



Office of Financial
Sanctions Implementation
HM Treasury



Property and Related Services Threat Assessment

April 2025



Office of Financial
Sanctions Implementation
HM Treasury

OGL

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Since February 2022, just over 1% of all suspected breach reports submitted to OFSI were reported by property and related services firms. Meanwhile, 7% of all suspected breaches reported to OFSI by other types of firms involved property and related services firms in some capacity. This discrepancy indicates a lack of reporting to OFSI by firms operating in the UK property and related services sector.

Introduction

This publication is one in a series of sector-specific assessments by OFSI addressing threats to UK financial sanctions compliance.¹ The UK sanctions landscape has changed significantly since the illegal Russian invasion of Ukraine in February 2022 and the subsequent implementation of unprecedented financial sanctions on Russia by the UK Government and international partners. Recognising the evolving nature of financial sanctions, OFSI is publishing this series of assessments to assist UK firms in better understanding and protecting against threats to compliance. These assessments also demonstrate OFSI's commitment to proactively investigate breaches of UK financial sanctions.²

This assessment provides information on suspected sanctions breaches only and is intended to assist stakeholders with prioritisation as part of a risk-based approach to compliance. In some cases, including in the absence of a relevant OFSI licence, the activity described in this assessment would breach UK financial sanctions. This assessment is not necessarily a direct reflection of ongoing OFSI investigations or enforcement activity and is based on a wide range of information available to OFSI. The case studies in this assessment are fictional but draw on information available to OFSI.

OFSI assesses the seriousness of suspected breaches on their merits and determines what enforcement action is appropriate and proportionate on a case-by-case basis. Guidance on breaches of financial sanctions prohibitions and OFSI enforcement can be found [here](#).

UK property and related services firms

This report outlines OFSI's assessment of threats to sanctions compliance involving UK property and related services firms since February 2022.³ The UK has designated individuals and entities under its financial sanctions regimes, prohibiting them from accessing financial services when either purchasing or selling property within the UK. Designated Persons (DPs) are prohibited from using UK financial services to execute property transactions and may also be subject to asset freezes, including of property assets.

¹ This assessment covers UK financial sanctions only and does not cover UK trade sanctions, including the Russian Oil Price Cap, or those implemented by the Office of Trade Sanctions Implementation (OTSI).

² OFSI works closely with the National Crime Agency (NCA), which is responsible for investigating suspected criminal breaches of UK financial sanctions.

³ The content of this assessment is based on information reviewed by OFSI from between January 2022 and March 2024.

As set out in OFSI's published guidance, OFSI considers property to be an economic resource. "Economic resources" generally means assets of every kind which are not funds, but may be used to obtain funds, goods or services. Where an asset freeze applies, it is therefore generally prohibited to (amongst other things) deal with a DP's economic resources. UK financial sanctions legislation applies to all persons in the UK and UK persons wherever they are in the world.

For the purposes of this assessment, UK property and related services firms include UK firms and sole practitioners involved in the sale, maintenance, or upkeep of residential and commercial properties. Relevant actors across the sector include: estate agents; letting agents; landlords; tenants; property managers; property investors; and property developers. This also includes property and related services firms based in the UK who deal with overseas property, and property and related services firms or persons based abroad if they are doing business with UK customers.

Relevant firms that are subject to specific reporting obligations as set out in UK regulations made under the Sanctions and Anti-Money Laundering Act 2018 include UK firms or sole practitioners that carry out, or whose employees carry out, estate agency work.⁴

As an anti-money laundering supervisor committed to ensuring UK businesses protect themselves from money laundering and terrorist financing, HMRC has published [guidance](#) for estate agency and letting agency businesses. UK firms are reminded of this guidance and should note the scope of work included in these activities and to which the guidance applies, particularly in light of the definition for estate agency work, which will cover businesses that may not consider themselves to be 'estate agents'.

As set out in the HMRC guidance, under Section 1 of the Estate Agents Act 1979, this type of work includes introducing/negotiating with people who want to acquire or dispose of an interest in land including commercial or agricultural property (whether in the UK or abroad) where this is done in the course of a business, or pursuant to instructions from a client. Per the HMRC guidance, this can include: high street or online residential businesses; commercial businesses; property or land auctioneers; land agents; relocation agents; property finders; private acquisitions specialists; asset management businesses that also provide estate agency services; brokers or transfer agents that broker the sale or transfer of client businesses to third parties; social housing associations; or construction companies (or developers to the extent that they offer estate agency services. Some property and related services firms may not be directly involved in any transactions that could be in breach of UK financial sanctions, but will have knowledge of relevant

⁴ For more information about reporting requirements, see [Reporting information to OFSI – what to do - GOV.UK](#).

parties, their intermediaries and enablers, or how those transactions are funded.

In addition, conveyancers and legal service providers play a crucial role in ensuring compliance with UK financial sanctions and are particularly well placed to identify and report any suspected breaches related to the property and related services sector to OFSI due to their role in facilitating property-related transactions.⁵

Changes in reporting requirements

From 14th of May 2025, all UK letting agents, both commercial and residential, will be subject to financial sanctions reporting requirements. This means that all UK letting agents must make an official report to OFSI if they know or have reasonable cause to suspect that a person is a DP or if a person has breached financial sanctions regulations, provided that the information or other matter on which the knowledge or cause for suspicion is based came to it in the course of carrying on its business.

Where the UK letting agent knows or has reasonable cause to suspect a person is a DP and that person is a customer, the firm must report the nature and amount or quantity of any funds or economic resources held for that customer at the time when it first had the knowledge or suspicion.

