

# Failure to Prevent Fraud: The Operational Playbook

April 2025

# Failure to Prevent Fraud: At a Glance

## 1 Who does FtPF apply to?

- Large organisations (meeting two out of three criteria: £36m+ turnover, £18m+ balance sheet, 250+ employees).
- Applies when an associated person (a person who provides services for or on behalf of the organisation) commits fraud for the benefit of the organisation or its clients.

## 3 Consequences of non-compliance

- **Criminal liability for organisations** – Companies can face prosecution if an associated person commits fraud for the organisation's benefit and there are no reasonable fraud prevention procedures in place.
- **Unlimited fines if convicted** – There is no statutory limit on the financial penalties that can be imposed in England, courts will consider all relevant circumstances when determining the appropriate fine for a given case.
- **Regulatory enforcement actions** – Regulators may impose additional compliance requirements, remediation plans, or increased scrutiny for firms found to be non-compliant.
- **Reputational damage** – A conviction or even an investigation under FtPF can lead to significant loss of trust from clients, investors, and the public.
- **Increased operational costs** – Non-compliance may result in expensive legal battles, corrective actions, and the need to rapidly implement fraud prevention measures under regulatory oversight.
- **Business disruption** – Investigations and enforcement actions could lead to leadership scrutiny, delays in business activities, and contractual risks with third parties who require compliance assurances.

## 2 What do firms need to do immediately?

- Assess exposure to FtPF risks
- Conduct a gap analysis of existing fraud prevention measures
- Develop a high-level roadmap for compliance
- Educate senior leadership on liability and prevention measures

## 4 Key Deadlines

- **1 September 2025:** FtPF comes into effect; firms must have reasonable fraud prevention procedures in place.
- **Mid 2025:** Implement reasonable fraud prevention procedures
- **Ongoing:** Regular risk assessments, control updates, and compliance monitoring will be necessary to maintain effectiveness
- **No grace period:** Enforcement activity is expected to commence from 1 September 2025, meaning organisations must be fully compliant by this date

