



SUPERVISORY IMPACT

AML SUPERVISION REPORT 2025/26



icaew.com/amlsupervision

**REGULATION
& CONDUCT**

ICAEW - AML SUPERVISION REPORT 2025/26

Who we are and what we do

ICAEW supervises c.10,000 firms under The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the Money Laundering Regulations 2017) and is the largest professional body supervisor in the UK.

ICAEW's role is to work as an improvement regulator, helping members and firms maintain high professional standards and holding them to those standards.

[Access the full details of our responsibilities and how we discharge our obligations.](#)

This report, alongside our [AML Supervisory Approach](#), document explains how we comply with our responsibilities as a supervisory authority.

It summarises our monitoring and enforcement activity and the support we provide to help firms comply with the Money Laundering Regulations.

Independent decision-making

ICAEW's governance structure ensures its regulation and conduct roles are not influenced by its representative functions.

[View Appendix 2](#) for more information about the oversight and governance of ICAEW's regulation and conduct activity.

A broader overview of our regulatory work is available in the [ICAEW Regulation & Conduct Annual Report](#)

Contents

1	Who we are and what we do	6	Enforcement outcomes	11	Resources we produce to support compliance	13	Appendix 2 - Oversight of ICAEW Regulation & Conduct
2	Foreword	8	AML in 2026/27	12	Appendix 1 - Analysis of ICAEW's supervised population	14	Appendix 3 - Glossary
3	Monitoring review outcomes	9	Reporting breaches				
		10	Feedback from firms				

Foreword



"Through collaboration, challenge and continuous improvement, we will continue to support a profession that is trusted, resilient and committed to high standards."

Duncan Wiggetts, Chief Officer, Regulation & Conduct

I am pleased to present ICAEW's AML Supervision Report for the year ended 5 April 2026.

This report demonstrates the scale, impact and continued evolution of our supervisory work. As the UK's largest professional body supervisor, overseeing around 10,000 firms, our role is not only to monitor compliance with the Money Laundering Regulations (MLR), but also to help firms strengthen their defences against economic crime and maintain public trust in the profession.

The year has been one of significant activity. We completed 1,608 monitoring reviews, a substantial increase on the previous year, while overall compliance also improved.

This is encouraging and reflects the commitment firms have to raising standards. It also demonstrates the value of a risk-based supervisory approach that combines monitoring, proportionate intervention, enforcement where necessary, and practical guidance to support firms in meeting their obligations.

This year's enforcement outcomes show that we continue to use our powers proportionately and firmly, particularly where weaknesses are serious, persistent or indicate a failure to manage money laundering risk effectively.

Looking ahead, the government's proposals for AML reform mean that the supervisory landscape will change significantly. Our focus remains clear: maintaining supervisory effectiveness, helping firms to understand and manage their risks, and identifying and addressing poor standards. We will continue to work closely with the Financial Conduct Authority (FCA) to support a smooth, efficient and effective transition, while seeking to minimise unnecessary administrative burdens for firms.

I would like to thank the staff of the Regulation & Conduct division, our independent committee members, and the many firms that engage constructively with our supervisory work.

Through collaboration, challenge and continuous improvement, we will continue to support a profession that is trusted, resilient and committed to high standards.

Duncan Wiggetts
Chief Officer,
Regulation & Conduct

Monitoring review outcomes



"This year's results demonstrate the positive impact of our supervisory work, with 84.5% of firms assessed as compliant or generally compliant and all the SARs we reviewed were of good quality."

Michelle Giddings, Head of AML, Regulation & Conduct

In the financial year 2025/26 (FY25/26), we completed 1,608 monitoring reviews, up from 1,185 in FY24/25. 84.5% were assessed as compliant or generally compliant, compared with 80.0% in the previous year. We were pleased to see that overall compliance rates have improved significantly compared to last year, particularly given we

performed 35% more reviews year-on-year. All SARs reviewed across 197 firms were assessed as good quality. This follows our summer [2025 thematic review](#), which was designed to improve the quality of SARs. In FY24/25, 5.9% of the SARs reviewed across 254 firms were assessed as inadequate.

