

NewsLetter



New Fraud Offence Failure to prevent fraud

A new criminal offence in the UK, the "failure to prevent fraud" offence, came into effect on 1 September 2025, introduced by the [Economic Crime and Corporate Transparency Act 2023](#).

This law targets large organisations, making them criminally liable if their "associated persons", such as employees or contractors, commit fraud with the intent to benefit the organisation.

The issue of who is intended to benefit from the underlying fraud is key to determining whether a relevant organisation can be held accountable for the offence of failure to prevent fraud.

An organisation does not need to actually receive any benefit for the offence to apply - since the fraud offence can be complete before any gain is received.

It is enough that the organisation was intended to be the beneficiary.

Large Organisations

The offence of failure to prevent fraud applies only to large organisations.

A "large organisation" is defined in section 201 as meeting two or three out of the following criteria:

- More than 250 employees
- More than £36 million turnover
- More than £18 million in total assets.

What are fraud offences?

Fraud offences under section 1 of the Fraud Act 2006 include:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position
- Participation in a fraudulent business
- Obtaining services dishonestly
- Cheating the public revenue
- False accounting
- False statements by company directors
- Fraudulent trading

What can food businesses do?

To avoid prosecution, large organisations must have "reasonable procedures" in place to prevent fraud and can face penalties if they do not.

To assist compliance by food businesses, the Food Standards Agency has produced a ["Food Fraud Resilience Self-Assessment Tool"](#) although this may not cover all the potential frauds covered by the offence

More information:

- [Economic Crime and Corporate Transparency Act 2023: Guidance to organisations on the offence of failure to prevent fraud](#)