

OFSI Licensing: Travel Guidance

Guidance on travel allowance for licence applications



HM Treasury
Office of Financial
Sanctions Implementation



Licensing travel expenses

If you are applying for a licence from the Office of Financial Sanctions Implementation (OFSI) to release otherwise frozen funds for the purpose of travel and associated expenses, (for example, to allow you to attend legal meetings or court hearings), you will likely come across the term 'reasonableness'. An associated expense may be incurred by attending legal meetings or court hearings for example, and when issuing a licence to enable the payment of such expenses, OFSI is legally obliged to ensure that those expenses are 'reasonable' as required under the various regime or sector specific regulations made under the Sanctions and Anti-Money Laundering Regulations (2018).

This document acts as a guideline to assist potential applicants for OFSI licences. Each application is reviewed on a case-by-case basis and based on the facts provided, which may not necessarily be covered herein. Applicants

may also apply for travel costs under another licensing purpose which does not carry a requirement for OFSI to conduct a reasonableness assessment. Nevertheless, they should provide a full explanation as to why a specific licensing ground applies to their case. This guidance should be considered best practice and OFSI would expect the same considerations to be demonstrated. This guidance is not intended to cover all eventualities.

Office of Financial Sanctions Implementation

This guidance is produced by OFSI, part of HM Treasury, the authority for the implementation of financial sanctions in the UK. It provides financial sanctions guidance for entities and individuals who are subject to UK financial sanction restrictions and are applying for a licence to release frozen funds for the purpose of travel and associated expenses.

This should be considered supplementary to, and not a replacement for OFSI's general guidance, available on GOV.UK. Further sources of information which may prove helpful are listed at the end of this document.

This guidance does not represent legal advice. If you are unsure about your obligations in a given case, you should consider seeking independent legal advice.

OFSI is responsible for improving the understanding, implementation, and enforcement of financial sanctions in the UK. It publishes a consolidated list of individuals and organisations subject to financial sanctions as well as general guidance to help you comply.

This is available on OFSI's GOV.UK webpages – see the last page of this guidance for details.

The territorial extent of UK sanctions regulations includes the entirety of the UK, and it applies to conduct by UK persons – both nationals and corporate bodies – anywhere, including territories outside the UK.

The names of designated persons are not included in the Regulations, but instead appear on the consolidated list on GOV.UK. This enables immediate publication following a decision to make or amend a designation, limiting the opportunity for asset flight.

What are financial sanctions?

Financial sanctions help the UK meet its foreign policy and national security aims, as well as protecting the integrity of its financial system. Sanctions are used to respond to a range of threats, from terrorism and nuclear proliferation to internal repression and human rights abuses. Effective implementation and enforcement of sanctions is an essential tool in these endeavours.

Sanctions are imposed by the United Nations (UN), European Union (EU), UK and other jurisdictions such as the US, Canada, Japan and Australia. The UK autonomously implements its own sanctions under the

Sanctions and Anti Money Laundering Act, as well as implementing UN sanctions.

The Foreign, Commonwealth and Development Office (FCDO) has overall responsibility for the UK's policy on sanctions. OFSI leads on the implementation and enforcement of all financial sanctions applicable in the UK. HM Treasury also has the power to make domestic counter-terrorism sanctions designations and issue directions under the Counter-Terrorism Act (2008).

Our general guidance document contains more detailed information about financial sanctions and how they are implemented. See the last page of this guidance for details.

OFSI guidance for travel and expenses

Various regime or sector specific regulations made under the Sanctions and Anti Money Laundering Act set out the basis upon which HM Treasury may issue a licence. The specific regime regulations appear on the financial sanctions targets by regime on GOV.UK. It is important that applicants consult the relevant regulations before applying to OFSI. Each set of regulations will have their own licensing purposes, but commonly the regulations will include two licensing purposes which include a 'reasonableness' test. These are 'legal services' and 'maintenance of funds and economic resources'.

OFSI generally receives requests under these licensing purposes to enable the payment of:

- Reasonable professional fees for the provision of legal services
- Reasonable expenses associated with the provision of legal services
- Reasonable fees arising from the routine holding or maintenance of frozen funds or economic resources
- Reasonable service charges arising from the routine holding or maintenance of frozen funds or economic resources

It may be the case that other licensing grounds could be relevant to an application for travel expenses and applicants should provide an explanation as to why a specific licensing purpose reasonably applies to their case.

OFSI receives many licence applications where applicants have not provided sufficient evidence of reasonableness or with no evidence at all. This could be because the applicant may not have fully understood that OFSI is legally required under the regulations to make a reasonableness assessment of the expenses; or the application may not be objective.