In addition to this, we assessed a further 464 firms via other desk-based measures (FY24/25: 364). These types of review are aimed at assessing how effectively firms are applying risk-based controls and do not result in a formal judgement about compliance. They do, however, allow us to improve our understanding of risk and compliance across the whole population and inform our ongoing allocation of supervisory resources.

The categories 'compliant', 'generally compliant' and 'non-compliant' are set by HM Treasury in their own AML Annual Report, with the accountancy professional body supervisors agreeing a definition for each.

	On-site reviews		Desk-based reviews		Total	
	Total reviews FY25/26	Total reviews FY24/25	Total reviews FY25/26	Total reviews FY24/25	Total reviews FY25/26	Total reviews FY24/25
Compliant	66	42	172	188	238	230
Generally compliant	555	450	565	268	1,120	718
Non-compliant	148	177	102	60	250	237
Informal actions (follow-up only)	86	95	77	40	163	135
Formal actions (reprimand/sanction)	62	82	25	20	87	102
TOTAL	769	669	839	516	1,608	1,185

14.8%
of the firms we reviewed
were compliant
(FY24/25: 19.4%)

69.7%
of the firms we reviewed
were generally compliant
(FY24/25: 60.6%)

15.5%
of the firms we reviewed
were assessed as
non-compliant
(FY24/25: 20.0%)

Monitoring review outcomes: most common findings - notable improvements

This year, the most common findings once again relate to customer due diligence (CDD). However, there has been notable improvement across several CDD-related areas compared with last year. When we review a firm's CDD, we re-perform and test the firm's risk assessment and assess whether its verification and mitigation procedures are appropriate.

Effective CDD is essential to preventing firms from becoming professional enablers. It is the mechanism through which firms identify risks and red flags in their client base and take appropriate mitigating action, so they can provide accountancy and trust or company services safely and in line with their obligations.

The most significant improvements are in client identification, client risk assessments, verification procedures and persons with significant control (PSC) reporting.

Verification procedures These firms had not gathered enough evidence to manage or mitigate identified risks. Firms should tailor verification work to the specific risk, rather than relying on additional ID checks where the risk relates to other factors, such as high-risk third-country transactions.

4.2%
FY25/26

10.2%
FY24/25

Compliance review These firms had not regularly reviewed the adequacy and effectiveness of their AML policies, controls and procedures. Firms should plan independent reviews proportionate to their size and nature, document any gaps or weaknesses, and record how they will address them. Sole practitioners with no employees are exempt.

4.9%
FY25/26

5.3%
FY24/25

PSC reporting These firms had not reported material discrepancies between information gathered for regulatory purposes and the PSC Register to Companies House or did not have policies and procedures in place for this type of reporting.

3.2%
FY25/26

8.3%
FY24/25

Ongoing CDD These firms could not demonstrate their ongoing CDD procedures on at least one sampled client file. This may mean CDD has been updated for some clients but not all, that changes were considered but not recorded, or that the firm's electronic CDD system does not clearly evidence the review. Firms should review know your client information at a frequency proportionate to risk and whenever a trigger event occurs (such as a new service, changes to key office holders, the introduction of a politically exposed person, or a suspicious activity report).

7.8%
FY25/26

11.6%
FY24/25

Client risk assessments We re-perform risk assessments using know your client information, open-source checks and risk indicators such as the AASG Risk Outlook. These firms were able to discuss the risks identified but had not documented them fully.

5.5%
FY25/26

12.6%
FY24/25

Client identification These firms had not always identified all beneficial owners, understood the client's business or operating jurisdictions, or identified information found through basic open-source checks.

5.7%
FY25/26

11.9%
FY24/25

Monitoring review outcomes: most common findings - areas of concern

However, findings relating to firm-wide risk assessments, AML policies and procedures, AML training and CDD for new clients increased slightly, which reinforces the need for firms to keep core controls tailored, current and embedded. The effort firms are putting into AML activity is paying off, but firms must not become complacent: continued investment in training, risk awareness and effective procedures remains essential.