# Practical Steps for Compliance

## High-level Actions & Next Steps

| Action Area                        | Immediate Steps<br>(Next 3 Months)  | Short-Term Steps<br>(3-6 Months)   | Long-Term Steps<br>(6+ Months)  | Responsible Stakeholders  |
|------------------------------------|---|--|---|---|
| <b>Leadership + Governance</b>     | <ul style="list-style-type: none"> <li>Assign senior sponsor for fraud prevention oversight</li> <li>Define accountability framework</li> <li>Board briefing</li> </ul>             | <ul style="list-style-type: none"> <li>Establish cross-functional working group</li> <li>Integrate FtPF compliance into governance structures</li> </ul>   | <ul style="list-style-type: none"> <li>Formalise FtPF governance with annual reporting and board-level accountability</li> </ul>  | <ul style="list-style-type: none"> <li>1st LoD - Heads of Business Units</li> <li>2nd LoD - Chief Compliance Officer (CCO), Risk Director</li> <li>3rd LoD - Head of Internal Audit</li> </ul>                  |
| <b>Risk Assessment</b>             | <ul style="list-style-type: none"> <li>Conduct an initial fraud risk assessment to identify gaps and high-risk areas</li> </ul>   | <ul style="list-style-type: none"> <li>Develop fraud risk typologies specific to the organisation's operating model</li> </ul>   | <ul style="list-style-type: none"> <li>Conduct periodic FtPF risk assessments and stress tests</li> </ul>   | <ul style="list-style-type: none"> <li>1st LoD - Fraud Prevention Officers, Business Unit Risk Leads</li> <li>2nd LoD - Compliance, Financial Crime Teams</li> <li>3rd LoD - Internal Audit Function</li> </ul> |
| <b>Fraud Prevention Procedures</b> | <ul style="list-style-type: none"> <li>Perform a policy and control framework review against existing and emerging fraud risks</li> </ul>   | <ul style="list-style-type: none"> <li>Implement proportionate prevention measures such as enhanced fraud screening, transaction monitoring, and control testing</li> </ul>  | <ul style="list-style-type: none"> <li>Ensure fraud prevention controls are embedded in existing governance, risk, and compliance frameworks</li> </ul>   | <ul style="list-style-type: none"> <li>1st LoD - Fraud Prevention Teams, MLROs, Financial Controllers</li> <li>2nd LoD - Compliance, Legal Counsel</li> </ul>   |
| <b>Training &amp; Awareness</b>    | <ul style="list-style-type: none"> <li>Identify key personnel for FtPF training</li> <li>Develop targeted, role-specific training materials</li> </ul>                              | <ul style="list-style-type: none"> <li>Implement targeted FtPF training for high-risk teams (e.g., fraud, compliance, procurement, sales, finance)</li> </ul>  | <ul style="list-style-type: none"> <li>Develop an ongoing fraud awareness and training programme with annual refreshers</li> </ul>  | <ul style="list-style-type: none"> <li>1st LoD - HR, Line Managers, Business Unit Heads</li> <li>2nd LoD - Compliance Training Officers</li> <li>3rd LoD - Internal Audit for assurance checks</li> </ul>       |
| <b>Due Diligence</b>               | <ul style="list-style-type: none"> <li>Assess third-party fraud risks</li> <li>Review procurement processes</li> <li>Integrate fraud risk considerations into onboarding</li> </ul> | <ul style="list-style-type: none"> <li>Strengthen procurement due diligence procedures to ensure compliance with FtPF requirements</li> <li>Ensure third-party contracts contain appropriate fraud prevention clauses</li> </ul> | <ul style="list-style-type: none"> <li>Conduct independent fraud prevention effectiveness reviews (internal audit; external assurance providers)</li> </ul>   | <ul style="list-style-type: none"> <li>1st LoD - Procurement Managers, Vendor Risk Leads</li> <li>2nd LoD - Third-Party Risk Teams, Compliance Officers</li> </ul>  |
| <b>Monitoring + Review</b>         | <ul style="list-style-type: none"> <li>Define key fraud indicators</li> <li>Establish internal escalation processes for suspected fraud</li> </ul>                                  | <ul style="list-style-type: none"> <li>Implement enhanced transaction monitoring and fraud detection controls</li> <li>Conduct compliance testing on key fraud prevention controls</li> </ul>                                    | <ul style="list-style-type: none"> <li>Establish a fraud monitoring and reporting framework, with board-level oversight</li> <li>Implement AI and data analytics-driven fraud detection capabilities</li> </ul> | <ul style="list-style-type: none"> <li>1st LoD - Fraud &amp; Financial Crime Teams</li> <li>2nd LoD - Compliance, Risk</li> <li>3rd LoD - Internal Audit</li> </ul>   |

# Practical Considerations & Implementation Challenges

Looking at FtPF compliance through the lens of Anti-Bribery and Corruption (ABC) and Failure to Prevent Tax Evasion (FtP Tax Evasion) provides valuable insights, as these regulatory regimes introduced similar failure-to-prevent offences with established industry best practices. ABC and FtP Tax Evasion compliance have demonstrated the need for clear governance, proportionate risk-based procedures, third-party due diligence, and ongoing monitoring. By learning from past implementation challenges, organisations can ensure a smoother, more effective FtPF compliance programme that is aligned with broader financial crime frameworks.

