A new strategy against money laundering

The UK's first anti-money laundering and asset recovery strategy

22 September 2026

The UK's first anti-money laundering (AML) and asset recovery strategy sets out an ambitious reform of supervision, financial intelligence and the recovery of criminal assets.

Published on 15 September 2026, the UK's first AML and asset recovery strategy marks a shift away from volume-based, process-heavy compliance toward a more targeted model focused on intelligence, disruption and recovery of criminal assets.

The strategy sets out how, in the next three years, the UK intends to respond to money laundering and recover more criminal assets. It is built around three key objectives: (1) making the UK's defences more effective and efficient; (2) disrupting money laundering networks and (3) recovering more criminal assets. The strategy is backed by significant investment, including at least £550 million and more than 500 additional officers. The government's stated objective is to make the UK a harder place for criminals to hide, move and benefit from illicit funds.

The practical takeaway is that firms should expect more intelligence-led supervision, more focus on effectiveness rather than documentation and greater scrutiny of whether AML controls identify and disrupt high-harm activity. The strategy also points toward future changes in the Money Laundering Regulations (MLRs), discrepancy reporting, Suspicious Activity Reports (SARs), digital ID, Companies House data, crypto-asset controls and supervision of professional services. Much will depend on forthcoming consultations and legislation, but firms have a clear indication of where policy is heading.

We outline the key messages from the strategy below:

A shift away from "box-ticking" compliance

A central theme of the strategy is reducing low-value AML activity and allowing firms to focus resources on genuinely suspicious and higher-risk activity. The government expressly refers to cutting back low-value "box ticking" work, and says that it will consult on further changes to the MLRs to reduce unnecessary burdens while maintaining a Financial Action Task Force (FATF)-compliance regime.

As part of the review, the government will consider whether to raise the suspicion threshold to a standard such as "reasonable grounds to suspect" and consult on further changes to make the MLRs more proportionate. Digital identity and artificial intelligence (AI) are expected to play a greater role in customer due diligence and transaction monitoring.

In 2026/2027, the Financial Conduct Authority (FCA) is expected to publish examples of good and poor practice in the use of AI and update its Financial Crime Guide. His Majesty's Revenue and Customs (HMRC) and the Gambling Commission are likewise expected to encourage controls tailored to risk. Firms should review whether their procedures identify and address meaningful risks, while recognising that the strategy itself does not relax existing legal obligations.

Supervisory consolidation

The strategy confirms major reform in AML supervision. Responsibility for AML supervision currently rests with 25 supervisors: three public authorities and 22 professional bodies. In October 2025, the government decided to consolidate supervision of legal, accountancy and trust and company services under the Financial Conduct Authority (FCA). The result is to reduce AML supervisors from 25 to 3: the FCA, HM Revenue and Customs (HMRC), and the Gambling Commission. The FCA is set to become the single supervisor for professional services, while HMRC and the Gambling Commission will retain responsibility for the remaining sectors. The aim is to move away from a fragmented supervisory model to a more coherent, risk-based and intelligence-led system.

The transfer of supervisory responsibility to the FCA will require both primary and secondary legislation. The delivery plan envisages a phased transition in 2028/2029, with existing supervisors remaining responsible until firms move across to the FCA. His Majesty's Treasury (HM Treasury)'s framework provides for FCA registration, broader fitness and propriety checks for beneficial owners, officers and managers, and fees to recover the cost of supervision. Existing checks may be used where appropriate to avoid duplication. Professional services firms should begin assessing the practical implications for their governance, registration and compliance budgets, while continuing to meet their current supervisors' requirements.[1]

Extension of the regulatory perimeter

A consultation planned for 2026/2027 will consider extending the MLRs to property developers, offshore virtual asset service providers, antiques and antiquities dealers, football clubs and agents and donation-based crowdfunding. It will also examine the treatment of letting agents and high-value dealers. Inclusion is conditional on evidence that the MLRs are an effective and proportionate response to the risks involved.

The strategy also addresses reputation laundering: the use of professional services or respected institutions to lend legitimacy to people with suspect wealth. The UK's anti-corruption strategy identifies a role for public relations firms even where they do not move money themselves. The proposed response includes a voluntary charter for sectors outside the MLRs, intended to improve how institutions recognise and manage these risks. This does not, in itself, bring Public Relations firms within AML supervision.

