

News

Legal services sanctions risks

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The Office of Financial Sanctions Implementation (OFSI) has released its first-ever Legal Services Threat Assessment, setting out the main sanctions compliance risks facing the legal sector. We welcome this report and encourage all firms to consider its findings.

Key insights:

- Since February 2022, the legal sector has accounted for 16% of suspected sanctions breach reports, second only to financial services.
- TCSP may not be reporting all breaches – underreporting is considered "highly likely".
- There's been widespread misuse of complex structures and trusts to hide asset ownership by Russian Designated Persons (DPs).
- A significant number of breaches involve licence conditions, including going over value limits or failing to report in time.

What does this mean for firms?

We strongly encourage legal service providers to:

- Review client files – especially those involving complex ownership or links to Russian DPs.
- Improve internal controls and staff awareness around sanctions compliance.
- Report any suspected breaches promptly to OFSI.

Firms should also ensure they stay up to date with OFSI guidance and licensing conditions. [Read the full OFSI report](https://assets.publishing.service.gov.uk/media/67ee635698b3bac1ec299c3e/OFSI_Legal_Services_Threat_Assessment.pdf)
[https://assets.publishing.service.gov.uk/media/67ee635698b3bac1ec299c3e/OFSI_Legal_Services_Threat_Assessment.pdf]

Together, we must continue to protect the integrity of the legal sector and support the UK's national security goals through robust sanctions compliance.