| Action Area                          | Consideration  | Lessons from ABC + FtP Tax Evasion Compliance  |
|--------------------------------------|--|--|
| Defining 'reasonable procedures'     | <ul style="list-style-type: none"> <li>Regulators expect a risk-based, proportionate approach rather than a one-size-fits-all model. Documenting the rationale behind decisions is key</li> </ul>    | <ul style="list-style-type: none"> <li>ABC and FtP Tax Evasion compliance illustrate that companies who meticulously document risk assessments and tailor policies, procedures &amp; controls to their business model are better equipped to defend enforcement</li> </ul> |
| Stakeholder Coordination             | <ul style="list-style-type: none"> <li>Effective fraud prevention requires alignment across fraud prevention, compliance, legal, finance, risk, and procurement teams</li> </ul>                     | <ul style="list-style-type: none"> <li>The UK Bribery Act and FtP Tax Evasion guidance highlight the need for senior-level involvement and cross-functional coordination to ensure effective compliance</li> </ul>   |
| Integration with Existing Frameworks | <ul style="list-style-type: none"> <li>Many firms already have financial crime controls; FtPF measures should align rather than duplicate efforts</li> </ul>   | <ul style="list-style-type: none"> <li>FtP Tax Evasion compliance has shown that embedding fraud prevention within broader financial crime frameworks (AML, ABC) increases efficiency and reduces regulatory risk</li> </ul>   |
| Resource Allocation + Budgeting      | <ul style="list-style-type: none"> <li>Fraud prevention needs dedicated financial and human resources, with specific budget allocation for training, monitoring, and external assessments</li> </ul> | <ul style="list-style-type: none"> <li>Lessons from ABC and FtP Tax Evasion show that underfunded compliance programmes are more likely to fail, leading to regulatory penalties and reputational harm</li> </ul>  |
| Training + Awareness                 | <ul style="list-style-type: none"> <li>A tick-box approach is ineffective. Training should be role-specific, agile, and continuously reinforced</li> </ul>   | <ul style="list-style-type: none"> <li>ABC and FtP Tax Evasion compliance demonstrate that interactive, scenario-based training leads to higher employee engagement and better risk awareness</li> </ul>   |
| Third-Party Risk Management          | <ul style="list-style-type: none"> <li>FtPF requires firms to ensure suppliers, partners, and vendors maintain strong fraud prevention controls</li> </ul>   | <ul style="list-style-type: none"> <li>ABC and FtP Tax Evasion enforcement actions highlight that third-party reliance often presents the most significant risk to compliance. Ongoing due diligence is essential</li> </ul>   |
| Technology + Data Analytics          | <ul style="list-style-type: none"> <li>AI-powered fraud detection and data-driven risk assessments enhance compliance efforts but require skilled personnel</li> </ul>                               | <ul style="list-style-type: none"> <li>In ABC and FtP Tax Evasion compliance, technology has improved misconduct detection, but firms must balance automation with human oversight to ensure accuracy and avoid false positives</li> </ul>                                 |
| Ongoing Regulatory Scrutiny          | <ul style="list-style-type: none"> <li>FtPF expectations will evolve with enforcement cases, requiring continuous improvement, audits, and updates to policies</li> </ul>                            | <ul style="list-style-type: none"> <li>Lessons from ABC and FtP Tax Evasion show that firms that proactively update their compliance frameworks in response to regulatory changes tend to avoid penalties</li> </ul>   |

## Final Thoughts: Staying Ahead of Compliance

With enforcement set for September 2025, organisations must act now to ensure compliance. A well-structured fraud prevention framework will not only mitigate legal risks but also enhance organisational integrity and resilience against financial crime.

Firms should take a proactive approach to fraud prevention, embedding FtPF compliance within existing financial crime frameworks rather than treating it as a standalone requirement. Organisations that successfully implement robust governance, clear accountability structures, and effective monitoring will be well-positioned to navigate evolving regulatory expectations.

Given the complexity of fraud risk, firms must also focus on continuous improvement, adapting fraud prevention measures in response to regulatory developments, enforcement actions, and emerging threats. This requires a combination of strategic foresight, investment in technology and analytics, and cross-functional collaboration across fraud, compliance, legal, and risk management teams.

Ultimately, FtPF compliance should not be seen as just a regulatory burden but as an opportunity to strengthen operational resilience, enhance trust with stakeholders, and reduce financial and reputational exposure. Firms that establish effective, well-integrated fraud prevention measures will be better equipped to withstand scrutiny, protect their clients, and maintain a competitive edge in the market.

