Regulatory Outlook

Welcome to the Regulatory Outlook, providing you with high-level summaries of important forthcoming regulatory developments to help you navigate the fast-moving business compliance landscape in the UK.

The spotlight development this month is that the government has set out plans to tackle cyber crime and fraud following an increase in cyberattacks against businesses. See the Cyber security section for more.

September 2025

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Advertising and marketing

Advertising and marketing

Regulations made exempting brand adverts from LHFD advertising restrictions and government response to consultation

The Advertising (Less Healthy Food and Drink) (Brand Advertising Exemption) Regulations 2025 have been made following consultation. The regulations explicitly exempt "brand advertisements" from the advertising restrictions for less healthy food or drink (LHFD) products on TV and online, which are due to come into effect on 5 January 2026 (see this Insight). The government has also published its response to the consultation. See this MarketingLaw article for background.

In its response, the government explains what it is trying to achieve through the regulations, where respondents suggested there was confusion, and made various amendments. For example:

- Respondents raised concerns over how the draft regulations would treat brands where the identical name is shared by a brand of a range of products and by a specific LHFD product. Under the regulations, companies that share a name with an LFHD product may still advertise using that name. The government has accepted that the rules should be the same whether a company or a range of products shares a name with a specific LHFD product and has amended paragraph 6 of regulation 2 on the definition of a brand advertisement to include product ranges. As with company names, this is limited to brands already in use immediately before 16 July 2025, to prevent ranges being deliberately created to share the name of a specific LHFD product within the range.
- On brand and product ranges logos, the government has clarified that these are permitted, provided the content of the ad does not depict a specific LHFD product. It has added "logo" to the list of branding techniques in the definition of "depict" and clarified that "name" includes a name appearing in the logo.
- On the definition of depict, which includes ways in which ads might depict a specific LHFD product, the government has added "brand character" to the list to make clear that ads that include brand characters that relate to a specific LHFD product or products are not exempt. Brand characters that relate only to brands of ranges of products or companies will not be restricted.
- The government has amended paragraph 5 of regulation 2 to replace "photographic image" with "realistic image" and provided a definition for "realistic image".

The regulations will come into effect on **31 October 2025**.

The government has also published a collection page, bringing together information about all the regulations relating to the restrictions on advertising and promoting LHFD products.

CAP/BCAP consultation on implementation of LHFD product advertising restrictions

With the brand advertising exemption regulations now in place clarifying how the LHFD product advertising restrictions apply to "brand advertisements" (see item above), the Committees of Advertising Practice have published their delayed consultation on implementation of the restrictions themselves. The consultation was delayed due to the need for clarification around brand advertising.

The consultation covers the committees' proposals for implementing the restrictions into the UK advertising codes of practice, as well as draft implementation guidance reflecting the underlying legislation and explaining how the Advertising Standards Authority is likely to enforce the new rules.

The committees consulted on proposals for the new rules and guidance in 2023 and again earlier this year, but they are now consulting afresh due to the introduction of the new brand advertising exemption regulations, which they say have necessitated significant changes to their proposals. The proposals in this new consultation therefore supersede those consulted on previously and responses to the earlier consultations will not be carried forward as part of this new process. Those who provided input previously will therefore need to do so again. Those who missed out last time have another chance to comment on and shape the final rules that will be added to the codes.

The consultation closes on **9 October 2025**.

Government publishes guidelines on baby food and drink: marketing aspects

The government has published new voluntary industry guidelines for commercial baby food and drink. The food and drink products covered are for children aged up to 36 months.

Advertising and marketing

The guidelines cover, among other things, actions that businesses should take to improve the labelling and marketing of these products to help make it easier for consumers to make healthier choices.

They strongly encourage food producers to:

- Label products in line with scientific and government advice to introduce solid foods at around six months of age.
- Provide honest labelling so that product names are not misleading and are aligned with the quantity of primary ingredients.
- Restrict inappropriate on-pack marketing and promotional statements that make "implied health claims" about health or nutritional benefits that are not based on scientific evidence.
- Have clear feeding instructions (for example "use a spoon" or "do not suck") on the front of products packaged in pouches with a nozzle.
- Not to label and market snacks or food products that can be eaten between meals as suitable for children aged 12 months and under (snacks for babies under the age of 12 months are not in line with government dietary guidelines).

The guidance also sets out targets for businesses to reduce levels of sugar and salt in each product category.

Businesses have **until the end of February 2027** to implement the actions on labelling and marketing. The government will monitor implementation progress, and will consider additional or alternative measures should businesses fail to implement the guidelines.

CMA guidance on fake reviews and endorsements under DMCCA

See Consumer section.

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Artificial Intelligence

Artificial Intelligence

UK updates

AI and copyright consultation: expert working groups

Following the Intellectual Property Office's consultation on copyright and artificial intelligence (AI), the Department for Science, Innovation and Technology and the Department for Culture, Media and Sport have established multiple expert working groups whose role is to take forward discussions between the creative industries and AI sector on challenges with using publicly available copyright-protected content to train AI systems.

Ministers said that the groups would "reset and refocus" to deliver a "fresh start" in order to find "practical solutions that support AI innovation while protecting creators." In an attempt to ease them into it, the groups will initially focus on identifying "impacts, opportunities, and common ground" in the AI and copyright debate.

The hope will be that the discussions fare better than the equivalent groups last time round under the previous government, which foundered after around a year of engagement failed to find consensus.

Law Commission discussion paper on AI

The Law Commission has published a high-level discussion paper on "AI and the law", looking at concerns including:

- Copyright and data protection breaches arising from use of training data.
- Bias and discrimination.
- Allocation of liability (as AI systems become increasingly autonomous and adaptive, including the likely rise of agentic AI).
- Over-reliance on AI outputs (particularly of large language model (LLM) chatbots).

The paper ends with a discussion of the "perhaps radical" option of granting AI systems some form of legal personality in order to address the difficulty of establishing who should be responsible for them. Among the counterarguments mentioned is the risk that AI systems might be used as "liability shields" by their developers. Overall, the Law Commission believes that legal uncertainty regarding AI issues may delay its safe development and use, and that AI will increasingly impact the substance of its work on law reform.

EU updates

EU AI Act updates

Rules on general-purpose AI now in force

The second tranche of provisions under the EU AI Act entered into application on 2 August. The headline provisions are the obligations on providers of general-purpose AI (GPAI) models. Broadly speaking, these are the widely ranging AI models that can power a variety of different AI systems, with the most prominent examples being the LLMs that underpin the post-2022 wave of AI chatbots. (See Osborne Clarke's Digital Regulation Timeline for more on the AI Act.)

The final version of the GPAI code of practice was published just ahead of the 2 August coming-into-effect date. See this Regulatory Outlook.

The European Commission and the European Artificial Intelligence Board have completed their adequacy assessment and formally confirmed that adherence to the code is an adequate voluntary tool for providers of GPAI models to demonstrate compliance with articles 53 and 55 of the Act.

Commission publishes guidelines on GPAI

On 18 July 2025, the Commission published its crucial guidance on the scope of application of the GPAI rules. The guidelines introduce technical criteria to help developers understand whether their AI models qualify as general-purpose and hence are subject to the EU AI Act's additional obligations on this type of model. The guidelines state that a key "indicative criterion" is whether the compute needed to train the general-purpose model was greater than 10^{23} FLOPs (a count of how many operations there are) and if it can generate language.

The guidelines are intended to be pragmatic, in that, for instance, they clarify that developers will not find themselves drawn into GPAI compliance if all they do is to make minor, insignificant changes to a third party's GPAI model. There is also guidance on the conditions under which providers of open-source GPAI models are exempt from some of the obligations.

Consultation on code of practice and guidance on transparency

The Commission has published a consultation as part of its development of guidelines and a code of practice on AI transparency obligations.

Article 50 of the EU AI Act puts obligations on providers and deployers of AI systems to inform users about their interactions with AI systems, for example to inform individuals that they are interacting with an AI system (such as a chatbot), or that an item of content has been created or manipulated using AI. The proposed guidance and code of practice will be aimed at helping deployers and providers of generative AI systems to detect and label AI-generated and AI manipulated content. The consultation, which consists mainly of questions from the Commission seeking input on areas where guidance might be needed, is open until **2 October**.

Separately, those who would like to participate in drafting the code of practice also have until **2 October** to respond to the Commission's call for expression of interest.

AI Office chief on the GPAI code of practice and technical standards

On 28 August 2025, in an interview, the head of the AI Office, Dr Lucilla Sioli, provided (among other things) some insights into what companies might expect from signing or not signing the GPAI code of practice. She said that:

- Those who sign up to the code are "demonstrating willingness to show compliance and to respect, of course, the rules of the European Union."
- For the Commission it means that "there is a certain trust that goes in both directions", and shows that they are familiar with the rules. She referred to the code as a "checklist", which makes it easier for the Commission to check whether companies are compliant.
- However, where a company decides to comply in other ways, the Commission "will have to ask more questions", and will need to obtain more information.

Dr Sioli also addressed technical standards for use by companies seeking to demonstrate compliance with the AI Act, currently being prepared mainly by CEN-CENELEC. The AI Office is now analysing where they are with the development of standards and will then assess "whether the standards are formally rated for companies to be able to implement them in time to put their systems on the market in the summer of next year." It will come back with the assessment "very, very soon".

The standards were scheduled to be ready by August 2025 but are now planned for 2026. Dr Sioli stressed that the deadline is "part of the legislation", so any decision to postpone would need to be agreed between the Commission, the European Parliament and the Council of the EU.

Other updates

Draft AI Liability Directive officially withdrawn

The Commission has now formally withdrawn its proposal for an AI Liability Directive. The Commission's work programme for 2025, published in February 2025, stated that the directive was to be withdrawn; however, the EU Parliament and Council had six months in which to challenge this before the Commission made its final decision. No challenge was made.

Commission consults on digitalisation and AI in the energy sector

The Commission has launched a consultation and a call for evidence to collect views on the digitalisation and use of AI in the energy system, which will feed into its strategic roadmap. The Commission also aims to see whether further central action is needed to coordinate efforts across different EU policies to leverage the potential of digital and AI technologies for the energy system. The deadline for responses is **5 November**.

The strategic roadmap, intended for adoption next year, should accelerate the uptake of digitalisation and AI in the energy sector while improving energy efficiency and system reliability. It will set out measures to prepare for the future energy

system, looking at challenges and opportunities linked to the large-scale deployment of AI solutions in the energy sector, building on the EU Action Plan on digitalising the energy system.

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Bribery, fraud and anti-money laundering

Bribery, fraud and anti-money laundering

SFO and CPS publish joint corporate prosecution guidance

The Serious Fraud Office (SFO) and Crown Prosecution Service (CPS) issued updated joint guidance on corporate prosecutions, ahead of the "failure to prevent fraud" offence, which came into force on 1 September 2025.

