

HM Treasury and Office of Financial Sanctions Implementation

OFSI's Enforcement Processes Consultation

Response from Propertymark

October 2025

Background

1. Propertymark is the UK's leading professional body of property agents, with over 19,000 members representing over 12,500 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.¹

Consultation – overview

2. The Office of Financial Sanctions Implementation (OFSI) is responsible for ensuring that UK financial sanctions are properly understood, implemented and enforced. Part of HM Treasury, the body has been the primary regulatory body for sanctions-related issues for estate agents since 2018, with the introduction of the Sanctions and Anti-Money Laundering Act 2018, which expanded to letting agents in May 2025. Since its enforcement processes were introduced in 2016/17, there have been considerable changes to the UK's sanction regime including new conflicts and nations that have been sanctioned. OFSI has therefore considered it necessary to review its enforcement processes and existing guidance to ensure that more private businesses are confident to report where individuals are breaching UK sanctions.

Propertymark response – summary

3. Propertymark welcomes the opportunity to respond to OFSI's enforcement processes consultation. Propertymark is a major supporter of the steps the UK Government has taken to reduce economic crime within the property sector, having produced a position paper on the topic and supporting our members to understand their AML responsibilities². While distinct policy areas, Propertymark holds that ensuring sanctioned individual do not buy or let UK property is as important as tackling economic crime. As part of our ongoing relationship with HMRC, HM

¹ <https://www.propertymark.co.uk/>

² [Reducing economic crime in the property sector | Propertymark](#)

Treasury and OFSI, we are keen to ensure that the processes that property agents need to follow can be followed easily and are more understood by agents. By doing so we hope to help shape a reporting system that leads to a greater level of reporting by the sector. Considering this, our response is based on the following four positions:

- **Prioritise penalties for those who knowingly breach regulations** – penalties for those who unknowingly breach regulations should be reduced to encourage more firms to come forward.
- **Good behaviour must be supported** – by encouraging post-breach good behaviour, OFSI can further prevent reoffending by supporting those who come forward with discounts on financial penalties and support so they are better informed their legislative requirements.
- **Cooperation must be incentivised to ensure designated persons can be more easily identified** – through cooperation with those who breach their financial sanctions requirements, OFSI can better understand the methods designated persons use to purchase or rent property in the UK.
- **Financial penalties must be greater than the potential revenue for working with sanctioned individuals (designated persons)** – if firms are able to profit from dealing with designated persons, even taking financial penalties into account, then financial penalties will not be enough to disincentivise firms from knowingly breaching UK financial sanctions regulations.

Consultation Questions

Question 1: Do you agree with the proposed changes to OFSI's case assessment guidance?

4. OFSI has proposed the following changes to its case assessment guidance:
 - Introducing more guidance and transparency about how it reaches cases assessments and how penalties are calculated. This will be achieved through a new case assessment matrix which sets out penalties based on the level of misconduct of the individual charged and the severity of breaches.
 - Removing the duplicate assessment of post-breach conduct in penalty cases.
 - More directly linking outcomes to standardised penalty calculations.

- Setting the baseline penalty amount at or above 75% of the statutory maximum for Most Serious cases, up to 75% for Serious cases,
5. We agree that introducing more guidance on how OFSI reaches decisions and how penalties are calculated to be beneficial. However, we would urge OFSI to consider expanding on the definitions of the different ratings of severity and conduct, which are not currently present in OFSI guidance³. This would be beneficial for two reasons. Firstly, property agents would understand what kind of actions are considered to be in breach of legislation, which will enable them to take steps to improve their behaviour. Secondly, having clearly defined definitions of the ratings in the matrix will ensure greater consistency of penalties charged.
 6. We disagree with removing the duplicate assessment of post-breach conduct in penalty cases. Acknowledging post-breach conduct is helpful to incentivise good conduct and prevents repeat offences. Post-breach conduct should be taken holistically and assessed to determine the penalty amount. Even if the financial penalty is reduced, the end goal of penalties is to incentivise compliance which taking post-breach conduct into account should achieve. To prevent instances where repeat offenders aim to act in good conduct to reduce their penalty, we would recommend that the assessment of positive behaviour post-breach is used for the first breach of an individual or business.
 7. We agree with standardising penalty calculations to create consistency and reduce administration time when calculating penalties.
 8. We agree with changes to financial penalties which not only provide additional clarity but are proportionate and effective.