Firm-wide risk assessment Firms must assess where they face the highest money laundering risks, considering factors such as clients, jurisdictions and services. We compare each assessment with our knowledge of the firm, information provided in the annual return and relevant risk indicators, including the National Risk Assessment, AASG Risk Outlook and ICAEW AML risk bulletins. These firms' assessments did not cover all relevant risks, reach a clear conclusion on the risk level, or identify effective mitigating actions.

5.2%	4.4%
FY25/26	FY24/25

AML policies and procedures When we identify non-compliance in other areas, we will look to the firm's policies and procedures to establish the root cause. Where firms have subscribed to a training provider manual, we will expect to see this tailored to the circumstances of the firm. At some firms, we found a lack of written procedures or that the procedures were not sufficiently tailored to how the firm performs its CDD checks.

4.9%	4.1%
FY25/26	FY24/25

AML training These firms had not provided sufficient AML training to their staff or had provided some training, but it had not been effective, and we identified this as being a root cause for non-compliance in other areas. Firms should use a formal training plan, ensure relevant staff receive appropriate training, and keep signed training records.

5.0%	4.9%
FY25/26	FY24/25

CDD for new clients These firms had not performed adequate CDD on all their new clients. We raise this finding if there is no evidence of CDD on at least one of our sampled client files.

4.2%	3.0%
FY25/26	FY24/25

RESOURCES

[AMLbites](#): Watch our short bite-sized videos covering a range of topics.

[AML resources hub](#): Access a comprehensive collection of AML resources designed to help you implement best practices and stay compliant.