The new corporate criminal offence, which was introduced under the Economic Crime and Corporate Transparency Act, makes large organisations criminally liable if they fail to prevent fraud committed by an employee or agent for the organisation's benefit.

Among other things, the joint guidance covers general principles and definitions; evidential considerations and forms of liability; and additional public interest factors to be assessed in prosecuting corporate entities. Businesses should read the guidance in conjunction with the guidance on reasonable fraud prevention procedures, to ensure that the statutory defence can be established.

To find out more, sign up for our Eating Compliance for Breakfast webinar, where our regulatory experts will discuss practicalities of the compliance measures required, risk management and the long-term implications of the new offence for businesses.

See the CPS press release and read more in our Insight.

First prosecution of the failure to prevent the facilitation of tax evasion offence

HMRC has brought the first corporate prosecution under the Criminal Finances Act 2017 (CFA) for failure to prevent the facilitation of tax evasion. Under the CFA, businesses commit a criminal offence if they fail to prevent an associated person (an employee, agent or third party who is performing services for or on behalf of the business) from facilitating tax evasion by a third party.

Full details of the case have yet to be published, but it is understood that a UK accountancy firm has become the first business charged under the CFA. Six individuals have also been charged with offences including cheating the public revenue and money laundering. The offences relate to an alleged tax fraud in connection with research and development (R&D) tax relief and Covid-19 "bounce back" loans. A full trial is expected in 2027.

Our experts discuss the steps businesses should take in light of this key development in our Insight.

National Risk Assessment 2025

HM Treasury published the fourth National Risk Assessment of Money Laundering and Terrorist Financing 2025, a comprehensive evaluation of these risks in the UK.

The latest NRA, which sets out the progress made since the last national risk assessment in 2020, sets out the sectors that remain vulnerable to money laundering, as well as new techniques and trends identified as being used by criminals to raise illicit funds.

For further information on specific risks identified for financial services and property sectors, see our Insight.

Proposed amendments to money laundering regulations

As previously reported, in its response to the 2024 consultation on the Money Laundering Regulations (MLRs), HM Treasury stated that it intends to introduce amendments to improve the effectiveness of the regulations by statutory instrument.

It has now published a draft of the statutory instrument, alongside a policy note, detailing each proposed amendment and its policy intent. Among other things, the draft statutory instrument:

- intends to make customer due diligence more proportionate and effective, including through aligning transaction-based customer due diligence requirements for letting agents and art market participants;
- strengthens system coordination, cooperation and information between anti-money laundering and counter-terrorist financing supervisors and other public bodies;

- provides clarity on scope and registration issues, including by converting all monetary thresholds for customer due diligence, reporting and transaction triggers from euros to sterling; and
- reforms registration requirements for the Trust Registration Service, by expanding the categories of trusts required to register on the service.

HM Treasury has launched a technical consultation, inviting feedback on the effectiveness of the draft statutory instrument. The deadline for responses is 30 September 2025. Subject to feedback and Parliamentary time, the government expects the final instrument to be laid in early 2026 and to come into force 21 days later.

NCA and FCA publish priorities to combat economic crime

The National Crime Agency (NCA) and the Financial Conduct Authority (FCA) have published nine system priorities to combat economic crime, in line with the UK's Economic Crime Plan 2.

The priorities, which are endorsed by the Home Office and HM Treasury, align with both the National Risk Assessment and the NCA National Strategic Assessment and aim to support the public and private sectors in effectively allocating resources in areas where they are most needed.

The nine priorities, which are considered to be equal, are as follows:

- economic crime and sanctions evasion facilitated by professional services;
- transaction flows and corporate structures exploited by overseas politically exposed persons;
- protecting the public by creating a resilient cryptoasset ecosystem;
- criminal cash consolidation, cross-border movement and deposit into the UK banking system;
- money laundering in the UK or through UK corporate structures on behalf of international organised criminal groups with links to priority jurisdictions;
- fraud committed by international offenders targeting UK victims, including international organised criminal groups with links to criminality in priority jurisdictions;
- the exploitation of money mules for fraud and other purposes including terrorist financing;
- tackling the significant proportion of fraud losses originating from telecommunications services and online platforms; and
- terrorist financing in the UK, or individuals or groups engaged in attack planning or disseminating terrorist ideology.

A newly created System Prioritisation Governance Group will oversee the governance of these priorities. Further guidance is expected to be published in due course to support firms in interpreting these priorities alongside the recently published National Risk Assessment (see more above and in our dedicated Insight).

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Competition

Competition

Premier League and Manchester City settle APT sponsorship dispute

The Premier League and Manchester City have settled the club's arbitration challenge to the league's Associated Party Transaction (APT) Rules. Manchester City had alleged that the APT rules are unfairly discriminatory, anti-competitive and represent a "tyranny of the majority".

The proceedings have been terminated, with Manchester City confirming that the current APT rules are valid and binding. APT rules govern sponsorships and other commercial deals with entities linked to club owners or related parties, aiming to ensure fair market valuation and prevent competitive distortion via inflated revenues.

The settlement preserves the APT framework as-is, providing short-term regulatory certainty for clubs and sponsors around valuation standards, disclosure expectations and approval processes for related-party deals. It also avoids the risk of a precedent that might have constrained the league's rule-making in this area. For clubs with current or planned associated-party arrangements, this stabilises the compliance baseline heading into the next commercial cycle, including renewals and new category deals.

European Commission accepts commitments offered by Microsoft relating to Microsoft Teams

The European Commission has closed its antitrust probe into Microsoft's bundling of Teams with Office after accepting Microsoft's commitments package. Under the agreed commitments, Microsoft will make its suite of applications (including Word, Excel, PowerPoint and Outlook) available without Teams and at a reduced price.

The Commission has made no finding of infringement or dominance and there has been no admission of liability by Microsoft; the settlement means there will be no definitive ruling on the legality of the original bundling.

The package signals the EU's appetite to use unbundling, price constraints and interoperability commitments to shape competition quickly, even without formal infringement findings.

Participation by class members in the collective action against Stagecoach South Western Trains

At a hearing before the Competition Appeal Tribunal (CAT), counsel for the Justin Gutmann, the class representative, Philip Moser KC told Judge Hodge Malek that take-up had been lower than anticipated, noting that this is the first UK collective case to attempt distribution on this scale.

The CAT is currently considering issues around stakeholder distribution of the £25 million settlement reached with Stagecoach South Western Trains **(**SSWT) in 2023, while proceedings against other train operators remain ongoing.

Mr Gutmann's legal team attributed the low claims rate to limited public familiarity with the UK's opt-out collective proceedings regime, which they say has created a degree of scepticism among potential claimants. They also highlighted practical challenges: the settlement relates to the earliest part of the overall claim period (largely pre-2017), and SSWT no longer operates the South Western franchise or holds customer contact information, making outreach more difficult.

The wider litigation alleges that rail operators serving routes in and out of London overcharged passengers by failing to make boundary fares readily available to Travelcard holders and by not adequately informing customers about these discounted tickets. Gutmann initially brought claims against First MTR South Western Trains, SSWT and London & South Eastern Railway, later adding Govia Thameslink Railway (Great Northern, Southern, Gatwick Express and Thameslink). The operators contest the allegations and have argued that Gutmann was wrong to say they had a duty to consumers to make cheaper tickets available.

Competition

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Consumer law

Consumer law

UK updates

CMA guidance on fake reviews and endorsements under DMCCA

Following publication by the Competition and Markets Authority (CMA) of a slew of new and updated guidance on fake reviews and endorsements, we have published an Insight taking a deeper dive into what the CMA expects from traders and content creators in order to comply with the Digital Markets, Competition and Consumers Act (DMCCA).

CTSI publishes updated guidance for traders on pricing practices in light of DMCCA

The Chartered Trading Standards Institute (CTSI) has updated its 2018 Guidance for Traders on Pricing Practices, focusing on traders' obligations to consumers under the DMCCA. The guidance covers all consumer goods, services and digital content. It applies to all platforms used for business-to-consumer commercial practices, including all distance contracts (online, over the phone, by post etc). The guidance provides examples of good practice on pricing and shows what is and is not likely to comply.

The guidance will be further updated once amendments to the Price Marking Order come into effect in October 2025 (see this Regulatory Outlook).

EU updates

Digital Fairness Act consultation deadline extended

In July 2025, the European Commission published its much-anticipated consultation and call for evidence on a potential Digital Fairness Act (DFA) to improve consumer protection in the digital sphere. The original deadline for responses was 9 October 2025, but the Commission has now extended it to midnight on **24 October 2025**.

Osborne Clarke has published a series of Insights on topics touched by the consultation:

- Dark patterns
- Addictive design
- Specific features in digital products – particularly those common in video games
- Unfair personalisation practices
- Social media influencers
- Unfair pricing practices

See also Osborne Clarke's microsite on the DFA.

New code of conduct for online ratings and reviews for tourism accommodation

The new EU Code of Conduct for online ratings and reviews for tourism accommodation has been created by tourism industry stakeholders and is intended to support their implementation of existing EU legislation and initiatives in this field, including the Digital Services Act, the Digital Markets Act, the Unfair Commercial Practices Directive and the Platform to Business Regulation.

Signatories commit to various principles, including:

- Explaining to users how ratings are calculated by providing a prominent link to the information on the page where the rating is displayed.
- Publishing policies and measures, such as banning, blocking, suspending or labelling accounts that repeatedly violate policy, to mitigate against the impact of those who undermine the integrity of online reviews.
- Clearly labelling sponsored and incentivised reviews.
- Establishing clear, easily accessible means for accommodation providers and consumers to report and flag reviews that are fake, policy-violating or illegal.
- Refraining from generating fake reviews or engaging third parties to do so.

Consumer law

Signatories include tourist accommodation providers and their representatives, consumer associations and other active stakeholders in the industry.

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Cyber-security

Cyber-security

Home Office outlines plan to tackle cyber crime and fraud

The Home Office has published a speech by security minister, Dan Jarvis, to the City of London Police Authority Board, outlining the government's response to cyber crime and fraud. Citing the latest Cyber Security Breaches survey, he noted that 20% of UK businesses and 14% of charities were victims of at least one cyberattack last year.

Mr Jarvis confirmed that the government is developing an expanded fraud strategy and a new national cyber strategy, together with legislative reforms that it intends to introduce in the coming year to protect UK businesses from ransomware and prevent proceeds being used to support organised crime. For more on the forthcoming Cyber Security and Resilience Bill, see our Insight.