Question 2: Do you agree with the proposed changes to OFSI's voluntary disclosure discounts?

9. OFSI is proposing that the existing up to 50% discount in Serious cases is dropped in favour of a 30% discount for both Serious and Most Serious cases. Additionally, voluntarily disclosing a breach would not be enough to receive the 30% discount, instead firms and individuals would have to cooperate with OFSI's investigation.

³ [Financial sanctions enforcement and monetary penalties guidance - GOV.UK](#)

10. We disagree with some of the changes proposed by OFSI, as we consider this would dissuade firms and individuals from reporting breaches to OFSI and cooperating post-report. Ultimately, the purpose of discounts is to encourage more people to come forward which we fear that reducing incentives will not achieve. We do however agree that steps should be taken to prevent cases where someone who has come forward may frustrate or refuse to cooperate investigations. As an alternative approach, we propose that the full 30% discount should apply to people or firms who have voluntarily reported any breach they have committed, with some discretion left to OFSI based on individual circumstances. However, should they cooperate with OFSI, which should require strict criteria, this should rise to a maximum discount of 50%. Should they instead frustrate investigations, their initial discount should be reduced at the discretion of OFSI. This approach would incentivise cooperation and voluntary self-reporting while ensuring those who frustrate investigations are penalised.
11. We would also recommend that OFSI produces extensive guidance that is sector specific on how firms should and should not cooperate regardless of the changes they make.

Question 3: Do you agree with OFSI's proposal to introduce a settlement scheme?

12. We agree with OFSI's proposal to introduce a settlement scheme for breaches that were not committed knowingly for individuals or firms that are acting in good faith and have not been suspected of circumventing financial sanctions. The breacher would engage in settlement discussions where, if successful, would add a further 20% to the discount of any penalty (in addition to the voluntary disclosure or cooperation discount). This would further encourage those who unknowingly committed breaches to come forward and quickly resolve investigations. We would propose that settlements should involve further support and guidance from OFSI and commitments from the breacher to ensure that no further breaches take place.

Question 4: Do you agree with OFSI's proposed settlement discount?

13. We agree with OFSI's proposed settlement discount. This would encourage settlements to take place which is in the best interest of all parties involved and ensures that OFSI can prioritise investigating those who knowingly breach sanctions or take steps to hide their breaches.

Question 5: Were you the subject of a potential monetary penalty, would the proposed settlement discount incentivise you to enter into a settlement scheme?

14. As an organisation, Propertymark would recommend that our members enter into a settlement scheme as a way of reducing financial penalties and ensuring they have a better understanding of how they can meet their legislative obligations.

Question 6: Do you have any views on how OFSI could incentivise the use of the settlement scheme other than through penalty discounts?

15. As stated earlier, we would encourage that the settlement scheme includes further support from OFSI, potentially through a report or discussion with investigators to provide breachers bespoke guidance on how they can prevent further breaches. This will help to ensure that those who are genuinely unaware of their legislative requirements can better understand what they need to do in order to remain compliant.

Question 7: Do you agree that OFSI should introduce an Early Account Scheme?

16. Similarly to the settlement scheme, Propertymark supports the creation of an Early Accounts Scheme that aims to involve breachers to a greater extent during investigations. Not only would this encourage breachers to come forward, but it may help to uncover how sanctioned individuals are hiding their identity or other methods they are using to purchase or rent property in the UK without being flagged as designated persons.

Question 8: What are your views on appropriate incentives and discounts for subjects settling a case using the Early Account Scheme?

17. In order to further incentivise engagement with the Early Accounts Scheme, Propertymark proposes that OFSI set out clear criteria where the outcome of an Early Accounts Scheme would result in the overturning of all financial penalties to the breacher. This would have two clear benefits. Firstly, the potential for removing all financial penalties would further encourage breachers to come forward and work with OFSI. Given that joining the Early Accounts Scheme will require significant time from breachers to fully engage with, the incentive must provide a greater benefit than the cost of losing regular business time. Secondly, the purpose of the Early Accounts

Scheme is to potentially support OFSI to understand how breaches occur and the methods used by designated persons. Ensuring that the breacher spends the time they need to work with OFSI helps increase the chances of this happening.