These reporting obligations will apply in relation to letting agency work irrespective of the value of any rental agreement. This is in contrast to the definition of letting agency work under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, under which letting agency work relates to lets with a monthly rent of 10,000 euros or more.⁶

Reporting to OFSI

Further information about reporting to OFSI can be found [here](#). OFSI encourages firms to report if they suspect a breach linked to the content of this assessment has occurred. Where appropriate and proportionate, OFSI encourages UK property and related services, and firms in all sectors, including financial services, to conduct lookback exercises to identify any past suspected breaches which might not have been reported to OFSI. It will assist OFSI if firms reference “OFSI – Property and Related Services Threat Assessment – 0425” in any report.

⁵ For more information, see [OFSI's Legal Services Threat Assessment Report](#).

⁶ For further information about the changes in reporting requirements for letting agents, consult the Financial Sanctions Guidance for Letting Agents [here](#).

Suspicious Activity Reports (SARs)

If you know or suspect that there has been money laundering or terrorist financing activity and your business falls within the regulated sector, then you are reminded of the obligations to make reports to the National Crime Agency (NCA) under Part 7 of the Proceeds of Crime Act 2002 and the Terrorism Act 2000. If you decide to make a report in this way, you should adopt the usual mechanism for doing so. It will help analysis if the reference "OFSI – Property and Related Services Threat Assessment – 0425" is included. Guidance on SARs is available [here](#).

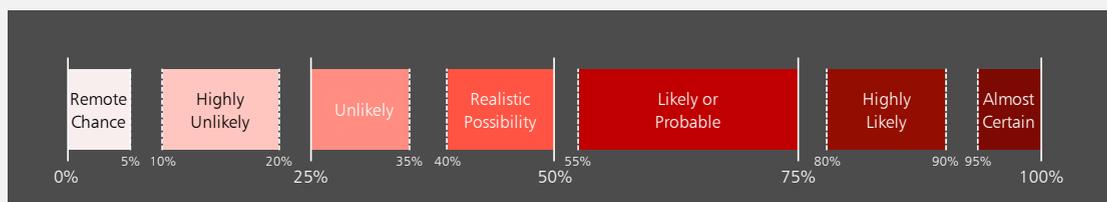
Key Judgements

This assessment concerns sanctions threats relevant to UK property and related services firms from February 2022 to present.

1. It is **almost certain** that UK property and related services firms have under-reported suspected breaches of financial sanctions to OFSI.
2. It is **almost certain** that DPs have breached UK financial sanctions by making or facilitating transactions for the benefit of their UK properties without or outside the scope of an OFSI licence or applicable exception.
3. It is **highly likely** that property-related suspected breach activity by or on behalf of Russian DPs has been facilitated by small-scale property or related services firms or sole practitioners with high-risk appetites and longstanding relationships with DPs.
4. It is **highly likely** that DPs, particularly Russian DPs, have used intricate layers of ownership to distribute their wealth by placing property and related assets under the ownership and control of their family members.
5. It is **almost certain** that UK property and related services firms have acted as professional enablers for DPs, thus facilitating sanctions breaches.

Probability Yardstick

This advisory uses probabilistic language as detailed in the Probability Yardstick developed by HMG's Professional Head of Intelligence Assessment.

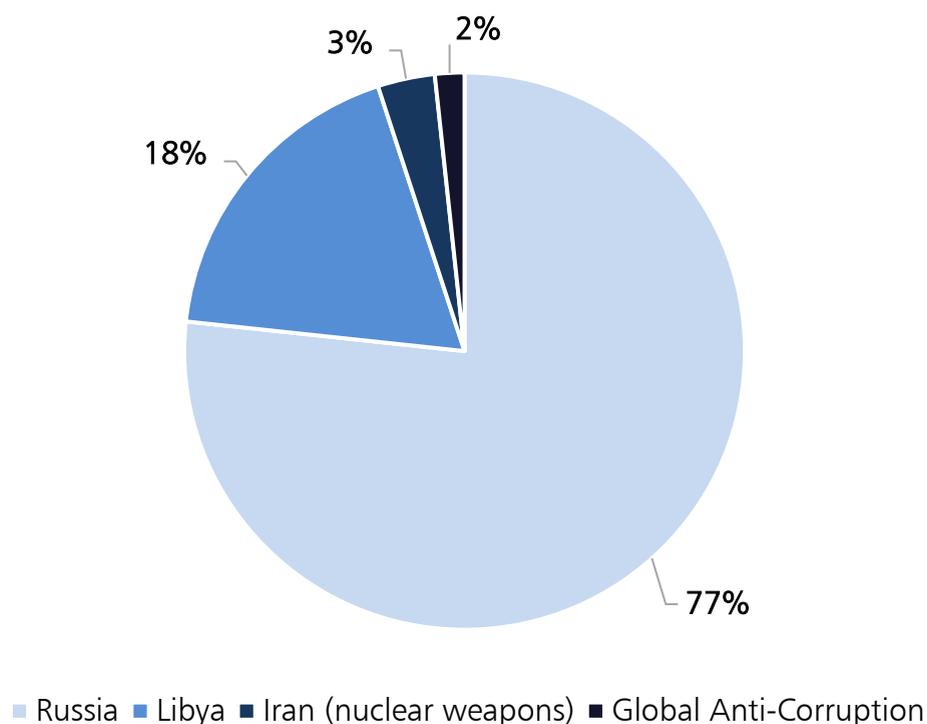


Threat Overview

A breakdown of suspected breach reports involving UK property and firms reported to OFSI since February 2022 is provided below.⁷

Suspected breach reporting by regime

Russia accounts for over 75% of sanctions designations made by the UK Government since February 2022. Russia also makes up 77% of all property-related reports to OFSI since then. While Russia sanctions remain a priority, OFSI encourages property and related services firms to ensure robust compliance with all UK sanctions regimes. Other regimes where OFSI has identified recent threats to compliance relevant to property and related services firms include those relating to Libya, Iran (nuclear weapons), and the Global Anti-Corruption regime.⁸



⁷ This data is based on suspected breaches reported to OFSI between January 2022 and March 2024.