## How Plenitude Can Support Firms

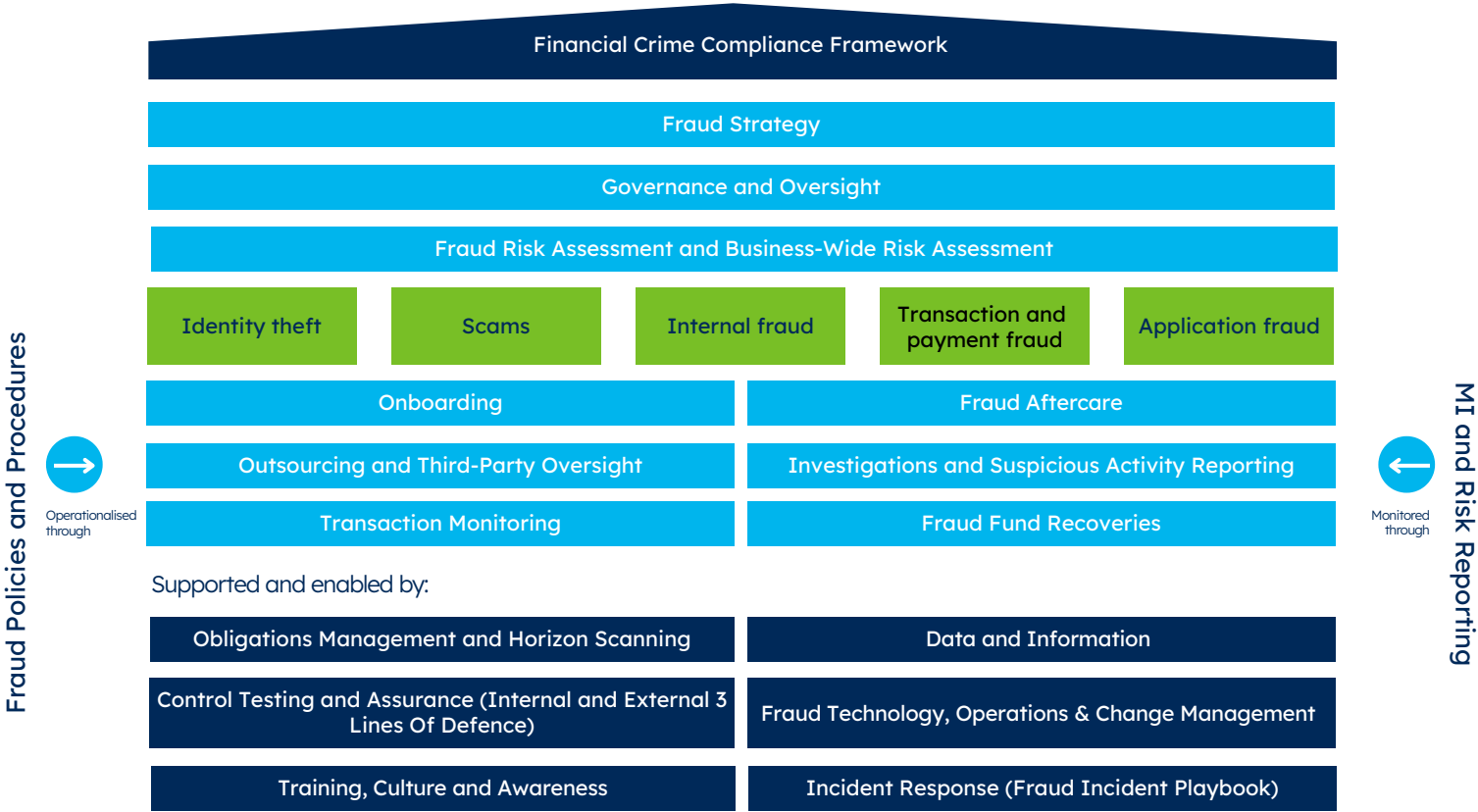
Plenitude provides specialised tech-enabled financial crime compliance advisory, transformation, and managed services to support firms in achieving FtPF compliance. Our value lies in the depth of our expertise and the way we integrate insights across disciplines. Our teams across all service lines work closely together, ensuring that each solution is informed by a broad perspective rather than siloed efforts. This interconnected approach strengthens every aspect of fraud prevention, providing firms with practical, well-rounded solutions that evolve with regulatory and operational needs.

Below is how our services align with key action areas:

- **Leadership + Governance:** Enhance governance frameworks, define accountability structures, and provide senior leadership training on FtPF risks.
- **Risk Assessment:** Conduct independent fraud risk assessments, gap analysis, and regulatory benchmarking, leveraging cross-functional expertise.
- **Fraud Prevention Procedures:** Assist in designing or enhancing proportionate fraud prevention policies, procedures, & supporting controls.
- **Training + Awareness:** Design and deliver tailored FtPF training for different roles, leveraging expertise from fraud, compliance, and legal specialists for a well-rounded approach
- **Due Diligence:** Enhance third-party risk management frameworks, conduct vendor risk assessments, and implement fraud prevention clauses in contracts, with input from procurement, legal, and compliance experts.
- **Monitoring + Review:** Implement fraud detection analytics, establish monitoring and escalation frameworks, and provide independent assurance testing through a holistic lens integrating financial crime and risk management

# Fraud Risk and Control Framework

Regulators demand that firms implement robust policies, procedures, systems and controls to mitigate fraud risks and comply with obligations. Adopting a holistic view ensures the framework is resilient and capable of effectively detecting, preventing, and responding to fraud.