OFSI requires a significant level of evidence when scrutinising the reasonableness threshold. This is because the various specific regime regulations made under the Sanctions and Anti Money Laundering Act gives HM Treasury the power to issue licences, also stipulates legal fees and maintenance of funds and economic resources should be 'reasonable'. If OFSI does not receive the level of detail it needs, OFSI will engage with the applicant for further details. This can cause delays to the processing of the licence application and, in some cases, may result in the refusal of the licence application if the requested further information is not provided. In addition, applicants are strongly encouraged to apply to OFSI no less than four weeks in advance of making any travel arrangements.

Reasonableness may have different meanings in different contexts and applicants should note that just because a payment has been licensed in a previous case, does not necessarily mean that it will be licensed again.

OFSI does not want to cause delays to the consideration and issuance of any licence, so this guidance is aimed at setting out what information OFSI requires when considering if an application for travel costs is 'reasonable'.

Alternatives to travel

As a first step in all cases, applicants should consider whether there are any practical alternatives to travelling in the first place, such as video, audio or web-based conferencing.

They should explain why these alternative options are not possible in their particular case.

Pre-Planning

If travel is deemed to be the only option available, then consideration should be given to efficiency and cost-effectiveness (booking in advance, travelling off-peak, using timed trains, economy or standard class), safety and security.

Applicants should also make an application for a licence to OFSI no less than 4 weeks in advance of travel and before making any concrete arrangements. If the application is incomplete or requires further information this will delay the application process. Where an applicant is unable to apply for a licence 4 weeks in advance then explanation as to why should be provided.

Necessity

OFSI would expect that only those individuals who absolutely must travel, do so. Support staff, such as paralegals, trainees and secretaries for example, should not be included unless deemed to be essential. In such cases, applicants should provide a clear explanation as to why these additional people are considered necessary and justifying the additional, proportionate cost.

Exceptional circumstances

The rates shown in this document act as an indicator as to what OFSI would ordinarily deem to be reasonable. In exceptional cases, OFSI may issue a licence exceeding these rates. Applicants will need to provide a clear explanation of such additional costs being reasonable, including supporting evidence.

Designated persons subject to certain regimes may also be subject to a travel ban. The applicant should ensure that anyone subject to a travel ban also has permission to travel and the necessary supporting documents.

In the event of a licence being issued for a travel expense, any travel ban in place would still apply and is not negated by any licence that may be issued by OFSI. It is the applicant's responsibility to ensure they are aware of any such restrictions.

Travel types

Air Travel

The cost of air travel is governed by the fare structure as set by airlines on various routes, as well as the duration of the flight and calendar dates. Prices often rise at popular times of the year, such as school breaks or national holidays, so OFSI would expect timings to be fully considered in line with the earlier pre-planning section.

For flights up to 6 hours, OFSI expects applicants to use economy class where possible, even if this means that flights may be very early or late, or alternative dates need to be considered. If there are exceptional circumstances where a premium economy flight, or an equivalent, is needed applicants should provide an explanation and supporting documentation. The table below should be used as a guide.

For flights more than 6 hours, OFSI expects applicants to consider efficiency and cost effectiveness, safety and security when booking flights. There may be exceptional circumstances where a business class flight, or equivalent, is needed. In this case applicants should provide an explanation and supporting documentation.

Duration of flight ¹	Class of flight which will normally be permitted
Under 6 hours	Economy and equivalent
Over 6 hours	Economy, Premium Economy and equivalents

Taxis

When making a licence application for taxi costs, the applicant will need to demonstrate that public transport has been considered and explain why the need for a taxi is appropriate

and cost-effective. Please note that carrying important documents will not generally in itself be considered an adequate justification. Many people can and do carry important documents, laptops etc on public transport.

Rail

When travelling by rail, OFSI expects applicants to travel standard class and generally at off-peak times. Moreover, OFSI expects that these rail tickets should be booked in advance, where possible, to take advantage of any discounts that may be available. If an alternative class is required, applicants must explain how such costs are reasonable, like a higher class of air travel.

Hire Cars

The use of self-drive hire cars may be considered where this is cost-effective. The applicant will need to demonstrate their consideration of public transport options and explain how the need for car hire is appropriate and cost-effective.

Private vehicles and motor mileage allowance

The use of a private vehicle to travel on official business may be considered where the mileage rate provides a cost-effective means of transport. Applicants will need to provide mileage and destination details in their application and explain why this is cost-effective. The following table information on expected rates for mileage.