The National Cyber Security Centre (NCSC) has also responded to the high profile cyber attack affecting British automotive manufacturer JLR, publishing both a statement and a blog with recommendations for medium and large organisations to strengthen their cyber resilience. This incident is a timely reminder that supply chain cyber risk runs in both directions. While much attention in recent years has focused on vulnerabilities which suppliers might introduce into a customer's supply chain, the JLR incident illustrates how suppliers themselves can face significant operational disruption when a large customer is affected by a cyber incident. Resilience planning should therefore consider upstream and downstream service dependencies, not just traditional thirdparty risk.

Against this backdrop, NCSC's guidance underlines how such incidents can cause serious disruption to supply chains and services. It reinforces the need for organisations to plan not only their defences, but also their recovery – organisations should prioritise business continuity, establish clear routes for supplier and customer communication, and aim to run regular table-top exercises to help practice incident response.

NCSC releases Cyber Assessment Framework v4.0

The NCSC released v4.0 of the Cyber Assessment Framework (CAF), a tool which aims to help organisations improve their cyber security and resilience. Although primarily designed to help critical national infrastructure organisations meet legal and regulatory requirements (such as the NIS Regulations), other organisations are encouraged to use it to protect their businesses from cyber threats.

This latest version introduces four changes:

- a new section on improving understanding of attacker methods and motivations to inform cyber risk decisions;
- a new section on ensuring software used in essential services is securely developed and maintained;
- updates to the section on security monitoring and threat hunting to improve the detection of cyber threats; and
- improved coverage of AI-related cyber risks throughout the framework.
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Read the NCSC's blog post.

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Cyber-security

Data law

Data law

UK updates

Data (Use and Access) Act implementation: approximate timetable published

The Department for Science, Innovation and Technology has published an outline of its tiered timetable for implementing the Data (Use and Access) (DUA) Act 2025 (. In summary, while certain provisions of the DUA Act come into force automatically (by virtue of the act itself) the majority of substantive provisions are dependent on secondary legislation and are being introduced in four stages:

- Stage 1 – after the DUA Act received Royal Assent on 19 June 2025 – includes the commencement of technical provisions, clarifying aspects of the legal framework and measures requiring the government to publish an impact assessment, a report and a progress update on its plans for AI and copyright reform.
- Stage 2 – three-four months after Royal Assent (mid-September to mid-October 2025) – includes the commencement of most of the measures on digital verification services and those on the retention of information by providers of internet services in connection with the death of a child (see below).
- Stage 3 – approximately six months after Royal Assent (mid-December 2025) – will include the commencement of the main changes to data protection legislation plus the provisions on information standards for health and adult social care.
- Stage 4 – more than six months after Royal Assent (from mid-December 2025 onwards) – will include the rest (for example, measures on the National Underground Register and electronic registering births and deaths).

Data (Use and Access) Act slowly grinding into effect

A series of commencement regulations have been made bringing into effect some of the DUA Act provisions.

The Data (Use and Access) Act 2025 (Commencement No 1) Regulations were made on 21 July 2025. They mainly brought into force (with effect from 20 August 2025) parts of DUA Act which allow the government to make certain provisions, rather than doing anything substantial in themselves.

However, it is worth noting that the regulations have brought into effect DUA Act section 111, which amends the Privacy and Electronic Communications Regulations (PECR) by extending the time periods for relevant service providers to notify a personal data breach under PECR to the regulator. The change is from the existing obligation to notify without undue delay or within 24 hours, to without undue delay "and, where feasible, not later than 72 hours after having become aware of it", and requiring an explanation where notification is not made within 72 hours.

Also brought into effect are parts of DUA Act section 117, which establishes the Information Commission (IC) (the new body which will replace the existing Office of the Information Commissioner (ICO)), though substantive changes to the ICO/IC are not expected until the new IC's board has been appointed, probably in early 2026.

The Data (Use and Access) Act 2025 (Commencement No. 2) Regulations 2025 were made on 2 September and bring into force Section 124 of the DUA Act (with effect from 30 September). This section amends the Online Safety Act 2023 (OSA), to impose a duty on Ofcom to issue notices requiring social media providers (and other regulated service providers) to retain information in relation to an investigation into the death of a child (if so ordered by a coroner or equivalent).

The Data (Use and Access) Act 2025 (Commencement No. 3 and Transitional and Saving Provisions) Regulations 2025 were made on 4 September and cover the following DUA Act sections, which amend the Data Protection Act 2018 (DPA):

- Section 79, which amends the DPA provisions on the legal professional privilege exemption for law enforcement processing relating to data subject rights. It came into force on 5 September.
- Section 88, which amends the DPA provisions on the national security exemptions, including those relating to lawful processing, data subject rights, breach notifications, transfers out of the UK etc. It came into force on 5 September.
- Sections 89 and 90, which amend the DPA provisions on joint processing by intelligence services and competent authorities. They will come into force on 17 November.

ICO consults on draft guidance on handling data protection complaints

Among the DUA Act changes are new requirements for controllers to have in place a process to facilitate data protection complaints. These requirements are to be inserted into the DPA at section 164A by the DUA Act, but are not yet in force.

In essence, they mean that organisations must:

- provide data subjects with a way of making data protection complaints to them (as a controller);
- acknowledge receipt of complaints within 30 days of receipt;
- without undue delay, take appropriate steps to respond to complaints, including making appropriate enquiries, and keeping complainants informed; and
- without undue delay, inform complainants of the outcome of their complaints.

The ICO's draft guidance aims to help businesses understand the new requirements by setting out what they must, should and could do to comply, together with examples of good practice in relation to designing the complaints process, what to do when a complaint is received and how to respond once the investigation is complete.

The consultation closes on **19 October**.

ICO consults on draft guidance on recognised legitimate interest

The ICO is consulting on draft guidance on recognised legitimate interest, a new lawful basis for processing that is to be added to the UK General Data Protection Regulation (GDPR) by the DUA Act, but is not yet in force.

The new lawful basis for dealing with personal data is separate from the legitimate interests lawful basis we are all familiar with. It consists of five conditions (to be inserted in annex 1 in the UK GDPR) containing pre-approved purposes that are in the public interest, covering:

- requests for data from a third-party organisation that needs it for a public task or official function;
- safeguarding national and public security;
- dealing with emergency situations;
- preventing, detecting or investigating crimes; and
- protecting vulnerable people.

If one of these applies, the organisation does not have to undertake the legitimate interest balancing test. However, the organisation must be able to justify that using the personal data is "necessary" for the particular condition.

The draft guidance explains the new lawful basis, including the differences from the legitimate interest basis, and how organisations should use it.

The ICO is also consulting on complementary draft guidance for public authorities on use of recognised legitimate interest for a public task or official function (that is, the first recognised legitimate interest condition listed above). It is aimed at assisting organisations with a public task or official function, such as public authorities, when asking other organisations to voluntarily share personal data to for these purposes.

Both consultations close on **30 October**.

ICO publishes guidance on disclosing documents to the public securely

This guidance aims to assist organisations, when disclosing documents to the public (whether publishing online, responding to an information request or sending a document to a customer) to avoid accidental breaches of personal information. It sets out practical steps for checking documents for hidden personal information, together with examples of accidental breaches that could happen, as well as examples of commonly used software that can assist, and supporting videos.

Publication of this guidance follows accidental releases of highly sensitive data by the Ministry of Defence and the Police Service of Northern Ireland, and is a reminder that all organisations must have robust measures in place to protect the personal information they hold and prevent it from being inadvertently disclosed.

ICO publishes guidance on profiling tools for online safety

The aim of the guidance is to help organisations comply with data protection laws when deploying profiling tools as part of trust and safety processes, including when doing so in order to comply with obligations under the OSA. It focuses on the use of trust and safety tools that involve profiling (as defined in the UK GDPR), on user-to-user services (as defined in the OSA). However, the guidance also applies to organisations using profiling for their own purposes which are outside of any OSA obligations.

Ofcom has powers under the OSA to require regulated services to use certain "proactive technologies" in certain circumstances. Proactive technologies include content identification technology, user profiling technology or behaviour identification technology. Although the definition of user profiling in the OSA differs from the definition in the UK GDPR, the ICO expects that both user profiling and behaviour identification technologies will involve profiling as defined in the UK GDPR.

ICO consults on draft guidance on distributed ledger technologies and blockchain

The ICO is consulting on draft guidance on distributed ledger technologies (DLTs).

DLT is a type of digital system that allows an electronic ledger, where transactions are recorded, to be created, shared, added to and synchronised in real time. It allows multiple parties to maintain records simultaneously. What makes a DLT different from a traditional single ledger (such as a central spreadsheet or databases) is an absence of a single record keeper and a need for the parties transacting via the ledger to know or trust each other. One of the most well-known DLTs is blockchain.

The draft guidance explains the technology underpinning DLTs, including blockchain, and sets out how data protection law applies to the blockchain.

The consultation closes on **7 November**.

Court of Appeal case opines on requirements for GDPR infringement and compensation

In *Farley v Paymaster (1836) Limited (t/a Equiniti)* [2025], the UK Court of Appeal has held that it was not essential for data subjects to prove disclosure of their personal data to third parties in order to plead an infringement of the UK GDPR or the DPA, and that mere fear of disclosure of data to third parties may be enough to entitle the data subjects to compensation.

In August 2019, Equiniti, the administrator of the Sussex Police pension scheme, posted out some pension recipients' annual benefit statements (ABSs) to addresses which were out-of-date and so incorrect. This occurred due to a process flaw in the way Equiniti dealt with the addresses. The ABSs contained personal information such as date of birth, national insurance number and pension-related details. Some envelopes were returned unopened, however, most were not recovered and it was not known whether they were read.

The claimants brought a collective action alleging breaches of the UK GDPR and the DPA and misuse of private information for failing to keep data secure, seeking compensation for anxiety, distress, embarrassment and loss of control of their data, among other things. The High Court allowed some claims to proceed where there was an arguable case that the contents had been read, but struck out the remainder on the basis that, absent third-party access, there had been no "real" processing of the data and thus no actionable GDPR breach.

On appeal, the appellants claimed that both the way that the data was stored by Equiniti, and the acts of printing and sending the letters to the wrong addresses, were breaches of various data protection principles including those of lawfulness, fairness, accuracy, integrity and confidentiality.

The Court of Appeal:

- Ruled that it was not essential for the appellants to allege or prove third-party disclosure in order to plead a UK GDPR and DPA breach. The court held that the concept of "processing" "embraces a great deal more than disclosure or publication" – it includes mere recording of data and that therefore the appellants have pleaded a reasonable basis for alleging that Equiniti's mistake involved infringement of the GDPR.
- Considered whether there was a threshold of seriousness that the claimants needed to overcome. The court accepted that there was such a threshold in the law of misuse of private information, but not for breach of the GDPR. The court held that the appellants in this case could succeed if they prove a reasonable basis for fearing (i) that their

ABS had been or would be opened and read by a third party and (ii) that this would result in identity theft or one or other specific adverse consequences which they feared might follow.