## About Plenitude

Plenitude provides market-leading Financial Crime Compliance (FCC) advisory, transformation, technology, data analytics, and managed services. We are committed to building a secure financial system, safeguarding society, and empowering our clients to meet their regulatory obligations.

Appointed to the FCA's Skilled Person Panel for Financial Crime, we enable our clients to stay ahead of emerging risks and evolving regulations by optimising systems and controls, leveraging the latest AI-powered technology and data analytics, in order to drive greater effectiveness, efficiency and sustainability, reducing the overall cost of compliance. Our best-in-class team come from a variety of backgrounds and disciplines. This breadth and depth of industry and deep subject matter expertise, alongside our scalable, full-service offering and tech-enabled delivery, enables us to meet all of our clients' needs, inspiring confidence and delivering excellence.

We work with a broad range of retail, commercial and investment banks, insurers, asset managers, as well as payment service firms, electronic money issuers, FinTechs and crypto firms across the world, ranging from startups to global financial institutions. We have a proven delivery track record and have provided advisory and transformation services on some of the most challenging projects in the industry.

Our depth of expertise and quality of service, combined with our commercial integrity, competitive rates and innovation, is second to none. Discover more about our services and see why our integrity, passion and delivery excellence have been praised by so many clients.

**Our Fraud Advisory and Transformation services leverage proprietary toolkits and methodologies, honed through extensive engagements. These tools align with regulations, regulatory guidance and industry-leading practices, ensuring market-leading fraud prevention and management.**

**Our comprehensive suite of services addresses both internal and external fraud risk types throughout the financial services landscape.**



**Chris Bone,**  
Director + Head of  
Fraud Service



**Tom Nickelson,**  
Fraud Senior Manager

## Appendix: What the Law + Guidance Says

|  |  |
|--|--|
| <b>Key Provisions</b>  | <ul style="list-style-type: none"> <li>• ECCTA s199(1): Organisations liable if an associated person commits fraud for the organisation's benefit</li> </ul>   |
| <b>Fraud offences in scope</b>                                   | <ul style="list-style-type: none"> <li>• Fraud Act 2006: False representation, failure to disclose, abuse of position</li> <li>• Theft Act 1968: False accounting, false statements by directors</li> <li>• Other: Fraudulent trading (Companies Act 2006), cheating the public revenue (Criminal Finances Act 2017)</li> </ul>  |
| <b>Defence available</b>   | <ul style="list-style-type: none"> <li>• Having "reasonable fraud prevention procedures" in place</li> </ul>   |
| <b>Territorial Scope</b>   | <ul style="list-style-type: none"> <li>• Applies if fraud occurs in the UK or has a UK nexus (e.g., financial impact in the UK)</li> <li>• Organisations outside the UK may still be liable if their operations affect UK victims</li> </ul>   |
| <b>Defining "Associated Persons"</b>                             | <ul style="list-style-type: none"> <li>• Employees, agents, subsidiaries acting for or on behalf of the organisation</li> <li>• Does not include service providers (e.g., external lawyers, accountants) unless acting as agents</li> </ul>  |
| <b>What Constitutes 'Reasonable Fraud Prevention Procedures'</b> | <p>The Home Office outlines six guiding principles:</p> <ol style="list-style-type: none"> <li>Top-Level Commitment – Senior leaders must actively endorse fraud prevention</li> <li>Risk Assessment – Organisations must identify &amp; evaluate fraud risks</li> <li>Proportionate Procedures – Tailored fraud controls based on risk level</li> <li>Due Diligence – Checks on employees, suppliers &amp; business partners</li> <li>Training &amp; Communication – Clear policies &amp; awareness programs</li> <li>Monitoring &amp; Review – Regular audits &amp; updates to fraud controls</li> </ol> |
| <b>Compliance in Practice</b>                                    | <ul style="list-style-type: none"> <li>• Regularly review fraud risk assessments &amp; ensure they are up to date</li> <li>• Train employees &amp; associated persons on fraud risks &amp; reporting procedures</li> <li>• Implement governance frameworks for fraud oversight &amp; accountability</li> </ul>   |