⁸ These figures are approximate.

Suspected breach reporting by types of UK property and related services firms

1. It is **almost certain** that UK property and related services firms have underreported suspected breaches of financial sanctions to OFSI.

OFSI closely monitors suspected breach reports on a sector basis to identify patterns of non-compliance. Since February 2022, just over 1% of all suspected breach reports submitted to OFSI were reported by property and related services firms. Meanwhile, 7% of all suspected breaches reported to OFSI by other types of firms involved property and related services firms in some capacity. This discrepancy indicates a lack of reporting to OFSI by firms operating in the UK property and related services sector.

OFSI values self-disclosure and timely reporting of suspected breaches (further information on this can be found [here](#)). OFSI also proactively investigates suspected breaches which are not directly reported to OFSI using a wide range of available information. When self-disclosing a suspected breach, property and related services firms should report to OFSI and through other channels where relevant, including through SARs and to HMRC. Firms should refer to OFSI guidance when reporting suspected breaches to OFSI (including when self-disclosing).

Of all suspected breaches related to property reported to OFSI, just under 50% related to UK residential property ownership or letting by DPs, while less than 25% were linked to UK commercial properties. Other types of activities linked to suspected breaches in this sector included new investments in UK properties by DPs, the use of UK property firms by DPs to facilitate overseas business interests and client relationships, and the renewal or continuation of property-related contracts, including insurance, on behalf of or for the benefit of DPs.

While reporting to OFSI from property and related services firms is typically timely, OFSI has observed in some cases significant delays in property and related services firms both identifying suspected breaches and subsequently making reports to OFSI. The identification and reporting of suspected breaches by these firms also varies by regime. OFSI has identified substantial delays both in the discovery of suspected breaches involving property and related services firms, including in relation to the Global Anti-Corruption regime, and the reporting of suspected breaches, including in relation to the Libya regime.

Strengthening compliance

Non-compliance through breaches of licence conditions

2. It is **almost certain** that DPs have breached UK financial sanctions by making or facilitating transactions for the benefit of their UK properties without or outside the scope of an OFSI licence or applicable exception.

OFSI has observed persistent suspected breaches of specific and general OFSI licence conditions by DPs relating to UK property since February 2022 (further information on OFSI licensing can be found [here](#)).⁹

Such suspected breaches include transactions made after an existing OFSI licence has expired, payments made outside license conditions terms, including to or from bank accounts or suppliers other than those specified in existing OFSI licences, and failures to adhere to licence reporting requirements. OFSI has also observed payments made to the incorrect account after a DP's account details changed, with the payment then redirected to the correct beneficiary account. OFSI notes that the vast majority of suspected breaches of licence conditions since February 2022 related to payments made by DPs or DP-associated entities for the maintenance of their UK properties for the following types of activities:¹⁰



Salary payments for residential property staff



Security services



Maintenance services

⁹ Such transactions include those made without an exception in the relevant legislation applying.

¹⁰ This list is not exhaustive.



Gardening services



Building, decorating and renovation services



Energy contracts or utility bills



Management fees



Help desk costs



Other professional and consultancy services

OFSI also notes that a significant proportion of these suspected breaches were discovered via licensing reporting that was not also reported to OFSI on separate suspected breach reports. OFSI encourages all UK firms, including property and related services firms, to carefully review permissions when facilitating or partaking in transactions which they believe are permissible under OFSI licences. OFSI proactively monitors licence reporting and other information to ensure compliance with OFSI licence permissions.

Cross-sector red flags

Property and related services firms and UK firms operating in other sectors that deal with the property sector can strengthen compliance with UK financial sanctions by ensuring robust due diligence is conducted where relevant. In suspected breaches reported to OFSI since February 2022, OFSI has observed some instances of insufficiently detailed due diligence checks. Based on this and other available information, OFSI has observed a number of common red flags in this sector. While these red flags do not signify illicit activity in and of themselves, they could be indicative of sanctions evasion, especially when

two or more are present, and should trigger increased due diligence.¹¹

 A property or related services firm has a small number of ultra-high-net-worth clients and caters primarily to nationals of countries where UK financial sanctions apply (e.g., Russia or Belarus)

 The beneficiary of a property sale or other transaction involving a UK property is not clear

 The source of wealth or source of funds in a property transaction is not clear

 A property or related firm has low annual turnover or is classed as a micro-company

 A property or related services firm is not VAT-registered in the UK

 Payments continue after a property is left vacant

 Rent payments are disproportionate with a subletter or tenant's income

 A property or related services firm has an active proposal for strike-off from the Companies House register

 The ownership of a property is not clear, e.g., a property is owned by a company or through a trust located in another jurisdiction

¹¹ Further information about the types of situations where these red flags could arise is provided in the case studies on pages 24-28.