EU updates

CJEU considers whether pseudonymised data is personal data when shared

In *European Data Protection Supervisor* (EDPS) *v Single Resolution Board* (SRB), the Court of Justice of the EU (CJEU) found that: opinions expressed by individuals are personal data; whether pseudonymised data is personal data depends on the context and the availability of means to identify the person; and transparency duties apply to transfers of pseudonymised data.

In 2017, European Union institution SRB adopted a decision relating to Spain's Banco Popular Español. The SRB consulted with affected stakeholders (the bank's shareholders and creditors). As part of the process, the SRB provided a third party with data about opinions expressed by stakeholders relating to the valuation of the bank in pseudonymised form, having first removed information about the identify of the persons expressing the opinions. The SRB is subject to the Data Protection Regulation for EU institutions, bodies, offices and agencies (EUDPR) rather than the EU GDPR, although the relevant provisions of the EUDPR and the GDPR are the same.

Five individuals complained to the EDPS, alleging that they had not been told that their data would be submitted to third parties contrary to the SRB's privacy statement.

The case eventually made its way to the CJEU, which found that:

- There was no need to consider the content, purpose or effects of comments when determining whether the data in those comments sent to the third party "related" to identifiable individuals. It was clear that the comments conveyed the personal opinions and views of the individuals and were closely linked to their authors.
- The mere existence of additional information in the hands of the controller (here, the SRB) does not mean that pseudonymised data shared with a third party must always be treated as personal data by that third party. It depends on the context and whether the third party has reasonable access to any other information to enable identification, including information available online or that could lawfully be obtained from others. The fact that the SRB retained the additional information required to re-identify did not automatically mean that the data sent was, in the third party's hands, personal data – that assessment is contextual.
- Regarding transparency, the relevant perspective is that of the controller at the time the personal data is collected, before any transfer. Therefore, the SRB, as controller, should have told the individuals that their data would be shared with third parties, regardless of whether the third party could identify them from the pseudonymised data it had received.

The CJEU therefore overturned the GC's decision and sent it back to the GC for reconsideration.

General Court dismisses an action for annulment of the EU-US personal data transfer framework

In the case of in *Latombe v Commission*, the General Court of the European Union has dismissed an action for annulment of the EU-US Data Privacy Framework. By this decision, the General Court confirmed that, when the framework was adopted, the US had ensured an adequate level of protection for personal data transferred from the EU to US, and organisations may continue the transfers based on this decision.

The Commission had (on 10 July 2023) adopted the relevant adequacy decision, which allows personal data flows between the EU and US under the framework without any further safeguard being necessary.

Philippe Latombe, who is a French member of parliament, and commissioner of the CNIL, France's data protection regulator, but was bringing the case in his personal capacity, had asked the General Court to annul this adequacy decision.

Mr Latombe argued that the Commission infringed the Charter of Fundamental Rights and the GDPR by treating the US as providing adequate protection despite the possibility of "bulk" collection of EU personal data by US intelligence agencies, and by denying the right to an effective remedy and access to an independent tribunal, allegedly because the US Data Protection Review Court (DPRC) was not an independent and impartial tribunal, but was dependent of the US government.

The General Court rejected both arguments, finding that the "bulk" collection of EU personal data by the US intelligence agencies was susceptible to independent judicial oversight (albeit after the event) and that this was enough to meet EU law requirements (referencing the requirements laid out in the *Schrems II* case – there was no requirement that it had to be subject to prior independent authorisation. And it found that the DPRC is as an independent tribunal. The court also noted that the legality of the adequacy decision could be decided only on the basis of the facts at the time of the decision, not in the light of any subsequent US developments.

While the case means that data transfers under the privacy framework can continue, there is an on-going review mechanism to take account of US developments occurring since its implementation, so future challenges are possible. Mr Latombe has two months and 10 days to lodge any appeal.

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Digital regulation

Digital regulation

UK updates

Online safety updates

Wikimedia loses High Court challenge on categorisation

In the first High Court case under the Online Safety Act 2023 (OSA), Wikimedia, which operates the online encyclopaedia, Wikipedia, sought judicial review of the OSA's category threshold regulations, which set the criteria for services to be designated category 1, 2A or 2B services. Categorised services have additional duties to comply with, depending on which category they fall into.

Wikimedia claimed that the criteria relating to regulation 3 (for Category 1 services) were logically flawed and drawn too broadly, such that Wikimedia is likely to fall into Category 1 (due to the definition of "recommender system" in the OSA and the potential for sharing functionality), despite that not being the policy intention. Wikimedia said that this would fundamentally change the way it operates – it would either have to reduce users by three quarters or disable important functionality to avoid falling into Category 1, or it would have to comply with duties that are incompatible with the way it operates.

The court found that, in making regulation 3, the secretary of state had taken into account, as required, the likely impact of a service's functionalities on viral dissemination. The decision was also not irrational. These claims were therefore dismissed. The court found that, because Wikimedia could not show that it was a victim, its claims that regulation 3 amounted to an unjustified interference with its rights under articles 8, 10, 11 and 14 of the European Convention on Human Rights (ECHR) were also dismissed.

However, the court stressed that the decision does not mean that Ofcom and the secretary of state can implement a regime that would significantly impede Wikimedia's operations. If that were the result, it would have to be justified as proportionate so as not to amount to a breach of the right to freedom of expression under article 10 of the ECHR (and potentially under articles 8 and 11 as well).

As yet, Wikipedia has not been designated a category 1 service and neither party asked the court to determine whether it should be so designated or not. The decision is therefore for Ofcom to take. The court said that if Ofcom wrongly decides it is a category 1 service, then Wikimedia will have a remedy in judicial review. If Ofcom correctly puts Wikimedia into category 1, but the practical effect is that Wikipedia can no longer operate, then the secretary of state may have to amend the regulations or decide to exempt certain services. The court said that if this did not happen, Wikimedia could bring a further challenge.

Ofcom had intended to publish its register of categorised services this summer. However, this was put on hold due to the legal challenge from Wikimedia. Ofcom is now free to continue with its work and has said that it will publish the register "as soon as possible [after the end of the Wikimedia case]".

Self-harm content to be made a 'priority offence'

The government has announced that it is strengthening the OSA to ensure that content that encourages or assists serious self-harm will be treated as a "priority offence" for all users, not just for children.

The idea is that platforms will have to actively look for and remove this type of content, rather than react to it once users encounter and report it. The government will be introducing new regulations to make the change this autumn.

Ofcom consults on draft guidance for super-complaints

The super-complaints regime aims to ensure that eligible entitles representing users can raise a "super complaint" with Ofcom about "systemic issues" relating to existing or emerging online harms that the regulator considers to be of particular importance or that impact a particularly large number of users (see this Regulatory Outlook for background).

The Online Safety Super-Complaints (Eligibility and Procedural Matters) Regulations 2025 were made in July 2025. These regulations define the eligibility criteria for entities to submit super-complaints and set out the procedural steps to establish the duties of both complainants and Ofcom when a super-complaint is submitted. The super-complaints regime will come into force on 31 December 2025.

Ofcom's draft guidance on the regime explains:

- What super-complaints are.
- The role of super-complaints in Ofcom's regulatory approach to online safety.
- Which organisations are eligible to bring a super-complaint and how they can demonstrate their eligibility.
- The rules and procedures for making super-complaints and the steps that Ofcom will typically take in relation to such complaints.

The consultation closes on **3 November 2025**. Ofcom intends to finalise the guidance in early 2026.

Ofcom consults on online safety fees notification guidance

Under the OSA, the costs of Ofcom's regulatory work are to be covered by providers of regulated services under an online safety fees and penalties regime, also established by the OSA. Such providers are required to notify Ofcom if they are liable to pay fees.

In June 2025, Ofcom published a policy statement on implementation of the regime (see this Regulatory Outlook). Among other things, the statement sets out the information that providers must include in their notifications to Ofcom. At the same time, the government laid before Parliament the Online Safety Act 2023 (Fees Notifications) Regulations 2025 to formalise the notification requirements. These regulations came into effect on 14 September 2025.

Ofcom is now consulting on draft guidance to help providers prepare their "qualifying worldwide revenue" returns and navigate the notification process. The guidance sets out how and when to notify the regulator and the details and evidence that should be included.

The consultation closes on **1 October 2025**.

Media Act updates

Ofcom consults on digital radio multiplex information requirements

The Media Act 2024 has placed a new duty on Ofcom to include certain conditions in local and national multiplex licences. Such conditions will require local and national multiplex operators (on whom commercial radio stations rely to broadcast their content using Digital Audio Broadcasting (DAB)) to publish information about the payments to be made by radio stations for carriage over their multiplex. This is to ensure that there is greater transparency for radio services in relation to charges.

Ofcom is now consulting on its proposal to require multiplex operators to publish up to date "rate cards" about the charges. This is similar to a condition already imposed on small-scale DAB multiplex operators.

The consultation closes on **4 November 2025**.

Ofcom updates guidance for PSBs on codes of practice for commissioning independent producers

In July 2025, to reflect changes introduced by the Media Act 2024, Ofcom updated its guidance on the codes of practice that public service broadcasters (PSBs) must put in place and follow when commissioning independent producers.

Ofcom has made changes to:

- Update the objectives of the guidance to take account of PSBs' revised remits.
- Reflect the fact that PSBs can use their on-demand players to meet independent production quotas.
- Include a provision to ensure that independent producers are made aware of the PSB's code ahead of negotiating a commissioning contract with that PSB.
- Require PSBs to retain sufficient information about commissions to demonstrate compliance with their codes, rather than sending Ofcom annual reports.
- Update the language used in the guidance to align with current commissioning practice and terminology.

Ofcom has decided not to remove the prohibition against PSBs seeking "matching rights" or to relax the prohibition on PSBs seeking to bundle primary and secondary rights when negotiating a commission, as proposed in its consultation from earlier in the year. Ofcom says that, as the sector reshapes, it will "closely assess developments in the production of [public service media] content".

The guidance will not take effect until the relevant provisions in the Act have been commenced through secondary legislation. Ofcom does not expect this to be before 1 January 2026.

Once the guidance is in effect, PSBs should obtain Ofcom's approval of their revised codes.

Ofcom publishes statement of programme policy and media content policy guidance

Under the Media Act 2024, PSBs can include their on-demand and other online services to meet their obligations. The Act also requires licensed PSBs to set out how they intend to fulfil their regulatory obligations, including identifying the contribution that each service they use will make, in statements of programme policy (SoPP). Channel 4 has additional media content duties that it sets out in a statement of media content policy. The BBC is subject to different requirements under the BBC Charter and is not therefore required to deliver a SoPP.