Transport Method	Miles	Rate
Car (Petrol/ Diesel/ Hybrid)	1 to 10,000	45 pence per mile
Car (Petrol/ Diesel/ Hybrid)	Over 10,000	25 pence per mile
Car (Electric)	All mileage	4 pence per mile
Motorcycles	All mileage	24 pence per mile

¹ In line with CAPA Centre for Aviation's definition of long and short haul flights [Aviation Industry Glossary | CAPA \(centreforaviation.com\)](https://www.centreforaviation.com/aviation-glossary/capa/)

Hotels

OFSI will generally expect hotel stays to be minimised. Overnight accommodation should only be used where this is essential, for example, for a court hearing of more than one day. Applicants are expected to book the lowest reasonable class of hotel available, for example 3* rather than 5* where it is available.

If overnight accommodation is essential, each case will be considered on its own merits. The general guidance provided by HMRC, which can be accessed through the link in the Annex of this document, will be a good indicator of costs that will be considered reasonable.

Typically, OFSI would not licence a 4* and above hotel unless there are genuinely exceptional needs (such as a medical need for a particular facility). As with higher levels of air travel or rail travel, the applicant will need to explain how such costs are reasonable.

Meals

Where meals are not included in the costs of the hotel or otherwise provided, it is possible to include these costs in the overall travel costs being applied for. The following table provides information on expected subsistence rates in the UK.

Meal	Limit London	Limit UK elsewhere
Breakfast	£6.00	£6.00
Lunch	£10.00	£10.00
Dinner	£25.00	£20.00

Subsistence rates outside of the UK will depend on the location of travel and will be assessed on a case-by-case basis. HMRC have already published guidance that will be a good indicator of what sort of costs would be reasonable. A link to this guidance can be found under *Further Reading* in the Annex of this document.

Licensing

For more details on OFSI's specific licences and to find out how to apply for a licence, please visit:

<https://www.gov.uk/guidance/licences-that-allow-activity-prohibited-by-financial-sanctions>

Enforcement and penalties

OFSI is responsible for the monitoring of compliance with financial sanctions applicable in the UK and for assessing suspected breaches of the regulations. OFSI has powers under the Policing and Crime Act (2017) to impose monetary penalties of up to £1 million or 50% of the total value of the breach, whichever is higher, for breaches of financial sanctions. OFSI can also refer cases to law enforcement agencies for investigation and potential prosecution. Breaches of financial sanctions are considered a serious criminal offence and are punishable by up to 7 years in prison on indictment, or up to 6 months for a summary offence in England, Wales or Northern Ireland (12 months for a summary offence in Scotland). Please refer to the relevant legislation or further information.

Breaching financial sanctions regulations is a criminal offence. Any conduct that is carried outside the terms of an OFSI licence, such as use of a different payment route or payments in excess of a specific payment cap, is a breach of financial sanctions, and may result in a criminal prosecution or monetary penalty.

Financial sanctions are part of a wider sanctions framework targeting malign activity. As such, OFSI works with other parts of government, supervisory bodies and regulators to consider all reported non-compliance, and shares relevant information accordingly in line with the relevant sanctions and data protection legislation.

OFSI's approach to compliance and enforcement is detailed in Chapter 7 of its [general guidance document](#) and more specifically set out in its [enforcement and monetary penalty guidance](#), both on GOV.UK.

Annex I

Contacting OFSI

Email enquiries: ofsi@hmtreasury.gov.uk

Visit OFSI's web pages:
<https://www.gov.uk/ofsi>

OFSI's Financial Sanctions Guidance:
<https://www.gov.uk/government/publications/financial-sanctions-faqs>

Subscribe to OFSI's e-alert:
<https://public.govdelivery.com/accounts/UKHMTREAS/subscriber/new>

OFSI blog:
<https://ofsi.blog.gov.uk/>

If you find out that a person or organisation you are dealing with is subject to financial sanctions as detailed in the Regulations, you must immediately:

- stop dealing with them
- freeze any assets you are holding for them
- inform OFSI as soon as possible by emailing: ofsi@hmtreasury.gov.uk

Further reading

[OFSI's Financial Sanctions Consolidated List](#)

[OFSI's General Guidance](#)

[OFSI's Financial Targets by Regime](#)

[OFSI's Enforcement and Monetary Penalties Guidance](#)

[OFSI's Introduction to Licensing Blog](#)

[OFSI's Blog on Reasonableness](#)

[HMRC Expenses Rates](#)