A company declared as the beneficial owner of a property doesn't have a physical office, or the office seems to have closed permanently, despite the company being still active



Individuals or entities facilitating property-related transactions are linked to DPs in media or news outlets



A family member or known associate of a DP claims to have received a gift towards the purchase of a UK property



Individuals facilitating the sale of a UK property have historical links to companies previously owned or controlled by a DP



A family member of a DP makes unexplained payments related to UK properties that are disproportionate to their declared income or line of business



HM Land Registry records show title ownership is owned by a family member of a DP



Historic or lookback exercises flagging non-compliance with asset freeze prohibitions



The owner(s) of the property previously owned by or associated with a DP cannot adequately explain how they funded the acquisition. If it is a recently-acquired commercial property, the new owners may have no prior history as property managers and lack credibility as commercial landlords

Intermediary jurisdictions

OFSI encourages vigilance from UK property and related services firms when the red flags above arise in conjunction with an intermediary jurisdiction nexus. Suspected breaches of UK financial sanctions often feature a nexus with an intermediary jurisdiction (a jurisdiction other than the UK and the jurisdiction to which UK financial sanctions relates; for example, Russia) or multiple intermediary jurisdictions.

Numerous factors contribute to an intermediary jurisdiction nexus. Russian DPs typically structured their financial interests, including the ownership and control of assets, through a small number of favoured intermediary jurisdictions prior to the Russian invasion of Ukraine in February 2022. While some intermediary jurisdictions have historically offered greater privacy through their legal and financial systems, as well as different tax regimes to the UK, some do not but have still been attractive to Russian investors for commercial reasons, including the products and services that they provide and/or their links to major markets.

Of all suspected breaches involving the UK property and related services sector reported to OFSI since 2022, 22% involved actors in intermediary jurisdictions. These included: Austria; Azerbaijan; the British Virgin Islands (BVI); the Republic of Cyprus; Jersey; Guernsey; Luxembourg; Switzerland; Türkiye; the United Arab Emirates (UAE); and the United States of America (USA).

It should be noted that the figure above is based on suspected breach reports only and does not necessarily mean that any breaches have occurred in those jurisdictions. Typically, an intermediary jurisdiction nexus involves individuals or entities based in those jurisdictions who are involved, directly or indirectly, in a suspected breach. The references to intermediary jurisdictions above do not mean that those jurisdictions do not (where relevant) enforce UK financial sanctions effectively. OFSI works closely with the relevant authorities in these intermediary jurisdictions.

UK property and related services firms are also reminded that any overseas companies owning UK land who have not registered their beneficial owners on the Register of Overseas Entities with Companies House could face penalties, including sales restrictions, financial penalties or prosecution. Unregistered companies are automatically rejected from registering ownership of any new land by HM Land Registry.¹²

¹² For more information, see [Corruption crackdown under new government anti money laundering laws - GOV.UK](#)

Threats: Russian Designated Persons (DPs) and their enablers

3. It is **highly likely** that property-related suspected breach activity by or on behalf of Russian DPs has been facilitated by small-scale property or related services firms or sole practitioners with high-risk appetites and longstanding relationships with DPs.

A significant number of suspected breaches submitted to OFSI since February 2022 related to UK residential properties owned or controlled by Russian DPs. As noted in its previous Threat Assessment on Financial Services, OFSI has observed Russian DPs routinely making use of UK property firms to maintain their UK residential or commercial properties in breach of UK financial sanctions, without an applicable licence (whether general or specific).¹³ Such transactions have included, but were not limited to:



Payments for property maintenance assistance (such as electricians, plumbers or gardeners)



Household staff salary payments



Payments for the provision of concierge or security services



Property letting services, and the collection of rent from a property asset



Payments of utility bills



Payments of Council tax

¹³ You can access the report [here](#).



Payments for the upkeep or renovation of a property



Payments for property management



Payments relating to settling property-related debts on behalf of or for the benefit of DPs



Payments relating to storage services



Payments made in relation to the provision of insurance for UK property assets



Real estate portfolios owned by DPs or managed by private equity firms

As many Russian DPs have left the UK, OFSI has noted a pattern of live-in staff helping maintain their UK properties. They may claim ownership of existing contracts for the benefit of those properties or make such payments on behalf of the DPs to mask their involvement. OFSI has also noted properties owned by DPs being sublet to individuals with potential illicit finance connections, or where the income may be fraud or money laundering related.

In addition, OFSI noted payments for acquisitions of new UK properties by venture capital firms of which DPs were in significant control but had divested their interests prior to designation. Property and related services firms can provide a variety of services linked to new investments in the UK, including property purchases, and should be alert to attempts by DPs and their enablers to breach UK financial sanctions.

In addition, in December 2024, an NCA-led investigation exposed and disrupted a Russian money laundering network employing complex methods to breach UK and international financial sanctions. This included transferring money into the UK on behalf of a non-designated Russian client, masking the source of funds and bypassing customer due

diligence checks to purchase properties.¹⁴ In particular, breaches identified by the NCA involved cross border transfers of cryptoassets through sanctioned exchanges as a means to facilitate these transactions, as well as financial services provided to or on behalf of ultra-high-net-worth DPs, indicating that the UK is likely also being used as a transit destination to maintain DPs' assets.