To reflect the changes brought about by the Act, Ofcom has updated its guidance for PSBs (including Channel 4) on preparing SoPPs, following consultation. The guidance will take effect once the relevant sections of the Act are commenced through secondary legislation.

Ofcom publishes final statement on designation of PSB internet programme services

Under the new online availability and prominence regime in the Media Act, television selection services (TSS) designated by the secretary of state will have to ensure that PSB TV players (known as internet programme services or IPS) that have been designated by Ofcom and their content are available, prominent and easily accessible.

Before Ofcom can consider applications for designation as an IPS, it is required to publish a statement setting out how it will do this. Ofcom consulted on a draft statement in February 2025 and, having made some minor clarificatory changes to the information it will require on the promotion and discoverability of public service remit content, it has published the final statement.

Ofcom intends to publish an application form for PSBs to request designation as an IPS later this year.

Over the summer, Ofcom consulted on 14 TSS that it proposes designating. It will next formally report its recommendations to the secretary of state who will make regulations to formalise the designations.

Other updates

Ofcom consults on how online platforms, broadcasters and services can promote media literacy

Ofcom has published draft recommendations for online platforms, broadcasters and services on how it can help people navigate a rapidly evolving digital landscape.

Ofcom has duties under the Communications Act 2003 to promote media literacy and is also required to publish a statement recommending ways in which others, including user-to-user and search services regulated under the OSA, might develop, pursue and evaluate activities or initiatives relevant to media literacy. In its consultation, Ofcom explains how it will meet that requirement by proposing a unified approach to empowering people in the context of how they engage with content and media across broadcast and online services.

Ofcom makes recommendations in ten key areas where it considers that online platforms, broadcasting and streaming services can "make a meaningful difference in empowering people". The recommendations are not mandatory, but represent good practice. Relevant providers are encouraged to adopt them.

The consultation closes on **8 December 2025**.

Digital regulation

EU updates

European Media Freedom Act in force from 8 August

The European Media Freedom Act, which aims to protect media freedom and pluralism in the EU, came into effect on 8 August 2025, with the legislation applying to all media service providers that target audiences in the EU, whether established within the EU or outside. See our Digital Regulation Timeline for more information about the Act.

Osborne Clarke has published an Insight on new obligations for media service providers and very large online platforms (VLOPs) (as defined in the Digital Services Act) stemming from the Act.

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Employment and immigration

Employment and immigration

Non-disclosure agreements and 'victims of crime'

From 1 October, victims of crime, as defined in legislation, will be legally permitted to make certain disclosures to prescribed people or bodies, for specific purposes related to the relevant criminal conduct. A non-disclosure agreement (NDA) entered into on or after that date that seeks to prevent a "permitted disclosure" will be unenforceable.

Employers should ensure that they understand the change to the law and that they understand the implications for their business. The new law does not only apply to employment relationships and may therefore need to be factored in where NDAs are used in other situations.

Internal guidelines on use of NDAs will need to be updated and appropriate training provided for relevant staff. Template settlement agreements, COT3s and other applicable contracts will also need to be checked and, as necessary, appropriate wording inserted for any agreements entered into on or after 1 October.

For more information on the legislative changes, see our Insight.

Update on the Employment Rights Bill

Further to our update in July's edition of the Regulatory Outlook, the Employment Rights Bill continues to make progress through Parliament. Following its third reading in the House of Lords at the start of September, the bill passed back to the House of Commons and will now pass between the two houses until a final text is agreed; the House of Commons has at this stage rejected most of the amendments proposed by the House of Lords. It now seems unlikely that a final text will be agreed until mid/late October, following which the bill should proceed to Royal Assent.

Consultations expected soon this year and which will help shape statutory regulations which will bring many of the bill's proposals into effect include the reforms to protection from unfair dismissal, fire and re-hire, bereavement leave, rights for pregnant workers, some aspects of the trade union reforms and proposals around zero-hours contracts.

The government has also indicated that it intends to consult on non-compete clauses, employment status and artificial intelligence in the workplace.

Our microsite tracks the progress of individual reforms and sets out the associated practical implications for employers and actions to take.

Review of current parental leave system

The government has committed to review the current parental leave system. It launched a call for evidence as part of its review of the current parental leave system in July, which looked at the whole spectrum of existing statutory leave and pay rights available to families. The call for evidence closed on 26 August.

It has also recently published its response to the Women and Equalities Committee report on paternity and shared parental leave which had made a number of recommendations for reform. In general, the government has accepted that improvements are needed in many areas and has confirmed that it will review the recommendations as part of its current review of the parental leave and pay system. However, it has refused to commit to increasing statutory paternity pay and making it a day one right.

Call for evidence: Unpaid internships

The government has also published a call for evidence on unpaid internships, internships paid below the national minimum wage, unpaid work trials, work trials paid below the national minimum wage, voluntary workers, volunteers and work shadowing. The call for evidence closes on 9 October, with a response expected early 2026.

Immigration

Reforming the immigration system: immigration white paper

Employment and immigration

Following our coverage of the immigration white paper in our May and July 2025 editions, to help businesses track and horizon scan developments in this area, the Osborne Clarke immigration team has created an online hub, the UK immigration white paper tracker.

The areas looked at include:

- enhancing English language proficiency
- proposed changes for the skilled worker route
- linking skills to sponsor licence holders
- amendments to student and graduate visas

For further information, please contact Head of Immigration, Gavin Jones, or your usual Osborne Clarke contact.

Umbrella tax legislation – draft legislation published

The government published draft legislation on 21 July 2025, relating to how the tax liabilities of umbrella companies and employers-of-record can pass up the supply chain to staffing companies, and in some cases end hirers.

The draft legislation and related guidance confirms that the relevant staffing company and umbrella will be jointly and severally liable for employment taxes relating to any umbrella worker supplied by that umbrella to that staffing company. The agency that holds the contract with the end client will be the "relevant party" that is jointly and severally liable with the "umbrella company". This means that managed service providers (MSPs) will be liable where the services of an umbrella worker who has been engaged via a second-tier supplier is "on-supplied" by the MSP to an end client. Where there is no staffing company in a contract chain then the end hirer will be jointly and severally liable with the umbrella.

There will be no statutory defence. For example, liability will not be avoided by being able to show that you carried out checks on the umbrella or were deceived by the umbrella or only used accredited umbrellas.

Employers of Record will be caught. The following will also be caught:

- Secondment arrangements by government departments.
- Some consultancy arrangements.
- Time and materials consultancy arrangements in which benched employees of the consultancy work for an end client.
- Some hire, train to deploy arrangements.

The new tax regime is expected to come into force in April 2026 and is expected to force a complete redesign of labour design arrangements in some sub-sectors where aggressive tax avoidance schemes have been common. These include health, care, logistics and construction. How hirers in those industries engage staff will have to be rethought and this may in many cases lead to substantial additional labour costs. We expect a lot of analysis and restructuring to take place in the last quarter of 2025 to prepare for this. New accreditation platforms are emerging, which are capable of carrying out, in real time, checks into umbrella companies' tax treatment of umbrella workers' employment income and the corresponding payments of all sums due to HMRC to help satisfy agencies and end clients using their services of their compliance with applicable legislation.

The accreditation may also be backed up by an insurance policy that the umbrella will pay for, but which will pay out to the agency or end client (whichever has the contract with the umbrella) in the event of default. Some will regard this as preferable to an indemnity, which will only be as good as the umbrella is financially sound or able to meet the liability.

Those supplying and using the services of umbrella workers will likely want to make inquiries of their suppliers as soon as possible to understand which industry accreditations and insurances they hold or are working towards holding in the near future.

Employment and immigration

No due diligence or accreditation tool will be perfect and users of umbrella company services may need to put their own additional measures in place – but the ability to check an umbrella company's activities in real time and online is potentially a game changer.

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Environment

Environment

Government releases updated policy on engineered greenhouse gas removals model

Following an independent review into how greenhouse gas removals (GGR) can assist the UK in meeting its net zero targets in March 2025, the Department for Energy Security and Net Zero published its updated policy and related documents on the proposed business model for engineered greenhouse gas removals in August 2025.

The government is aiming to develop a sustainable market where engineered GGR (through technologies like direct air carbon capture and storage and bioenergy with carbon capture and storage are funded by high-pollutant industries. The intention is that this will compensate for their residual emissions.

The UK ETS Authority has already committed to integrating GGR into the UK Emissions Trading Scheme by the end of 2029 (subject to various legislative powers and assessments). In the meantime, the government is developing the GGR business model to unlock private investment in GGRs by allocating risk between government and industry while providing price stability.

Aware of the need to gain public support, the government is exploring the use of GGR credits within the wider voluntary carbon market and looking to ensure they are underpinned by robust standards. The recent policy update also details the GGR business model, which includes revenue support for eligible GGR projects based on the Contracts for Difference framework.

With GGRs having the potential to play a key role in the UK's Clean Energy missions, delivering clean power by 2030 and accelerating to net zero by 2050, it is anticipated that further updates to the GGR policy will be announced.

Government consultation of reforming the Environmental Permitting of industrial installations

Following the identification in the Corry Review that environmental regulation can be risk-adverse and inefficient, the Department for Environment, Food and Rural Affairs (Defra) has published a consultation on reforming how the Environmental Permitting (EP) regime regulates industrial installations. The reforms aim to deliver a simplified framework, enable innovation, ensure there is proportionate regulation and create a transparent environmental permitting framework.

The key proposals include:

- making the Environment Agency responsible for setting standards in England,
- exploring horizontal best available techniques (BAT) to achieve net zero and circular economy goals;
- the integrated regulation of emissions to water and land by applying integrated pollution control and BAT to installations currently regulated under Part B of the Environmental Permitting (England and Wales) Regulations 2016;
- providing exemptions or simple registration-based approaches for low-risk industrial activities;
- sector-specific reforms, including new regulated activities (such as battery energy storage systems, non-waste anaerobic digestion); and
- a new outline permitting approval stage (similar to outline planning permission).

The government is seeking views from those within the energy sectors as well as wider organisations to understand how EP can support the industry's development. The consultation applies to England only, although the government notes it has worked closely with the devolved governments, and is due to close on 21 October 2025

Government publishes a policy paper on waste and a potential move to Environmental Permitting

Noting the current failure of the waste carriers, brokers and dealers regime to deliver proportional charges and regulation, on 26 August 2025 Defra published a policy paper on reforming this system in England. The key focus is on moving to the EP regime.

Some of the key changes include:

- Changes in terminology of "waste carriers", "brokers" and "dealers" to "waste transporters", "waste controllers" and "controller-transporters". It is hoped that this will differentiate between the operations roles more clearly.