Stronger enforcement powers

HM Treasury plans to consult in 2026/2027 on wider powers to conduct unannounced visits to regulated businesses, search their premises for cash and hold directors personally accountable for MLR breaches. The proposals would also give the Gambling Commission direct powers to enforce the MLRs, which it currently enforces through the Gambling Act 2005. A further review will consider which authorities should be able to prosecute MLR offenses, including whether that role should extend to the Insolvency Service.

Corporate transparency

The strategy links AML reform to Companies House reform and improved asset ownership transparency. Companies House reforms include mandatory identify verification for new directors and persons with significant control. The government has also launched an asset ownership review to identify vulnerabilities and gaps that may be exploited by criminals and bad actors.

Faster identification of bank accounts

Investigators still lack a consistent means of establishing where a suspect holds accounts. A bank account portal is one option under consideration: it would allow authorised users to identify whether an account exists and which institution holds it, using basic account identifiers. It would not provide transaction data. The government will assess the available options and the safeguards they require, including the implications of any reduction in judicial oversight. The strategy does not commit to a final design.

Asset recovery

The strategy pairs further reform of asset recovery law with additional investigators, lawyers and forensic accountants, including greater capacity at the National Crime Agency (NCA) and the Crown Prosecution Service (CPS). Building on the confiscation reforms in the Crime and Policing Act 2026, the Home Office plans to consult on further powers in 2026/2027. Proposed changes include extending civil seizure and forfeiture provisions to vehicles and high-value clothing and accessories. The government also intends to make crypto-asset recovery powers easier to update and strengthen its ability to recover assets held on overseas exchanges.[2]

1 "Anti-Money Laundering/Counter Terrorist Financing (AML/CTF) Supervision Reform: Duties, Powers, and Accountability, Consultation Response" (June 2026), HM Treasury, 8–9, 12, 15–16, 39–44.

2 "Anti-Money Laundering Strategy", Home Office and HM Treasury, 35–44, 55, 68–72; "UK Anti-Corruption Strategy 2025", Home Office, CP 1454 (2025), paras. 47–50 and n. 54.

Action against professional enablers

For law firms, these proposals sit alongside established professional and statutory duties. In England and Wales, the compliance officer for legal practice must take reasonable steps to ensure the firm's compliance and promptly report matters reasonably believed capable of amounting to a serious regulatory breach. The MLRs impose separate requirements for internal reporting and, where appropriate to the business's size and nature, senior responsibility for compliance. Following the transfer, the Solicitors Regulation Authority would retain its conduct role while the FCA assumed AML supervision.[3]

The strategy seeks to strengthen enforcement against professionals whose services facilitate criminal activity. It provides additional operational support for the professional enablers coordinator within the National Economic Crime Centre (NECC), improving the coordination and prioritisation of law enforcement work.

More significantly, the Home Office will consult in 2026/2027 on a possible power for the home secretary to act against the most harmful professional enablers, including where existing criminal thresholds may not be met. The focus is on those linked to hostile states, designated state or state-linked organisations and corrupt elites who directly threaten UK national security. Options include restricting an individual's ability to provide particular services or practice a profession. The scope and safeguards remain to be settled. For the legal profession, the consultation will raise important questions about the evidential threshold, rights of challenge, professional independence and legal privilege.[4]

Outlook

The immediate priority is the consultation program. Reviews of the regulated sectors, enforcement powers, proportionality, asset recovery and professional enablers are planned for 2026/2027. Responses and legislation are expected to follow, with the main supervisory transition envisaged for 2028/2029. Those dates remain subject to the legislative process and the outcome of consultation.

Businesses should identify which proposals affect them and contribute practical evidence while the detail remains open. Law and accountancy firms should prepare for FCA registration, suitability assessments and fees. Sectors that may enter the regime should assess the likely demands of customer due diligence, record-keeping and internal reporting. Across the regulated sector, firms should be able to explain how their controls address their actual risks. Those advising foreign states or politically exposed clients should also follow the professional enablers proposals closely; the potential consequences may extend to an individual's ability to continue practicing.

How can we help?

Squire Patton Boggs advises banks, professional services firms and corporate groups on UK, EU and US anti-money laundering, counter-terrorist financing and sanctions requirements. We assist with consultation responses, ownership and control assessments, risk-based due diligence, transaction monitoring, sanctions screening and more. To discuss the implications for your business, please contact a member of the team below.

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3 "SRA Code of Conduct for Firms," Solicitors Regulation Authority (SRA), rules 3.9–3.10, 9.1; Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, SI 2017/692, reg. 21.

4 "Anti-Money Laundering Strategy", Home Office and HM Treasury, 66–67, paras. 139–141; annex A, actions 5, 9, 11, 16, 37–38, 44.

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