Enablers

In response to asset freeze prohibitions, and to retain their wealth, DPs have been observed to be employing a number of strategies to hide their beneficial ownership or control of UK properties. OFSI has observed this often occurring through networks of both non-professional and professional enablers.¹⁵ A professional enabler is defined as "an individual or organisation that is providing professional services that enable criminality. Their behaviour is deliberate, reckless, improper, dishonest and/or negligent through a failure to meet their professional and regulatory obligations".¹⁶ For the purposes of this assessment, non-professional enablers are defined as individuals with close personal ties to DPs, such as their family members, ex-spouses, or in-laws, but can also include their associates or other proxies.

Enablers can provide various services to Russian DPs, although the suspected enabler activity that OFSI has observed as most common in relation to UK property and related services firms is linked to payments made to maintain DPs' lifestyles, which includes dealing with or making transactions relating to DPs' properties.

Family and associates

4. It is highly likely that DPs, particularly Russian DPs, have used intricate layers of ownership to distribute their wealth by placing property and related assets under the ownership and control of their family members.

OFSI has observed continued activity by non-professional enablers linked to Russian DPs since February 2022. OFSI has noted continued attempts by Russian DPs to frustrate UK financial sanctions by transferring their ownership or control of property assets to non-

¹⁴ [NCA Operation Destabilise press release](#), published 4th December 2024.

¹⁵ In this Threat Assessment, OFSI uses the term "enabler" to refer to any individual or entity providing services or assistance on behalf of or for the benefit of DPs to breach UK financial sanctions prohibitions. Enabler activity is any activity undertaken by these individuals or entities on behalf of or for the benefit of DPs. For the purposes of this assessment, enablers' level of complicity with sanctions breaches has been differentiated at three levels: complicit, willfully blind and unwittingly involved. For more information, see NCA, National Economic Crime Centre (NECC), [Cross-System Strategy on Professional Enablers](#).

¹⁶ For more information, see NCA, National Economic Crime Centre (NECC), [Cross-System Strategy on Professional Enablers](#).

professional enablers, including family members, ex-spouses and close associates. Ownership and control transfers of this kind typically occur in the period immediately before designation, but they have also been observed (on a smaller scale) in the period following designation. OFSI encourages all UK firms to report any suspicious changes to the ownership or control of property assets linked to a Russian DP, including ownership transfers where the apparent intention may be to circumvent UK financial sanctions.¹⁷

Complex ownership structures may help to disguise a DP's beneficial ownership of a property. Family members or proxies of DPs who are not subject to sanctions are likely to be involved in facilitating the purchase of real estate where the funds used are ultimately held for the DP. OFSI notes that such properties are often considered super prime properties, at the top 5% end of the property market. Payments for sales or disposals of such properties have been noted to occur through companies owned through trusts (or similar arrangements) located in other jurisdictions on behalf of a DP, where the trust beneficiary or company nominee director is not the DP themselves, but their representative, which could be a family member or an associate. Such high-value payments can also be broken up into smaller installments, so as to not invite further scrutiny. This type of activity likely indicates ownership and control obfuscation to mask the source of wealth or the true beneficiary of a transaction.

In some cases, family members of DPs may have received monetary gifts that are then used to acquire UK or overseas properties. In some cases, they may be acting for or on behalf of the DPs themselves. These types of activities could be indicative of sanctions circumvention if the persons involved are intentionally participating in activities knowing the object or effect is to circumvent the UK's sanctions regulations or to facilitate their contravention.

OFSI has noted property-related transactions involving family members and associates of DPs where the funds are suspected to originate from a sanctioned bank, as well as payments being layered through multiple bank accounts linked to a DP. OFSI has also observed family members or associates of DPs making payments for services relating to properties owned or controlled by a DP, e.g., through direct debits to settle insurance contracts, or for the maintenance of a property, or to pay for a subscription service at an address linked to a property.

¹⁷ For more information, see [OFSI's Legal Services Threat Assessment Report](#).

Professional enablers

5. It is **almost certain** that UK property and related services firms have acted as professional enablers for DPs, thus facilitating sanctions breaches.

Since February 2022, most professional enabler activity observed by OFSI across sectors has been linked to transactions relating to Russian DPs' UK property assets. These include concierge and personal security services; other property management services; or lifestyle management services. Without a relevant OFSI licence, these payments could breach UK financial sanctions. Suspected professional enablers engaging in this kind of activity are typically small companies with a high-risk appetite providing services related to ultra-high-net-worth individuals. While professional enablers share the same objective as non-professional enablers, they often employ more sophisticated methods, including the use of complex corporate structures and third jurisdictions, to breach UK financial sanctions

OFSI notes that in some cases, ownership or control of a DP's property assets may have been divested to a percentage below 50% in order to bypass basic due diligence checks. In one case observed by OFSI, a Russian DP sold their shares in a UK firm owning several property assets after designation to another company in which the DP continued to hold a 49% stake. Professional enablers can also operate as estate agency businesses or letting agency businesses on behalf of a DP by making payments to staff or family members located at a property owned or controlled by the DP or collecting rent on the DP's behalf. They can operate in various capacities through Trust or Company Service Providers (TCSPs) located in intermediary countries to control a DP's property assets or manage a DP's property investment portfolio. OFSI has also noted mortgage brokers refinancing loans for properties owned by a DP.