- Moving away from the current registration system and to the standard rules under the EP regime. There will be three types of permit, differentiated by activity, scale and type and volume of waste handled, with exemptions available for some operators of low-risk activities.
- Introducing a mandatory technical competence requirement, noting this will not be required where a registered exemption applies.
- Setting charges in line with the existing EP regime, with an application fee and additional monitoring fee.

Defra envisages that the general EP regime enforcement and offences framework will apply here, streamlining and aligning the different regimes.

Once the regime is in force, operators with existing upper-tier registration will be required to apply for the relevant permit when their registration is due and operators with existing lower-tier registrations will be required to register within 12 months. Chargeable permit renewal will need to be undertaken every three years. However, existing permit holders will simply be required to declare they are still meeting the conditions of their permit.

Environment Agency publishes consultation response on charging sewerage undertakers for enforcement

The government has recognised that there has been an extended period of poor performance from the water industry, exacerbated by the Environment Agency only having limited powers to recover costs linked to permit compliance.

In April 2025, the Environment Agency launched a consultation on its proposals to charge an annual levy on certain water discharge activities carried out by water companies that have sewerage undertaker status. The proposed levy will fully recover the costs, upfront, of providing sustainable and consistent enforcement under the Environment Agency's enforcement and sanctions policy. The aim is to drive better performance by water companies by helping to fund the Environment Agency regulation of the water industry.

The Environment Agency has now published its consultation response which confirms that an annual levy will be introduced on each sewerage undertaker. The levy will be calculated according to the number, type and volume of environmental permits for operating sewerage discharge activities. A 40% reduction to the total levy charged to water companies for 2025 to 2026 will be applied to correspond with the transitional period. From 1 April 2026, the full yearly costs will be recovered under the levy process.

The levy will be reviewed when the Environment Agency is granted additional enforcement powers under the Water (Special Measures) Act 2025, which is expected to come into force in April 2026.

A copy of the Environment Agency's updated charging scheme to reflect the new levy can be found here.

Welsh government consults on drinks container deposit return scheme for Wales

Following the acceleration of the Deposit Return Scheme (DRS) in Wales to match the introduction of DRS to the rest of the UK, the Welsh government published a consultation on 18 August 2025 on its proposals for this scheme.

The consultation includes questions on proposals for:

- exemptions for low-volume glass producers who already qualify for the low-volume exemption under the packaging extended producer responsibility scheme;
- transitioning from single-use to reusable glass bottles by phasing in different types of drinks over the next three years;
- expanding the scope of DRS in the future to other types of drinks or drinks containers in the future;
- incentivising the use of standardised bottles; and
- how the deposit level should be set.

The 12-week consultation closes on 10 November 2025.

Draft regulations on the banning of the sale of wet wipes containing plastic in England

Please see Products.

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Environmental, social and governance

Environmental, social and governance

UK

Consultation on Welsh deposit return scheme opens

Please see Products section.

Proposal for a restriction on PFAS substances in firefighting foams

Please see Products section.

EU

European Commission considering a further one-year delay to the EU Deforestation Regulation

It has been reported that the European Commission is considering postponing implementation of the EU Deforestation Regulation (EUDR) by another year, to 30 December 2026. In a letter to the European Parliament dated 23 September, Environment Commissioner Jessika Roswall said a one-year delay is being considered while the Commission addresses issues with the IT system needed to run the EUDR.

No formal decision or announcement has yet been made.

European Commission launches consultation and call for evidence for upcoming Circular Economy Act

On 1 August, the European Commission launched a public consultation and call for evidence for the upcoming Circular Economy Act (CEA). The CEA aims to create a single market for secondary raw materials, increase the supply of high-quality recycled materials and stimulate demand for these materials in the EU. It will also focus on addressing e-waste, which is the fastest growing waste stream.

The consultation focuses on aligning the CEA with other EU initiatives, including the Competitiveness Compass, the Single Market Strategy, and the Steel and Metals Action Plan, and the implementation of relevant recently adopted legislation, such as the Eco-design for Sustainable Products Regulation, the Packaging and Packaging Waste Regulation and the Critical Raw Materials Act.

The feedback period closes on 6 November 2025 and all feedback can be provided via the online Have Your Say portal.

EFRAG launches consultation on revised and simplified exposure drafts of European Sustainability Reporting Standards

On 31 July, EFRAG (formerly the European Financial Reporting Advisory Group) published revised and simplified exposure drafts of the European Sustainability Reporting Standards (ESRS) and has launched a 60-day public consultation survey to gather feedback relating to the critical simplification of the ESPR.

In March 2025, EFRAG was charged by the European Commission with making sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD) more manageable while preserving its relevance and alignment with the European Green Deal.

To meet this goal, EFRAG has proposed:

- streamlining the double materiality assessment;
- reducing overlaps across standards;
- clarifying language and structure;
- removing all voluntary disclosures;
- cutting mandatory datapoints (to be reported if material) by 57%; and
- reducing the full set of disclosure (mandatory and voluntary) by 68%.

These changes resulted in the standards being shortened by over 55% and EFRAG claims they would make the ESRS more accessible and implementable.

The public consultation on these changes runs from 31 July to 29 September 2025.

Regulation simplifying and strengthening CBAM formally adopted by European Parliament

On 10 September, the European Parliament formally adopted a regulation simplifying and strengthening the carbon border adjustment mechanism (CBAM). This regulation forms part of the Omnibus I package of measures aimed at simplifying legislation and reducing bureaucracy throughout the EU.

The regulation sets a new *de minimis* mass threshold whereby imports of up to 50 tonnes per importer per year will not be subject to CBAM rules, replacing the current threshold which exempts goods of negligible value. This change will lead to approximately 90% of importers being exempt from the CBAM rules. Despite this, 99% of total CO2 emissions from imports of iron, steel aluminium, cement and fertilisers will still be covered by the CBAM and additional safeguards and anti-abuse provisions will be in place to prevent circumvention of these rules.

The regulation also brings a simplification to the rules regarding the authorisation process, the calculation of emissions, verification rules and the financial liability of authorised CBAM declarants.

The regulation was published in the Council Register on 17 September. It updates Regulation 2023/956, which will end its transition phase on 31 December 2025, with the gradual rollout of CBAM certificates commencing on 1 January 2026.

European Commission launches consultation on revising the current EU energy security framework

Following a call for action from the European Council in 2024, the European Commission has launched a targeted consultation on revising the current EU energy security framework. The aim of the amended regulations would be to make the EU's energy system more prepared, secure and resilient to current and future energy crises; to ensure cross-sector interaction and cross-border cooperation; to address emerging threats to energy security; and ensure diversification of energy supplies.

The call for evidence will run until 13 October 2025 with the adoption of a proposal for a regulation expected in the first half of 2026.

Final PFAS evaluation conclusion to be delivered in 2026

Please see Products section.

Commission published updated guidance on Deforestation-Free Products regulation

On 12 August 2025, the European Commission published updated guidance on the Deforestation-Free Products Regulations ((EU) 2023/1115).

The regulations impose mandatory supply chain due diligence requirements on companies putting cattle, cocoa, coffee, palm oil, rubber, soya, and/or wood and related products on the EU market. It prohibits those commodities and products from the EU market unless they are covered by a due diligence statement, are deforestation-free and have been legally produced.

The Commission's updated guidance attempts to clarify the regulations by providing key definitions, including "placing on the market", "making available on the market", "export" (all Section 1), "negligible risk" (Section 4) and "complexity in the supply chain" (Section 5). It also seeks to clarify product scope, including for packaging materials and waste and recycled products (all Section 7).

Global plastics agreement negotiations collapse

Please see Products section.

European Parliament adopts new EU rules to introduce EPR for textiles

Please see Products section.

Environmental, social and governance

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Fintech, digital assets, payments and consumer credit

Fintech, digital assets, payments and consumer credit

Fintech

FCA Handbook Notice 132

On 1 August 2025, the Financial Conduct Authority (FCA) published Handbook Notice 132, including changes to the FCA Handbook made by the FCA board on 26 June, 30 June, 10 July, 18 July and 31 July 2025.

Of particular note is the FCA lifting its ban on retail access to certain cryptoasset exchange traded notes (cETNs) from 8 October 2025. Changes to the handbook set out in the Conduct of Business (Cryptoasset Products) Instrument 2025 (FCA 2025/37) enable the sale, distribution and marketing of cETNs to retail clients where these are admitted to trading on a UK recognised investment exchange.

The Handbook Notice reflects other changes made to the handbook made by the following instruments:

- The Non-Financial Misconduct Instrument 2025 (FCA 2025/29).
- The Periodic Fees (2025/2026) and Other Fees Instrument 2025 (FCA 2025/22).
- The Mortgage Rule Review (Execution-Only, Affordability and Expired Terms) Instrument 2025 (FCA 2025/34).
- The Data Decommissioning (No 2) Instrument 2025 (FCA 2025/39).

The next FCA board meeting is scheduled for 2 October 2025.

FCA insights from 2024 cyber co-ordination group meetings

On 14 August 2025, the FCA published an overview of insights from its 2024 quarterly cyber co-ordination group meetings, grouped under the following topics:

- **Reconnection framework and third-party management**: participation in cross-industry information sharing forums was found to help enable effective collective communication with third-party suppliers during significant outages.·
- **Threat and vulnerability management and threat-led penetration testing**: threat-led penetration testing was found to be an extremely effective tool for identifying previously unknown cyber vulnerabilities. The FCA highlighted that (i) firms should not underestimate the impact of combined or cumulative vulnerabilities and (ii) the same security risk management should apply to legacy technology as for any other system.·
- **AI and other emerging technologies, including quantum computing**: implementing AI functionality into cyber domains without taking steps to fully understand all potential impacts can lead to increased exposure to unidentified risks.

Although the insights do not introduce any regulatory expectations at this stage, firms should consider them within the context of the FCA's existing expectations for them to learn from other firms and to help strengthen their cyber resilience.

FCA publishes policy statement on changes to safeguarding regime for payments and e-money firms

On 7 August 2025, the FCA published policy statement PS25/12, setting out changes to the safeguarding regime for payments and e-money firms, alongside feedback on its consultation launched in December 2024 (CP24/20).

The proposals for the interim state – now called the "supplementary regime" – will be implemented largely as proposed, with some modifications. The supplementary regime will come into effect on 7 May 2026, reflecting an increase in the proposed implementation period, from six to nine months.

In a significant win for the industry and a clear example of the FCA listening, the end-state proposals – now called the "post-repeal regime" – have been deferred for the foreseeable period (two years), until at least the fourth quarter of 2027.

Changes made are within the Payment and Electronic Money (Safeguarding) Instrument 2025, which will come into force on 7 May 2026, together with related amendments to the payment services and e-money approach document.

