

Are You Really Prepared to Prevent Fraud?

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In a landmark day for regulatory authorities in the United Kingdom, the Economic Crime and Corporate Transparency Act came into force on 26 October 2023. The act will have a material impact on the manner in which the authorities combat money laundering, fraud and other economic crimes within the jurisdiction. Large companies doing business in the UK should be on notice that they will have to ensure that their compliance procedures are robust enough to withstand what is expected to be a renewed vigour from the authorities to hold large companies to account for the criminal actions of their employees, agents and subsidiaries.

Although the act is now the law of the land, the specific offence of failure to prevent fraud – which has generated the most heated commentary – will not come into force until the Secretary of State has published guidance on the procedure that relevant bodies can put in place to prevent persons associated with them from committing fraud offences. While there is no firm date on which that guidance is due to be published, companies should treat this interim period as an opportunity to revisit and improve their compliance procedures. This will not be an easy task, as the potential behaviour that now has to be monitored by companies will take a multitude of forms.

The impact that the act will have remains to be seen, and opinion is split as to whether it will help clean up an endemic of fraud or only serve to make business more difficult to conduct. Whichever way the fallout blows, it is certain that there are going to be significant consequences, and we can expect that the authorities will be very interested in flexing their newfound powers.

To read more of our thoughts on this developing area, please refer to our [Failing to Prepare Is Preparing to Fail](#) blog post from earlier this year.

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