accessed on 28 February 2026.

# Supervisors

## Information and Data Sharing

**Joint working group:** Establish a joint working group to identify priority datasets and operationalise their availability and sharing for AML purposes.

**Promote cross-agency collaboration:** within a joint working group, foster collaboration and transparency by enabling structured data sharing among Companies House, The Insolvency Service, HMRC, and law enforcement agencies, with a focus on high-risk contexts and methods such as phoenixing and shell companies.

**Use of existing databases:** Encourage the use of existing intelligence-sharing databases, such as SIS and FIN-NET, and develop clear procedures for information integration and follow-up across agencies.

## Integration of Best Practices

**Harmonising the supervisory framework:** Supervisors should coordinate efforts to reduce disparities in AML expectations and feedback across different sectors. A harmonised framework of supervisory guidance, endorsed by OPBAS, would provide IPs and other insolvency professionals with consistent compliance expectations and clearer risk indicators.

**Sharing educational resources:** Supervisors should also create and share educational content on the SARs lifecycle and provide general feedback to IPs, rather than on a case-by-case basis, if capacity and resources permit.

**Integrate best practices for training and outreach activities related to IPs:** While all PBSs provide guidance, webinars, and educational tools, the integration and consistent application of best practices can be improved. A notable example of good outreach practice is the short film *All Too Familiar*, produced by ICAEW in collaboration with HMRC.<sup>91</sup> The film illustrates how a firm can overlook key red flags of money laundering in its day-to-day operations, ultimately leading to regulatory and reputational consequences.<sup>92</sup> By using a narrative format rather than traditional training materials, ICAEW successfully engages practitioners, raises awareness of warning signs, and demonstrates the practical importance of AML controls.

## Follow-up and Feedback Mechanisms

**Provide regular feedback:** Provide regular feedback to IPs on SARs trends and outcomes in collaboration with the NCA, clarify the reporting process cycle, and encourage higher-quality SARs submissions.

**Creation of a feedback portal:** Evaluate the creation of a feedback portal to complement IPs' training, including risk bulletins, case studies, and explanatory materials on how SARs are processed and used.

**Targeted training:** Deliver targeted training on typical fraud schemes (e.g. misuse of pandemic relief funds) and emerging threats such as modern slavery.

**Knowledge exchange opportunities:** Establish opportunities for peer networking and best-practice exchange among IPs and supervisors, helping to close the loop between reporting, feedback, and improved practice.

## Sanctions and Transparency

**Consistent approach to sanctions:** Adopt a more consistent and visible approach to sanctions, moving away from limited enforcement towards proportionate but clear disciplinary measures. Sanctions in the AML context include warnings, fines, public censures, and restrictions or removal of authorisation, all of which are intended to be effective, proportionate, and dissuasive. PBSs often rely too heavily on 'assisted compliance' rather than decisive enforcement, with a lack of decisive intervention even where material ineffectiveness was identified.

**Transparent enforcement:** Increase transparency of enforcement decisions, while researching the effectiveness of 'naming and shaming' approaches in encouraging compliance.

**Deterrent effect of publicity:** Use published sanctions and disciplinary outcomes as learning tools for practitioners, reinforcing expectations and incentivising compliance.

<sup>91</sup> ICAEW, 'All Too Familiar' (educational training film) <[www.icaew.com/learning-and-development/icaew-educational-films/all-too-familiar](http://www.icaew.com/learning-and-development/icaew-educational-films/all-too-familiar)> accessed on 28 February 2026.

<sup>92</sup> See ICAEW (n 62).

# Members of Parliament

## Oversight of IPs

**Powers of supervisors:** MPs should advocate for greater powers for AML supervisors, such as OPBAS, to ensure compliance and accountability in insolvency cases.

**New statutory powers:** Grant The Insolvency Services statutory powers to request information or documents directly from individual IPs or supervised firms, not just via PBSs. This could enable earlier detection of AML risks, particularly when PBSs may not have recognised red flags.

**On-site inspections:** Improve OPBAS's capacity to carry out on-site inspections of supervised practitioners (or parts of them) to evaluate compliance in practice, rather than mainly depend on off-site PBS's reports.

**Early access to key information:** Enable coordination with AML agencies (e.g. HMRC, FCA) and private actors (e.g. banks) to provide IPs with timely access to essential information (e.g. tax records, bank data, Companies House filings) at the pre-appointment stage, thereby enabling better risk assessments and CDDs.

**Enhance sanction powers:** Considering that the amounts and values of fines have recently decreased, enable The Insolvency Service to impose or require higher penalties or disciplinary measures through PBSs, and ensure those sanctions are sufficiently dissuasive. Hence, fines or disciplinary actions outweigh any benefits gained from noncompliance.

## Funding for AML Investigative Units

**Funding for AML enforcement:** MPs can play a crucial role in ensuring adequate funding for AML enforcement. By requiring ring-fencing, a percentage of the Economic Crime Levy is to be used to finance specialist investigative units within agencies and supervisors. For instance, Companies House has enhanced its own investigative powers through the Economic Crime and Corporate Transparency Act 2023 and its Economic Crime Levy.

Similarly, the AML Intelligence Cell, established within The Insolvency Service, and its forthcoming strategy to use the Economic Crime Levy to develop AML initiatives, serve as examples of good practice and effective use of funding. However, increasing AML dedicated funding would enable these agencies and other supervisors to respond effectively to complex insolvency cases, which often involve cross-border structures, shell companies, and phoenix activity. Without such resources, even substantial legislative frameworks risk being under-enforced.

**Funding for IPs:** Similarly, MPs should advocate to ensure IPs are adequately resourced and financially supported to perform AML functions by exploring funding for complex investigations and raising awareness of the costs of AML compliance.

**Funding for information sharing:** Support the development of a secure information-sharing platform that enables IPs, PBSs, MLROs, and government agencies to exchange intelligence in real time, subject to appropriate data protection safeguards and GDPR considerations.

## Parliamentary Debate

**New opportunities for parliamentary debate:** AML risks in insolvency proceedings remain under-examined in parliamentary debate. MPs could propose written or oral questions to Ministers, initiate debates, or highlight the issue within relevant All-Party Parliamentary Groups on economic crime or insolvency. This would not only raise awareness but also create political pressure for more decisive action, aligning insolvency supervision with the government's wider priorities for addressing economic crime.

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