FMLC responds to FCA consultation on stablecoin issuance and cryptoasset custody rules

On 11 August 2025, the Financial Markets Law Committee (FMLC) published a response to the FCA's consultation on proposed rules and guidance for firms carrying on the regulated activities of issuing qualifying stablecoins and safeguarding qualifying cryptoassets (CP25/14).

The FMLC warns of potential legal uncertainty and unintended consequences, highlighting four pressure points:

- the current formulation of "issuing qualifying stablecoin" activity: gives rise to significant uncertainty as to which entities and activities are intended to be within scope;
- the proposed definition of "qualifying stablecoin" refers to fiat currency, but this term is not itself defined;
- the FMLC recommends adopting a more outcomes-focused approach rather than mandating qualifying stablecoin issuers should hold backing assets in a statutory trust (particularly important for global firms); and
- whether the broad definition of safeguarding has been taken into account when drafting CASS 17 rules.

FCA report on using synthetic data in financial services

On 19 August 2025, the FCA published its second report on the use of synthetic data in financial services, co-authored with members of the synthetic data expert group (SDEG).

Synthetic data is created by statistically modelling original data, then using those models to generate new data values reproducing the original data's statistical properties – with the aim of improving data utility and preventing disclosure of confidential information.

The report includes responses to key feedback from the FCA's March 2022 call for input and draws out nine key principles for firms to consider when developing their own approaches, including:

- **accountability**: clear accountability structures for data, algorithmic and AI systems, including third-party tools and managed service providers, with documented chains of responsibility;·
- **safety**: design systems which prioritise reliability, robustness, accuracy and safety;
- transparency: maximise information available to decision-makers validating the system and its outputs;
- **security and privacy**: protect both data security and individual privacy rights throughout the data lifecycle; and
- **fairness**: systems that process or impact social or demographic data are designed to prevent discriminatory outcomes.

The report does not constitute FCA guidance, rather it seeks to highlight insights and best practices identified by SDEG members.

Payments

PSR policy statement on decision to revoke Specific Directions 4 and 4a

On 14 August 2025, the Payment Systems Regulator (PSR) published PS25/6, setting out its decision to revoke both Specific Direction 4 (SD4), on the competitive procurement of central infrastructure relating to LINK, and SD4a that varied SD4.

The PSR has decided that mandating a competitive procurement process is no longer the best way to address the competition issues related to the provision of critical payment infrastructure for LINK, and that continuing with this requirement would significantly increase cost. The SD given to Pay.UK revoking SD4 and SD4a will come into force on 25 August 2025. The PSR plans to continue monitoring and evaluating changes to market conditions and their impact on the UK's retail payment infrastructure, to include engagement with LINK and Vocalink, adapting its supervisory approach as appropriate**.**

PSR policy statement on decision to revoke Specific Directions 2 and 2a

On 14 August 2025, the PSR published PS25/7, setting out its decision to revoke both Specific Direction 2 (SD2) and Specific Direction 2a (SD2a), which required all central infrastructure for Bacs to be competitively procured.

The SD given to Pay.UK revoking SD2 and SD2a will come into force on 27 August 2025.

The PSR will continue to monitor Pay.UK's work and adapt its supervisory approach as appropriate, working with the BoE to maintain close regulatory oversight of Pay.UK before it extends the current Bacs contract with the existing supplier.

BoE announces upcoming work from Retail Payments Infrastructure Board

On 13 August 2025, the Bank of England (BoE) published a new webpage on the National Payments Vision, reflecting the announcements made by HM Treasury and the BoE in July 2025 on the work of the Payments Vision Delivery Committee (PVDC). The BoE has set out more information on work to be undertaken by the PVDC in H2 2025:

- **September 2025**: the BoE will publish further communications on the establishment of the Retail Payments Infrastructure Board (RPIB) and the membership application process. In the same month, the BoE, HM Treasury, the FCA and the Payment Systems Regulator will engage with members of the Vision Engagement Group to discuss the PVDC's strategy;
- **October and November 2025**: the first RPIB meeting will be held in late October 2025, following the appointment of RPIB's members. The PVDC intends to publish its strategy for retail payments infrastructure in October or November 2025;
- **December 2025**: the PVDC will publish the payments forward plan by the end of 2025;
- **Early 2026**: information on RPIB's approach to wider stakeholder engagement and the processes by which it will publish a consultation will be published in early 2026.

Consumer finance

FCA review of digital design in consumer credit customers' online journeys

On 31 July 2025, the FCA published its findings on how consumer credit firms use digital channels to acquire customers and customer outcomes, in light of the consumer duty.

Although the FCA found that lenders' digital platforms could help customers understand products and support good consumer outcomes, it suggested several improvements including:

- **design**: firms should consider adapting the design of their digital journeys to better meet target customers' needs, ensure support for vulnerable customers, avoid layouts that drive customers towards certain decisions and avoid prioritising speed over customer interests;
- **testing and quality assurance**: firms should test how key product details such as fees and features are presented, whether language reflects the target market (especially for complex products) and whether end-to-end journeys enable customers to fully understand a product's features; and
- **management information and oversight**: data suggests customers are moving too quickly through journeys without accessing key information or features, firms should improve their digital design accordingly.

The FCA will continue to monitor firms' approaches to digital journeys and app design, taking these into account when considering their approach to the consumer duty. The above findings apply to all regulated firms with a digital presence, not just consumer credit providers.

FCA warns CMCs over poor practices in motor finance commission claims

On 31 July 2025, the Solicitors Regulation Authority (SRA) published a press release with the FCA, warning law firms and claims management companies (CMCs) over poor practices in motor finance commission claims. In anticipation of the Supreme Court judgment in *Johnson* – and the prompt announcement of a redress scheme consultation (see further below) – the FCA clarified that:

- CMCs should inform clients of the existence of a redress scheme, or where there is a realistic prospect of one being introduced, which would allow them to pursue a claim for themselves, free of charge;
- clients should be made aware before an agreement is signed (even if the redress scheme has not yet been confirmed); and
- CMCs must inform customers of their right to exit the agreement at any time and any fee that may be payable by them (which must be reasonable and reflect the work actually undertaken).

Submitting a claim through a CMC may result in consumers sacrificing up to 30% of any compensation.

Supreme Court judgment in motor finance case

On 1 August 2025, the long-awaited decision in *Johnson v FirstRand Bank Limited (London Branch) t/a MotoNovo Finance* was handed down by the Supreme Court. Key points from the decision include:

Fiduciary duty: Car dealers **do not** owe a fiduciary duty. Being in a position to influence or affect the borrower's decision on finance is not enough for a fiduciary duty: for a fiduciary duty, there must be a single minded duty of loyalty that prevents the fiduciary from having a personal interest in the transaction. This is in contrast to the Court of Appeal's decision which said a fiduciary duty was owed.

'Unfair' relationship between lender and consumer under Consumer Credit Act 1974: the Supreme Court ruled that insufficient disclosure could create an unfair relationship, however it is only one element relevant to the question of unfair relationships in this context. Others include the size of the commission relative to the credit, the nature of the commission, the characteristics of the consumer and compliance with regulatory rules.

In contrast to the Court of Appeal, the Supreme Court found the following issues irrelevant, on the basis that if there is no fiduciary duty, no bribery can occur:

- "Secret" commissions.
- Lenders' liability in tort of bribery.
- Insufficient disclosure to procure consent.

Firms are advised by the FCA to refresh their estimates of potential liabilities – both potential compensation payments and associated administrative costs – and make sufficient provision as needed. The FCA reiterates that those who have already complained do not need to do anything further – and those who think they have overpaid, should complain now.

The Supreme Court's judgment in *Johnson v FirstRand (MotoNovo)* confirms car dealers do not owe a fiduciary duty simply because they can influence a borrower's finance decision; a fiduciary duty requires single-minded loyalty that rules out personal interest.

For "unfair relationship" claims under the CCA 1974, insufficient disclosure may contribute to unfairness but is only one factor alongside commission size and nature, consumer characteristics and regulatory compliance. Without a fiduciary duty, issues of secret commissions, tortious bribery and consent via disclosure are irrelevant to bribery claims. The FCA advises firms to refresh liability estimates and provisions, and reiterates that existing complainants need take no further action, while consumers who believe they overpaid should complain.

For more detail, see our Insight.

FCA to consult on motor finance compensation scheme

On 3 August 2025, the FCA confirmed – following the Supreme Court's judgment – that it will be consulting on a potential redress scheme for those consumers who may have lost out where a lender has acted unfairly, and therefore unlawfully.

The consultation is expected by early October and is to be finalised in time to allow compensation to start in early 2026. It will consider how a combination of factors may point to an unfair relationship between lender and borrower as well as how redress could be calculated.

The FCA has provided some insight into what we can expect to see in October:

Redress:

- **Discretionary commission arrangements (DCAs)**: the FCA will propose that any redress scheme covers DCAs if not properly disclosed, and consult on which non-discretionary commission arrangements should be included.
- **Redress calculation***:* to be informed by the degree of harm suffered by the consumer, as well as the need for consumers to access affordable motor loans in future. A de minimis threshold will be considered.

- **Interest***:* the FCA will consult on an interest rate for each year of the scheme (average base rate plus 1%) – that is, a simple interest rate of around 3% per year.
- **Compensation per consumer***:* the FCA expects that most individuals would receive less than £950 per agreement held in compensation.
- **Estimated overall cost***:* the FCA considers that the cost of such a scheme (including administrative costs) would fall somewhere between £9-18 billion.

Timeframe: the FCA proposes that the scheme covers agreements going back to 2007, for consistency with the FOS complaints already being considered.

Opt in / opt out: although the FCA is yet to decide whether it will operate an opt in or opt out scheme, firms will be required to make consumers aware of the possibility of compensation.

House of Lords calls for shorter redress period for UK motor finance

On 8 August 2025, and following the decision handed down by the Supreme Court last week, the House of Lords' Financial Services Regulation Committee wrote to the FCA, asking it to clarify several points, including the timeframe for its proposed redress scheme.

The committee considers that instead of redress being paid on loans taken out from 2007 onwards, the timeframe should align with the six-year limitation period under the Consumer Credit Act 1974 and has asked the FCA to provide the "legal grounding" for its proposal.

Lord Forsyth of Drumlean, committee chair, also requested further details on modelling the costs of the scheme, estimated administrative costs and the likely impact on the motor finance market.

The committee has requested the FCA to appear before it in September 2025.

FCA letter to CMCs on financial promotions regarding motor finance

On 4 August 2025, the FCA published a letter (dated 31 July 2025) sent to claims management companies asking them to review their financial promotions relating to motor finance claims to ensure compliance with relevant rules in the FCA Handbook, including the consumer duty.