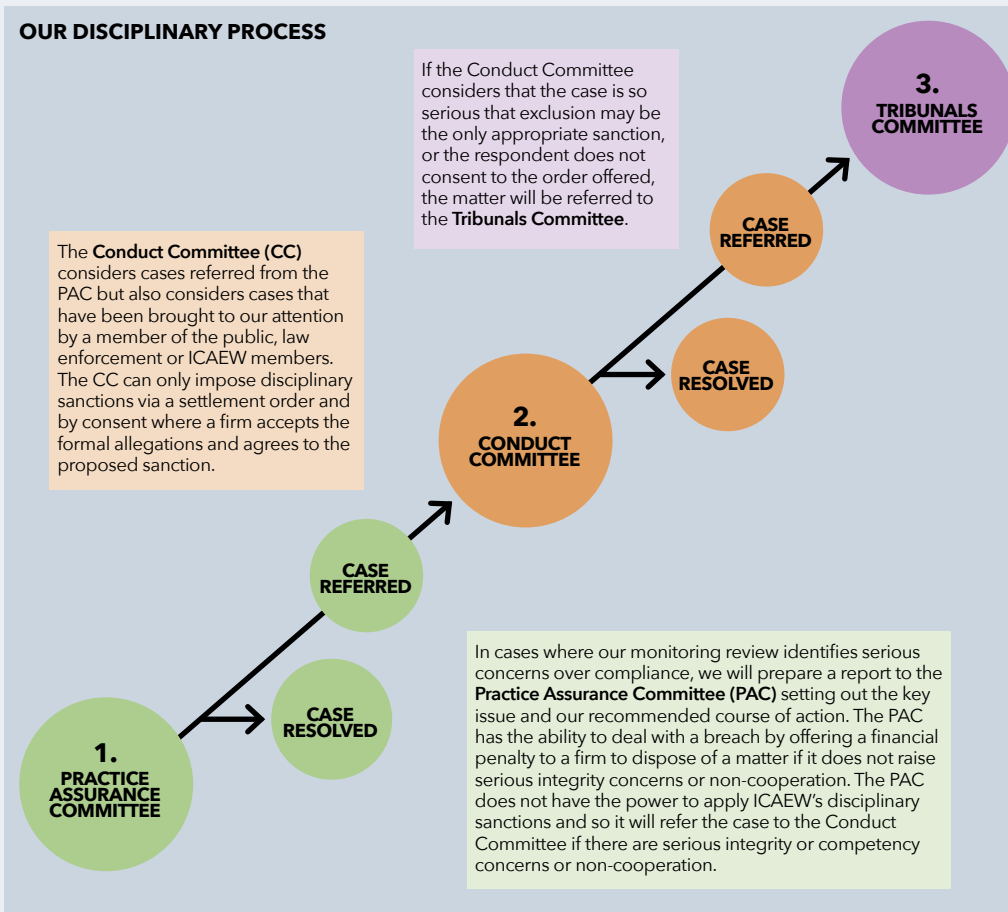
Enforcement outcomes

	Number of fines	Sum of fines	Number of cancellations/exclusions	Number of fines	Sum of fines	Number of cancellations/exclusions
	FY25/26			FY24/25		
High risk	4	£823,250	1	3	£9,150	-
High-medium risk	13	£60,353	-	4	£38,775	-
Medium-low risk	8	£38,050	1	10	£59,800	1
Low risk	3	£17,700	-	-	-	1
No score	5	£23,525	1	4	£39,250	-
Unregistered businesses	20	£89,741	-	20	£50,731	1
TOTAL	53	£1,052,619	3	41	£197,706	3
Range of fines	£350 - £735,000			£240 - £31,700		

The increase in the total value of fines this year is largely driven by a small number of serious, higher-risk cases. This reflects our risk-based and proportionate approach: most firms are supported to

improve through monitoring and follow-up, while stronger enforcement action is reserved for serious, persistent or high-impact failings.

OUR DISCIPLINARY PROCESS



Enforcement outcomes continued

The following sanctions are available for the Conduct and Tribunals Committees to use:

- exclusion from ICAEW membership and the right to practise as a Chartered Accountant;
- unlimited fines;
- public reprimands; and
- conditions (usually from the regulatory committees, including follow-up review, recharged or not, and training).

ICAEW's sanctions guidance provides a flexible and comprehensive framework for the regulatory and disciplinary committees to deal with a variety of non-compliance and poor conduct issues. There are no limits on the fines that can be imposed but the sentencing guidelines do provide a 'starting point' for certain offences.



CASE STUDY:

Breach of AML obligations by an ICAEW member

Outcome – Exclusion from membership, a financial penalty and a costs order

Between December 2022 and May 2024, the member failed to cooperate with the Practice Assurance Committee by not providing requested information, including a firm-wide risk assessment, a client risk assessment, evidence of CDD on an existing client, and details of planned AML training.

The tribunal found the failure serious. It indicated either a lack of understanding of statutory duties or a reckless approach to compliance, and compromised ICAEW's ability to regulate effectively, protect the public and maintain confidence in the profession.

The tribunal excluded the member from membership, imposed a financial penalty of £15,000 and ordered a contribution to ICAEW costs of £8,750.



CASE STUDY:

Serious AML weaknesses

Outcome – Financial penalty and required to have an external compliance review

We reviewed two connected firms and identified ongoing AML weaknesses, which were related to specific gaps in procedures rather than widespread matters. The Practice Assurance Committee requested the firm submit an external compliance review to demonstrate the weaknesses had been rectified, reflecting the concern that the firm had not implemented the required improvements, and issued a financial penalty that took into account size of firms' income.

This resulted in a PAC penalty of £20,000.

HEARINGS, ORDERS, AND DECISIONS

Read the outcomes of all public future and past hearings, appeals, and full reports of disciplinary orders and regulatory decisions.

AML in 2026/27

Supervisory reform

The government announced its decision on supervisory reform in October 2025, confirming that the FCA will become the AML supervisory body for the accountancy, legal, and trust and company services sectors. The primary legislation measures related to AML supervisory reform are contained within the Financial Services Bill that was included in the King's Speech.

We know that many of the necessary legislative changes will be made via secondary legislation. The measures in the Financial Services and Markets Bill will ensure that the government has the necessary powers to make these changes, particularly for:

- information sharing and cooperation between the FCA and professional bodies; and
- ensuring the FCA is provided with the start-up funding it will need for the implementation period.