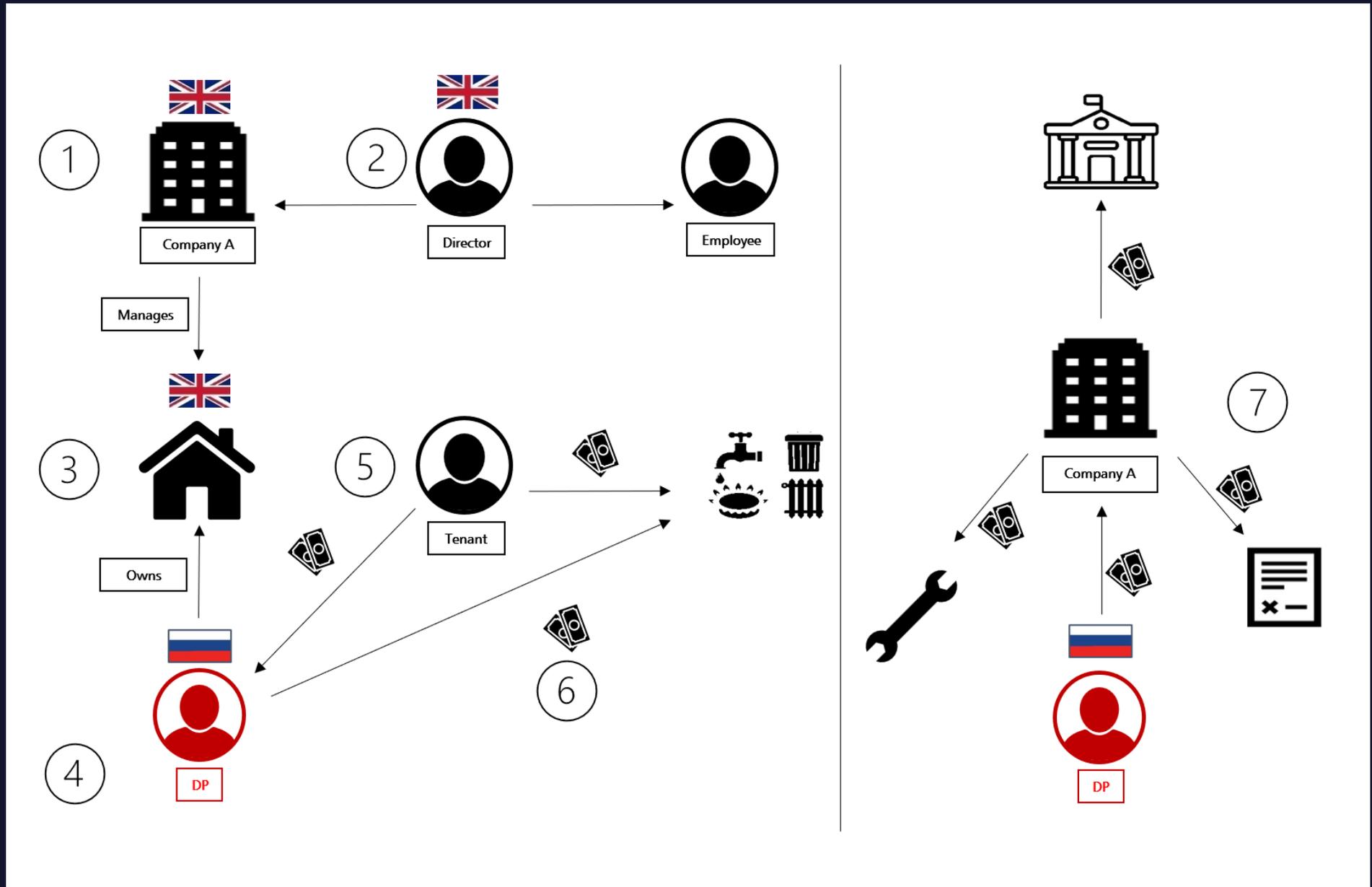
Integral Concierge Services Limited

On 29 August 2024, OFSI imposed a monetary penalty of £15,000 in accordance with section 146 of the Policing and Crime Act 2017 against a UK-registered company, Integral Concierge Services Limited (ICSL), for breaches of the Russia (Sanctions) (EU Exit) Regulations 2019 (the Russia Regulations).

The penalty related to 26 payments made or received by ICSL in 2022 and 2023 in connection with property management services it provided to a Russian DP for a UK residential property.

Further information about this enforcement action, including the circumstances that led to the imposition of the monetary penalty, is available [here](#).

CASE STUDY 1: A UK property and related services company facilitates breaches of UK financial sanctions on behalf of a Russian DP



CASE STUDY 1: A UK property and related services company facilitates breaches of UK financial sanctions on behalf of a Russian DP

1

Company A is incorporated as a property and lifestyle management company in the UK. It caters primarily for Russian and Ukrainian nationals.

2

The company's director is a UK national. Apart from the director, Company A has only one additional employee.

3

Company A begins to manage a UK property ('the Property') belonging to a Russian national.

4

The Russian national, non-resident in the UK, is designated under the Russia Regulations.

5

OFSI receives information that a tenant ('the Tenant') continues to live in the Property after the DP's designation, paying rent to the DP and covering all bills for the maintenance of the Property.

6

A year later, the Tenant leaves the Property. After that point, the Property is left unoccupied, and liability for Council tax and utilities falls back to the DP.

