

White Collar Defense and Investigations



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OFSI Issues First-Ever Monetary Penalty for a Failure to Provide Information: Key Considerations for Companies

The Offence and Penalty

On 8 May 2025, the UK's Office of Financial Sanctions Implementation (OFSI) published its 11 April 2025 notice of its first-ever monetary penalty for an information offence relating to financial sanctions regulations.¹ Svarog Shipping & Trading Company Limited (Svarog), a UK-registered company, was fined £5,000 for failing to respond to OFSI's statutory Request for Information (RFI) within the requested time frame and for failing to provide a reasonable excuse for the delay, breaching regulation 74(1)(a) of the Russia (Sanctions) (EU Exit) Regulations 2019 (2019 Russia Regulations).²

The RFI was issued as part of an investigation into potential financial sanctions breaches, including a transaction between Svarog and the subsidiary of a designated person. Though OFSI concluded that Svarog had not breached financial sanctions in relation to that transaction, the failure to respond to the RFI was a breach.³ OFSI's notice states that Svarog did not respond to a number of reminders sent by OFSI and the company only responded once OFSI had contacted Svarog's auditors.⁴ It is notable that OFSI chose to impose a penalty in such circumstances, which reiterates the importance of businesses ensuring they have clear procedures in place for responding to RFIs from OFSI (and other regulatory and law enforcement bodies) and that they are handled in an appropriate manner.

What Are OFSI's Information Gathering Powers?

OFSI's power to request information is one of its main tools for investigating suspected breaches and monitoring compliance with financial sanctions regulations and licences. OFSI's information gathering powers are detailed in the regulations related to each sanctions regime implemented by the UK government and, in relation to Russian sanctions, OFSI's information powers are contained in Part 8 of the 2019 Russia Regulations. OFSI can require a person to produce specified documents and produce information for the purpose of, amongst other things, establishing the nature and amount or quantity of funds or economic resources owned, held or controlled by, or on behalf of, a designated person, and monitoring compliance with or detecting evasion of certain financial sanctions regulations (including prohibitions and reporting obligations) and conditions contained within an OFSI licence.⁵

¹ See, [OFSI's Report of Penalty for Breach of Financial Sanctions Regulations of 08 May 2025](#).

² *Id.*, paragraph 1.

³ *Id.*, paragraph 5.

⁴ *Id.*, paragraph 7.

⁵ See, [Regulation 72 of the 2019 Russia Regulations](#); see also, [Section 5.6 of OFSI's UK Financial Sanctions General Guidance of 18 March 2025](#).

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In its case assessment of the Svarog penalty, OFSI noted that the purpose of the information powers in the 2019 Russia Regulations is “to ensure OFSI has timely access to the information needed to enforce financial sanctions effectively.” As a result, OFSI held that Svarog’s failure to respond by the deadline impeded OFSI’s overall effectiveness and efficiency by diverting resources from enforcement actions.⁶

Over the past few months, OFSI has demonstrated that enforcement actions for information offences are a priority. While the penalty against Svarog represents the first monetary penalty for an information offence, on 14 March 2025, OFSI also made use of its disclosure enforcement powers (*i.e.*, its power to “name and shame”) against three charities under the UK’s Counter-Terrorism International sanctions regime who failed to respond to requests made pursuant to OFSI’s information gathering powers.⁷

Key Compliance Lessons for Businesses

The penalty highlights the importance of companies responding promptly and comprehensively to any OFSI RFIs and implementing clear procedures for handling such requests. OFSI’s blog post related to the Svarog penalty is titled “A Lesson in Information Offences,” which reflects that OFSI intends for businesses to take note of this development and review existing compliance procedures. OFSI highlights four key compliance lessons arising from the penalty, which we summarise and comment on below.⁸

1. Recognise the seriousness of failing to respond promptly to RFIs.

OFSI has emphasised that it will take a robust approach towards firms that delay or fail to respond to RFIs and, in doing so, breach statutory obligations placed upon them. It is for the company to ensure that adequate internal procedures are in place to ensure correspondence is monitored and addressed promptly, whether by a compliance officer or by the company’s legal department, for example.

2. Engage proactively and candidly with OFSI in relation to RFIs.

OFSI notes that if firms receive an RFI but are unsure how to respond, or if there are concerns about meeting the deadline, they should seek clarification and/or request an extension as

soon as possible. If a company misses an RFI deadline, it should proactively provide a reasonable excuse, which OFSI noted Svarog had failed to do.

Companies should consider seeking legal advice on their sanctions obligations if there is any uncertainty about how to engage with OFSI.

3. Have effective communication and monitoring systems in place.

OFSI flags that firms should have effective communication and monitoring systems in place to respond to RFIs, and that companies in sectors with elevated exposure to sanctions should take a particularly cautious approach.

While by no means an exhaustive list, companies operating in sectors such as financial services, maritime shipping, aerospace and automotive should ensure they stay up to date with their sanctions risk and exposure. The employment of appropriate compliance personnel can assist with sanctions monitoring and OFSI compliance obligations.

4. Consider other compliance and reporting obligations.

While the Svarog penalty relates to the failure to respond to an OFSI RFI without reasonable excuse, OFSI explicitly notes that other types of failures to provide information would also constitute breaches leading to penalties. OFSI refers to the following two scenarios: (i) a failure to comply with reporting obligations, including both failure to report and late reporting without reasonable excuse; and (ii) incomplete or otherwise noncompliant reporting on specific and general licences, reporting requirements on licences, and failures to report frozen assets. The first scenario arose in the context of a September 2024 penalty imposed by OFSI on a property management company for breaches of Russian sanctions. OFSI imposed a financial penalty on the company of £15,000 and referred to the company failing to comply with the reporting requirements under general licences issued by OFSI (though OFSI did not impose any financial penalty in that respect). (We analysed the penalty in an [October 2024 article](#).)

It is essential that companies have a clear understanding of their sanctions-compliance-related obligations, which — given the fast-paced and evolving nature of sanctions regimes — are subject to change at short notice. Companies that proactively maintain strong compliance frameworks, including effective procedures to monitor and respond to RFIs, will be in a stronger position should such framework come under regulatory scrutiny.

⁶ See, [OFSI’s Report of Penalty for Breach of Financial Sanctions Regulations of 08 May 2025](#), paragraph 18.

⁷ See, [OFSI Disclosure Notice for Breach of Financial Sanctions Regulations of 14 March 2025](#).

⁸ *Ibid.*

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Conclusion

It is clear that compliance with reporting obligations and requests for information is a key area of focus for OFSI in its enforcement efforts. Recent enforcement actions in this regard have spanned different sectors and industries, demonstrating the wide scope of OFSI's enforcement powers. The key points detailed above serve as an important reminder for companies to ensure that they have policies and procedures in place to ensure compliance with all aspects of the UK sanctions regime.