We have met with the FCA to share our approach, information and insights about the accountancy sector. We expect the bulk of implementation work to happen

in 2027 and the first half of 2028, with the transfer of firms in tranches in late 2028. During this period, our priority will be to maintain supervisory effectiveness, continue identifying and addressing poor standards, and support a smooth transition that minimises unnecessary administrative burden for firms.

Changes to The Money Laundering Regulations

On 30 June 2026, a new statutory instrument which updated the [Money Laundering Regulations](#) came into force. Targeted amendments were made to close regulatory loopholes, address proportionality concerns and reflect evolving money laundering and terrorist financing risks.

On 5 August 2026, revised [CCAB Anti-Money Laundering Guidance for the Accountancy Sector](#) (AMLGAS) was published. The guidance incorporates the regulatory changes and responds to HM Treasury requests to improve clarity on source of funds checks, general triggers for enhanced due diligence and how firms should reflect documents such as the National Risk Assessment in their processes.

The AMLGAS expands the wording around verification of beneficial owners and includes a new section on sources of evidence, based on Joint Money Laundering Steering Group (JMLSG) guidance. These changes should not require firms to take a fundamentally different approach but provide clearer explanations to support more effective application of the guidance.

During our monitoring reviews, we will ensure that firms have updated their policies and procedures for these new areas (where appropriate).

Thematic review: Compliance reviews

Our thematic review for 2026/27 will focus on compliance reviews. We have contacted a sample of higher-risk firms to understand the steps they take to assess the adequacy and effectiveness of their AML policies, controls and procedures. The review will help us identify good practice and common weaknesses and will support firms in using compliance reviews as a practical tool to improve and maintain effective AML controls.

"During the supervisory reform transition period, our priority will be to maintain supervisory effectiveness, continue identifying and addressing poor standards, and support a smooth transition that minimises unnecessary administrative burden for firms."

Michelle Giddings,
Head of AML,
Regulation & Conduct

Reporting breaches

Under the Money Laundering Regulations 2017 we are required to report annually on:



The measures we have taken to encourage our supervised firms to report actual or potential breaches of the regulations.



The number of reports received from our supervised firms about actual or potential breaches.

Raising a money laundering concern

We have a confidential and anonymous channel to raise a money laundering concern. Our firms, their staff and members of the public can complete our raising an AML concern form and email it to MLCO@icaew.com.

We take the appropriate steps to protect the identity of anyone who wishes to remain anonymous.

We received 34 reports through this channel during FY25/26 (FY24/25:16).

This does not include other AML-related complaints that are reported through our normal complaints process.

Duty to report misconduct

ICAEW's Disciplinary Bye-laws require every ICAEW member, firm, or other relevant person (ie, those regulated by ICAEW) to report any information indicating that a firm or individual regulated by ICAEW may have committed serious misconduct, including serious breaches of the MLRs.

Feedback from firms

After each quality assurance monitoring review, firms are asked to complete an anonymous survey, providing feedback on the review process, the quality of interaction and the support provided.

These survey responses are collated and analysed by an independent research agency and we receive a quarterly and annual overview report which we use to support the continuous improvement of our monitoring processes and procedures.

Anonymous feedback from our survey

"The reviewer was most helpful in guiding us for the needs of the future taking into account the various recent changes in laws in particular AML, was most constructive and educational."

"All parts went extremely well and were very constructive. The reviewer was easy to talk to and provided me with valuable advice on improving my AML processes, especially in the area of individual CDD."

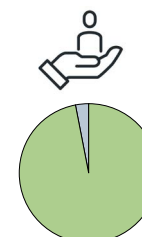
"The reviewer was courteous and it felt more constructive in helping us towards practical application of the ethical and AML standards."

Quality Assurance Monitoring Feedback figures FY25/26



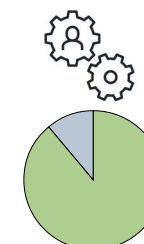
96%

satisfaction with the management of the monitoring process.



97%

satisfaction with the quality of interaction with the ICAEW team (reviewers, support team).