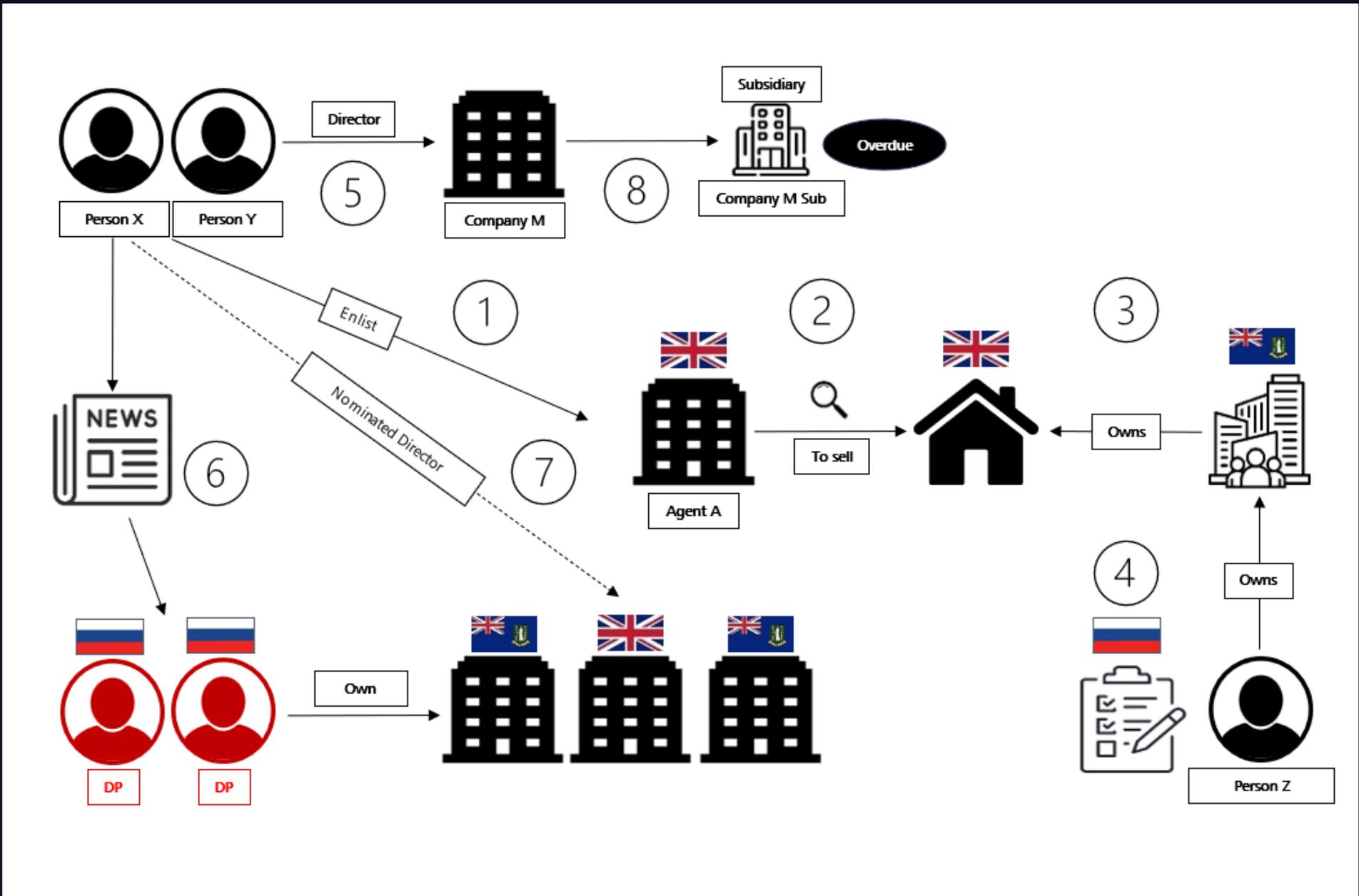
7

During this time, Company A is involved in multiple transactions on behalf of or for the benefit of the DP. They involve:

- Direct debits to maintenance companies for the Property;
- Council tax payments made after the Property is unoccupied and thus for the benefit of the DP;
- Property management fee payments.

By facilitating these transactions, Company A breaches UK sanctions on Russia.

CASE STUDY 2: DPs' use of complex corporate structures and enablers to facilitate the sale of a UK property



CASE STUDY 2: DPs' use of complex corporate structures and enablers to facilitate the sale of a UK property

1

A UK estate agency firm, Agent A, is contacted by two individuals, Person X and Person Y, to broker the sale of a super prime UK property ('the Property').

2

Upon carrying due diligence checks, Agent A identifies the following red flags:

3

The Property is owned by a company incorporated in the BVI, which is in turn owned by Person Z.

4

Person Z is a potential match against an individual with the same name and in an official function for the Russian Government. Agent A is not able to disprove the potential match.

5

Person Y is director for Company M, a London-based company which specialises in management consultancy, and which appears in open sources as linked to Russian DPs. Although Company M's physical office seems to have closed permanently, the company is still active.

6

Open sources indicate that Person X facilitated the purchase of high value goods for other Russian DPs.