18. We think that the removal of all financial penalties would be justified even if this would come at a cost to OFSI. This is because it can help achieve the ultimate goal of preventing further breaches in the long-term which would reduce the operating costs of OFSI, achieve the goal of preventing national security risks and improve the effectiveness of UK financial sanctions.

Question 9: Do you agree that OFSI should revise its penalty processes for information, reporting and licensing offences?

19. Propertymark neither disagrees nor agrees that OFSI should revise its penalty processes for information, reporting and licensing offences. We are unaware of any issues with the existing process that OFSI uses but neither do we have any objections to switching to a new system should OFSI believe it will promote greater reporting compliance.

Question 10: If OFSI revised its penalty processes for information, reporting and licensing offences, should OFSI use indicative penalties in public guidance or fixed penalties set out in legislation?

20. Out of the two options, indicative penalties and fixed penalties, we would support fixed penalties to reduce administrative burdens on OFSI in the long-term, as investigators would be able to refer to a fixed penalty scheme instead of determining the penalty on a case by case basis. A fixed-penalty system also creates greater clarity and consistency of penalties.

Question 11: Do you agree that OFSI should increase the statutory maximum permitted penalty amount of £1,000,000, contained in s. 146 of PACA at subsections 3(a) and (4)?

21. Yes, we agree that OFSI should increase the statutory maximum permitted penalty amount of £1,000,000 to £2,000,000 for the Most Serious breaches. For the property sector, we would envision that this would only take place if the agent or legal professional was paid a considerable amount to knowingly and repeatedly purchase property for a designated person or group of designated persons. Even then, we would envision that to reach this penalty, the breacher would have actively been working with a representative of a sanctioned national government or similar

body. We encourage the increase in penalty for those who knowingly breach sanctions for two reasons. Firstly, the size of the penalty will help ensure compliance. Secondly, the need to increase self-reporting and supporting breachers to not repeat their offence is not applicable to those who knowingly breach financial sanctions.

Question 12: Do you agree that OFSI should increase the specified percentage of the estimated value of funds and resources used to calculate maximum permitted penalties at (3)(b)?

22. Yes, we agree that a greater maximum penalty should be imposed on those who breach financial sanctions. We agree that this should be set to a maximum of 100%. Currently, if set at 50%, those who could knowingly breach financial sanctions could increase their revenue even if issues the maximum financial penalty. Increasing the penalty to 100% ensures that there is no financial incentive to knowingly work for designated persons and to ensure that firms conduct necessary due diligence.

Question 13: What are your views on basing maximum penalties on a percentage of turnover during the period relevant to the breach?

23. We think that basing the maximum penalty on the percentage of turnover during the period relevant to the breach has three main benefits. Firstly, it is likely (unless turnover from designated persons is hidden) that basing penalties based on turnover would capture the turnover gained from transactions with designated persons. This would effectively remove any potential benefit for selling property to, engaging in business relationships or taking funds from designated persons. Secondly, basing financial penalties on turnover means that a significant financial penalty (and therefore disincentive) can be imposed even if the total earnings received from designated persons is hidden or not fully known. This reduces the potential for firms to think they would not face substantial financial sanctions if they were to take steps to obscure how many properties or payment they received from designated persons. Thirdly, we would recommend setting the turnover to be a “global turnover” where a large company with different branches would have to pay the penalty based on their entire earnings not just the earnings of one branch. This would help to incentivise more larger corporate property agents to invest in training for their branches. Additionally, this would prevent situations where a decision at a higher level was made to work with designated persons but only the branch responsible for the breach faced the penalty. This could also be applicable to banks and their branches as well.

Question 14: What are your views on setting a maximum penalty amount for each breach rather than for each case?

24. We disagree that setting a maximum penalty for each breach would be beneficial. Should OFSI consider setting the penalty to the turnover for the time during the breach, then this would sufficiently cover any benefit to the firm alongside additional revenue made during the breach. We consider this to be a sufficient disincentive to firms seeking business with designated persons. This may be useful in cases where firms unknowingly breached reporting requirements, however this would have to be set considerably lower than intentional breaches.

Question 15: Are there any other approaches to setting maximum penalties that OFSI should consider?

25. We have no further comments to make at this time.