89%

satisfaction with the technical competence of the ICAEW reviewer who completed the firm's/IP's review.

Sample size: 622 respondents

1,401 surveys sent

45.4% response rate

Resources we produce to support compliance

A key part of our role is helping our supervised population understand what they need to do to comply with the Money Laundering Regulations. During the period, we continued to publish resources to help firms understand our expectations, particularly around taking a risk-based approach.

HELP AND SUPPORT

1,300+

AML enquiries were taken by our technical advisory helpline.



To support ICAEW AML supervised firms, we published and promoted:

- [The National Risk Assessment 2025](#)
- The latest UKFIU resources
- [An AML fact or fiction hub](#)
- [A guide to the role of money laundering reporting officer](#)
- [Updates to AML reform changes](#)
- [Guidance on ACSP registration](#)
- [Risk Bulletins](#)
- Regular updates through our [Regulation & Conduct LinkedIn channel](#) and [Regulatory News](#)

67,000+

accessed our AML resources on icaew.com.



6,000+

unique page views of technical helpsheets.



3,000+

attendees of three live webinars.



10,000+

views of AMLbites.



Feedback from our webinars

"Excellent presentation and summary of the main issues, with practical guidance for dealing with it in practice."

"Very informative and such a useful update."

"ICAEW AML events are superb!"

AML resources:

Access all of our AML resources in one place.

AML news hub:

Get the latest AML news and resources.

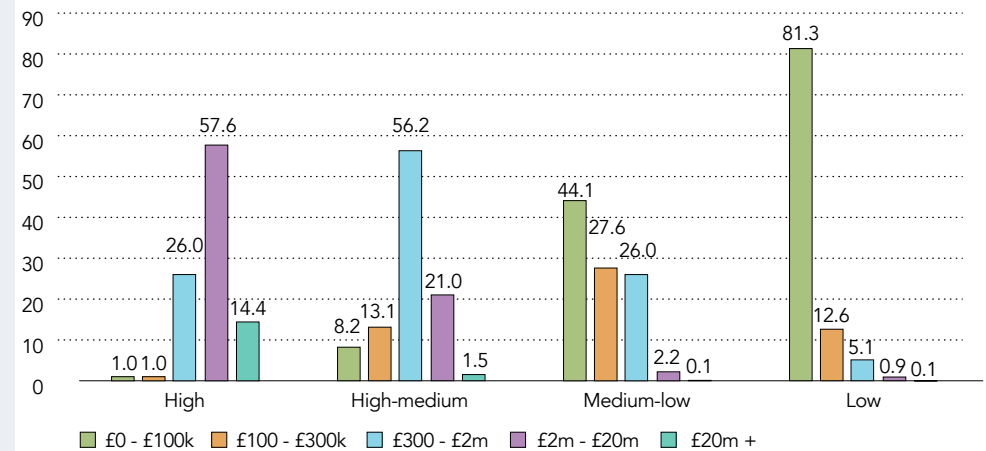
Appendix 1 - Analysis of ICAEW's supervised population

Analysis of ICAEW's supervised population

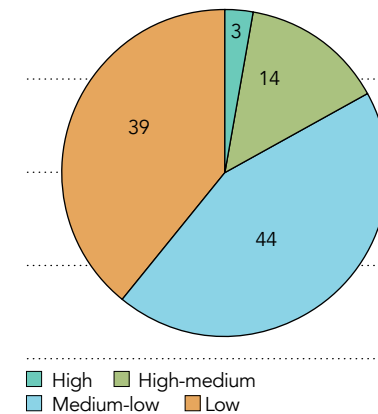
	FY25/26	FY24/25
Total size of supervised population		
Relevant firms	9,760	9,495
Total beneficial owners, officers and managers ¹	27,770	31,292
Providing trust and company services		
Firms acting as trust and company service providers	6,002	6,188

¹ as defined in Regulation 26.