7

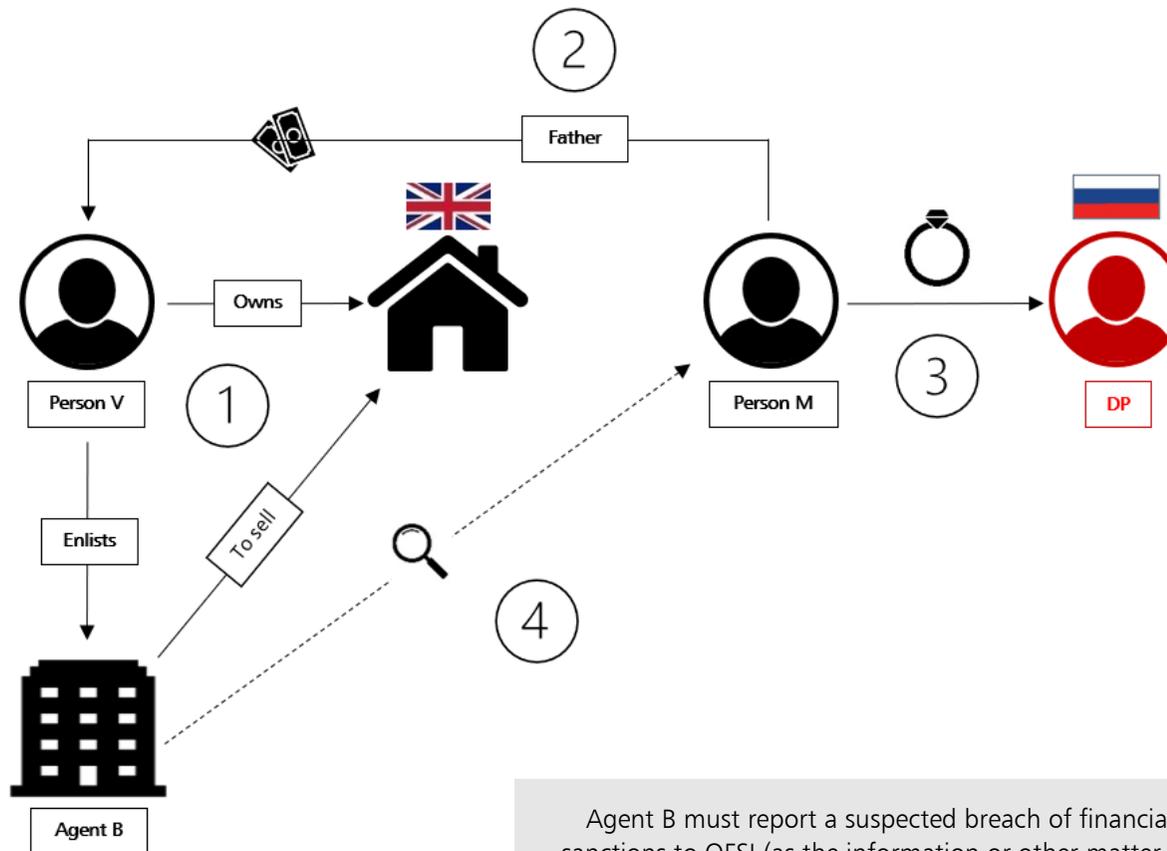
They also report that Person X acted as the Nominated Director for various BVI and UK companies to prevent Russian DPs from disclosing their ultimate beneficial ownership.

8

Company M Sub is a subsidiary of Company M. Its accounts appear as overdue, and it has an active proposal for strike off from the Companies House register.

Whilst none of these individual red flags automatically suggest the activity within the business carried out by Company M and Company M Sub is illicit, they should trigger increased due diligence. When considering these red flags in context, Agent A has reasonable cause to suspect that Person X, Person Y, Company M and Company M Sub are acting as enablers by facilitating transactions for the benefit of or on behalf of Russian DPs, potentially breaching the Russia (Sanctions) (EU Exit) Regulations 2019. As a relevant firm as defined in in legislation, Agent A must report suspected breaches (as the information or other matter on which the knowledge or cause for suspicion is based came to it in the course of carrying on its business) to OFSI and submit a SAR via the usual reporting channels.

CASE STUDY 3: DPs' use of family members and proxies to move UK property assets



1

Person V approaches a UK estate agency firm, Agent B, to act for them in the disposal of a UK property for a sum in excess of £2m.

2

Person V's father is Person M, who provided the funds to purchase the property via a BVI company in 2016.

3

Person M is the spouse of a Russian DP.

4

As person M's income is disproportionate to the value of the property, Agent B has reasonable cause to suspect that the DP provided the purchase funds for this property and may also wish to acquire the sale proceeds.

Agent B must report a suspected breach of financial sanctions to OFSI (as the information or other matter on which the knowledge or cause for suspicion is based came to it in the course of carrying on its business).

Further resources

This assessment highlights OFSI's ongoing commitment to proactively engage with stakeholders to ensure UK financial sanctions are properly understood, implemented, and enforced in the UK. OFSI will publish further sector-specific assessments in 2025 which are also likely to be relevant to property and related services providers. OFSI has also published, and will also continue to do so, information on specific threats to UK financial sanctions compliance, including, for example, the recent advisory on North Korean IT workers (available [here](#)).

This assessment does not represent legal advice and should be read in conjunction with OFSI guidance (available [here](#)). OFSI encourages property and related services firms to review Frequently Asked Questions (FAQs) published by OFSI which provide short form guidance and technical information on financial sanctions (available [here](#)). OFSI also encourages UK firms to subscribe to free OFSI e-mail alerts (available [here](#)) to receive further relevant information about UK financial sanctions.

This assessment builds on previous and related publications issued by OFSI and UK Government partners, including the Financial Services Threat Assessment published by OFSI in February 2025 (available [here](#)), the Legal Services Threat Assessment published by OFSI in April 2025 (available [here](#)), the Red Alert on Financial Sanctions Evasion Typologies By Russian Elites and Enablers published by OFSI and the NCA in July 2022 (available [here](#)), and the National Risk Assessment of Money Laundering and Terrorist Financing 2020 (available [here](#)). OFSI also encourages UK property and related services firms to review publications from other relevant UK Government bodies, including the NCA, HMRC, HM Land Registry, and the Ministry of Housing, Communities and Local Government.



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