Understanding firm size in each risk category (%)



Risk profile of ICAEW's supervised population (%)

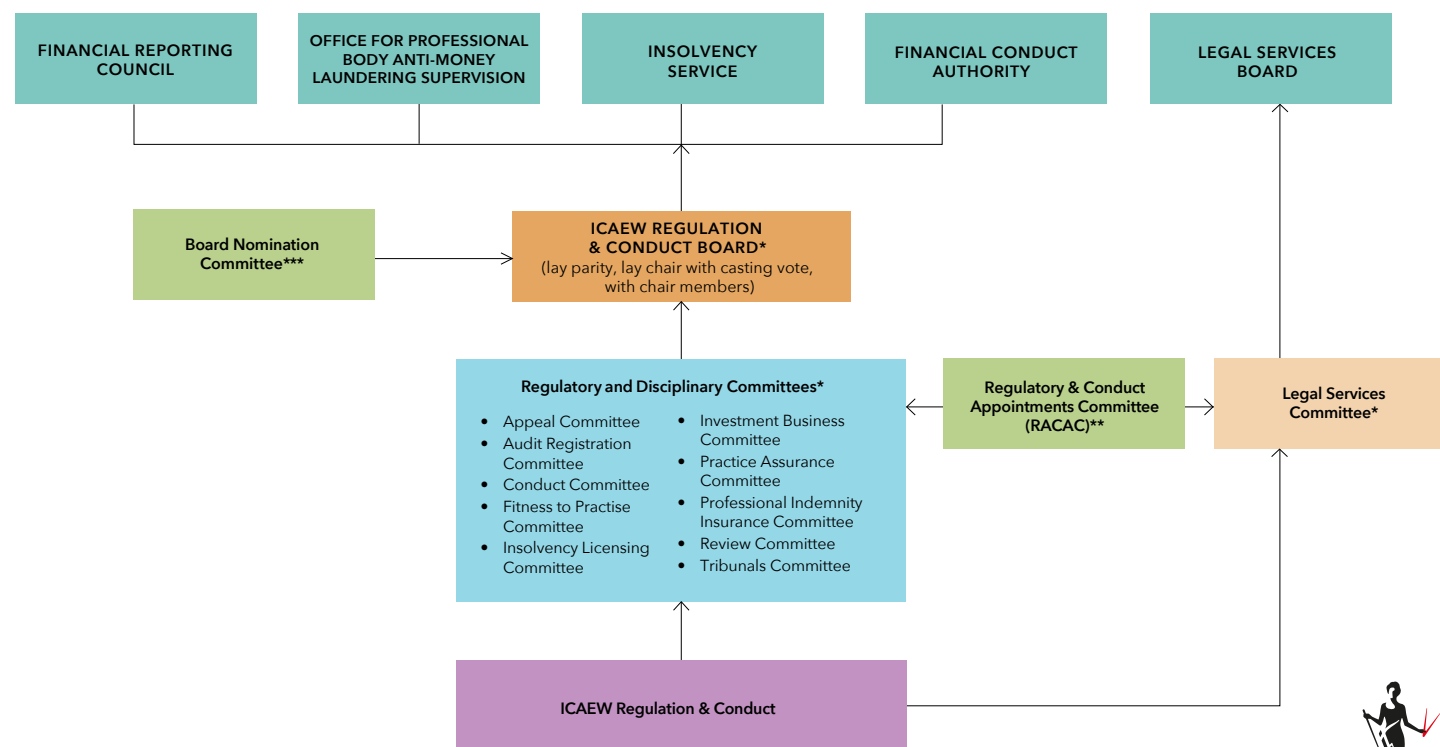


Appendix 2 - Oversight of ICAEW's Regulation & Conduct

ICAEW's regulatory and disciplinary work is monitored by oversight regulators including the Financial Reporting Council (FRC), the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), the Insolvency Service, the Financial Conduct Authority (FCA) and the Legal Services Board (LSB).

ICAEW REGULATION & CONDUCT OVERSIGHT STRUCTURE

All regulatory and disciplinary decisions are made by a lay majority or lay parity.



*ICAEW Regulation & Conduct Board and Legal Services Committee both have an internal reporting line to the ICAEW Board.

**Appoints lay and non-lay members to the regulatory and disciplinary committees.

***Appoints lay and non-lay members to the ICAEW Regulation & Conduct Board.



Appendix 3 - Glossary

AASG	Accountancy AML Supervisors Group
ACSP	Authorised corporate service provider
AMLGAS	Anti-money laundering guidance for the accountancy sector
AML	Anti-money laundering
BOOM	beneficial owner, officer or manager
CC	Conduct Committee
CDD	customer due diligence The process by which the identity of a client is established, a client risk assessment performed and the process of verification, for both new and existing clients.
EDD	enhanced due diligence
IDV	identity verification
IRCB	ICAEW Regulation & Conduct Board
JMLIT	Joint Money Laundering Intelligence Taskforce
JMLSG	Joint Money Laundering Steering Group
KYC	know your client
MLRs/the Regulations/ Money Laundering Regulations 2017	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
MLCO	money laundering compliance officer

MLRO	money laundering reporting officer
MLCP	money laundering compliance principal
NCA	National Crime Agency
NECC	National Economic Crime Centre
NRA	National Risk Assessment
OPBAS	Office for Professional Body AML Supervision
PAC	Practice Assurance Committee
PEP	politically exposed person An individual who is entrusted with prominent public functions, other than as a middle-ranking or more junior official.
PSC	persons with significant control All companies are required to keep a register of the people who can influence or control a company, that is, the PSC of the company. The register is held by the company and at Companies House.
QAD	ICAEW's Quality Assurance Department
R&C	Regulation & Conduct
ROE	Register of Overseas Entities
SAR	suspicious activity report
SDD	simplified due diligence
SPOC	point of contact
TC	Tribunals Committee
TCSPs	trust or company service providers

ICAEW's regulation and conduct role

Our role is to help ICAEW members and firms to maintain high professional standards and hold them to those standards. We act in the public interest to strengthen trust in ICAEW members and firms by raising standards through a programme of continuous improvement.

ICAEW's regulation and conduct roles are separated from ICAEW's other activities through internal governance so as to ensure the independence of all regulatory and disciplinary decisions. These roles are carried out by the Regulation & Conduct division and overseen by the ICAEW Regulation & Conduct Board and oversight regulators including the Financial Reporting Council, the Insolvency Service, the Office for Professional Body Anti-Money Laundering Supervision and the Legal Services Board.

We:

- **authorise** only those firms and individuals with the appropriate expertise and experience to undertake accountancy services regulated by law such as statutory audit, local audit, insolvency, investment business advice and legal services such as probate;
- **support** professional standards in general accountancy practice through our Practice Assurance scheme;
- **provide** robust anti-money laundering supervision and monitoring;
- **monitor** registered firms and individuals to ensure they operate in accordance with laws, regulations and expected professional standards;
- **investigate** complaints and hold ICAEW Chartered Accountants and students, ICAEW-supervised firms and regulated and affiliated individuals to account where they fall short of the required standards;
- **respond** and comment on proposed changes to the law and regulation; and
- **provide** educational resources and materials to help ICAEW members and firms comply with laws and regulations and maintain high professional standards.

* includes parent companies. Source: ICAEW member data March 2026, Interbrand, Best Global Brands 2025

Chartered accountants are talented, ethical and committed professionals. ICAEW represents more than 211,600 members and students around the world. 81 of the top 100 global brands employ ICAEW Chartered Accountants.*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor around 11,500 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is working towards becoming net zero, demonstrating our commitment to tackle climate change and supporting the UN Sustainable Development Goal 13.

ICAEW is a founding member of Chartered Accountants Worldwide (CAW), a global family that connects over 1.8m chartered accountants and students in more than 190 countries. Together, we support, develop and promote the role of chartered accountants as trusted business leaders, difference makers and advisers.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

www.charteredaccountantsworldwide.com

www.globalaccountingalliance.com

ICAEW Regulation & Conduct

Metropolitan House
321 Avebury Boulevard
Milton Keynes
MK9 2FZ, UK

T +44 (0)1908 248 250

E contactus@icaew.com

icaew.com/amlsupervision