The FCA asks them to:

- review and revise their financial promotions to ensure they are clear, fair and not misleading (this includes removing any references to exaggerated claim amounts and avoiding using terms such as "up to" unless they are accurately sourced, contextualised and not likely to mislead);·
- avoid misleading outcome guarantees (all promotional content must make it clear that eligibility and outcomes depend on individual circumstances and proper investigation);·
- avoid using language that implies a false sense of urgency; and
- maintain ongoing oversight: audits live promotions regulatory and promptly updating or withdrawing any materials that become non-compliant.

The FCA will proactively monitor the market to assess compliance and consider appropriate action where it identifies non-compliance.

Clause allowing appointment of replacement service of process agent without notice deemed unfair

On 8 August 2025, in *Regera SARL v Cohen and others* [2025] EWHC 2107 (Comm), the Commercial Court set aside default judgments obtained by the claimant against the defendants (as guarantors of a facility agreement between the claimant and the defaulting borrower), for failure to file acknowledgments of service or defences.

The claimant had purported to serve proceedings via a service of process agent appointed by them under a clause in the facility agreement which allowed them to appoint a replacement agent without notifying the defendant, if the original agent was unable to act. The defendant claimed they were unaware of service until two days after entry of the default judgments.

The judge voiced "considerable concerns" about the fairness of the clause, as it allowed a replacement agent to be appointed without notice to the defendant, which created "imbalance" in the parties' legal rights and obligations. The clause was therefore unfair under section 62 of the Consumer Rights Act 2015.

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Food law

Food law

Food Standards Agency launches consultation on first proposed CBD food product authorisations

The Food Standards Agency (FSA) has launched a public consultation on proposed recommendations to authorise the first cannabidiol (CBD) food products as novel foods in Great Britain. Specifically, the FSA is considering issues that arise as a result of the first three novel food applications to have progressed through the initial safety assessment stages.

The consultation consists of 14 questions and is open until 20 November 2025.

UK government outlines timetable for UK-EU SPS agreement

Following agreement between the UK and EU in May 2025 to agree a new sanitary and phytosanitary (SPS) agreement, on 27 August 2025 EU relations minister Nick Thomas-Symonds laid out more details on the timetable for codification and implementation during a speech. The plan is for there to be further negotiations with the EU in autumn 2025, with a view to UK legislation in 2026 and implementation in 2027.

After the speech, the food security minister, Daniel Zeichner, and the minister for small businesses and exports, Gareth Thomas, visited small businesses to discuss the SPS agreement. The SPS agreement is expected to save businesses up to £200 per shipment of goods to the EU, by removing the requirement for Export Health Certificates. It is also expected that the agreement will see a lifting of the current EU ban on UK imports for fresh sausages and burgers, some shellfish, and seed potatoes.

The SPS agreement, once implemented, will also mean that there will be no physical checks on GB food products at Northern Irish (NI) ports. As a large proportion of supermarkets in Northern Ireland are supplied from distribution centres in England and Scotland, the impact on the NI food market could be substantial.

Reaction to the SPS has been broadly positive from industry, especially among smaller businesses that sell small batches of perishable goods. The NI reaction has also been positive, with the NI Chamber chief executive saying that the proposed deal "represents a significant step forward in addressing trade barriers".

Department of Health and Social Care announces new baby food guidelines and labelling reforms

On 22 August 2025, the Department of Health and Social Care announced new guidelines for commercial baby food to reduce salt and sugar, along with reformed labelling standards in a bid to increase clarity and help consumers make informed decisions.

The voluntary guidelines outline a number of recommendations for salt and sugar levels in different product categories, from "main meals" to "soups, stocks and cooking sauces", and give baby food manufacturers 18 months from August 2025 to reduce the amounts of those substances in baby foods aimed at children up to 36 months old to the new levels.

They also strongly encourage food producers to:

- Label products in line with scientific and government advice to introduce solid foods at around six months of age.
- Provide honest labelling so that product names are not misleading and are aligned with the quantity of primary ingredients.
- Restrict inappropriate on-pack marketing and promotional statements that make "implied health claims" about health or nutritional benefits that are not based on scientific evidence.
- Have clear feeding instructions (for example "use a spoon" or "do not suck") on the front of products packaged in pouches with a nozzle.
- Not to label and market snacks or food products that can be eaten between meals as suitable for children aged 12 months and under (snacks for babies under the age of 12 months are not in line with government dietary guidelines).

While voluntary, the government has stated that if businesses fail to implement the guidelines by February 2027, then the government will "consider additional or alternative measures" should businesses fail to implement the guidelines.

Businesses manufacturing baby food and drink products should review the guidelines to identify where changes may need to be made to their products.

Food law

Food and feed safety – simplification omnibus

The European Commission has published a new initiative in line with its agenda to simplify regulatory frameworks across the EU in a bid to reduce regulatory burden on both businesses and Member States.

Specifically, the initiative's goals will be to accelerate access to the EU market for biocontrol substances and products; to simply and clarify regulatory requirements on plant protection and biocidal products, feed additives, food hygiene and official controls; as well as other measures to simplify EU food law.

A call for evidence has been launched proposing targeted simplification measures in several areas including:

- authorisation and renewal procedures for plant protection products and biocidal products;
- clarifications related to terminology and transitional measures for the setting of maximum residue levels for pesticides, the modification and renewal of authorisations, and labelling requirements for feed additives, including digital labelling options;
- notification procedures for national hygiene measures;
- flexibility in official checks of plant consignments at border control posts;
- accreditation requirements for reference laboratories;
- clarification related to the legal status of fermentation products manufactured using genetically modified micro-organisms (GMMs); and
- more targeted pesticide application by drones under safe conditions.

The consultation is open until 14 October 2025.

Government launches consultation on the banning of high-caffeine energy drinks to children

As part of its plans to tackle childhood obesity, the government has launched a consultation on the banning of high-caffeine energy drinks to children under the age of 16 to "provide them with a better and more prosperous future".

The consultation includes the proposals for:

- the minimum age of sale for high-caffeine energy drinks;
- the products and businesses in scope of the ban;
- how the ban will apply in vending machines;
- the length of time that businesses and enforcement authorities need to implement the ban; and
- introducing a new power to allow enforcement by authorities through fines, as an alternative to criminal prosecution.

The consultation closes on 26 November 2025.

Businesses should review the consultation to see whether they wish to respond.

New brand advertising exemption regulations to come into force in January

The Department of Health and Social Care has published its response and final proposed Advertising (Less Healthy Food and Drink) (Brand Advertising Exemption) Regulations 2025. These regulations provide an exemption for brand advertising from restrictions on less healthy food and drink advertising on television and online and are intended to reduce children's exposure to these products to tackle childhood obesity.

The new regulations will come into force in the UK on 5 January 2026, with voluntary compliance encouraged from 1 October 2025. Implementation guidance will be issued by the Advertising Standards Authority before commencement.

Please see Advertising and marketing for more.

Future Foods Takeaway | Autumn 2025

Food law

How is the future of food changing? Read our first edition of our new quarterly newsletter which will bring you legal updates, regulatory developments and our Insights in relation to alternative protein products and the novel food sector. The first edition focuses on developments in the UK's fast-evolving regulatory landscape.

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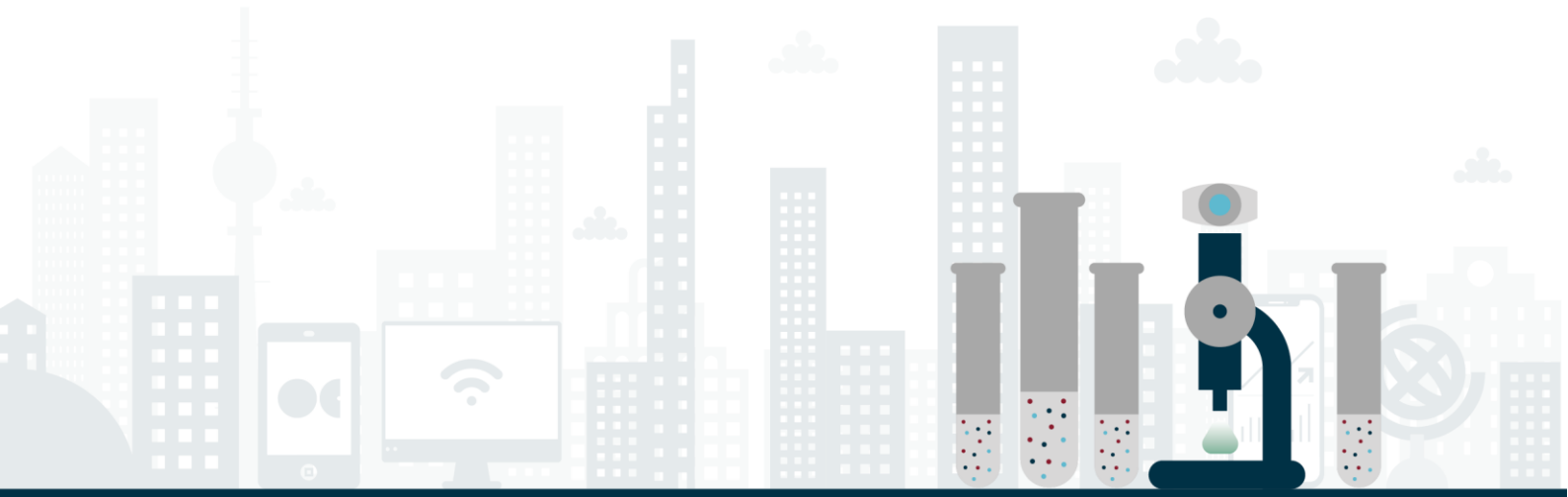

Health and Safety

Health and Safety

Nothing to report this month.

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Modern slavery

Modern slavery

UK Parliament report recommends new legislation to combat forced labour in supply chains

On 24 July 2025, the Joint Committee on Human Rights published a report following its inquiry into forced labour in UK supply chains. The report ultimately found that goods produced by forced labour are being sold in the UK and that the current approach to addressing this issue is inadequate, due to domestic policy being piecemeal and ad hoc.

The report includes several key recommendations, summarised in this Insight.

The government has until 24 September to respond to the committee's recommendations.

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Products

Products

Jump to: General / digital products | Product sustainability | Life Sciences and healthcare

General and Digital

UK

Law Commission to review product liability regime

The Fourteenth Programme of Law Reform was released on 4 September, setting out 10 new projects the Law Commission will be providing recommendations for reform on.

One of these projects is "product liability and emerging technologies" with the Law Commission stating the current UK regime for product liability "has not kept pace with the rapid development of emerging technologies, including artificial intelligence (AI) and the increased use of digital products".

There are five issues that the project will address including:

- The question of updating the definition of “product” in the Consumer Protection Act 1987 (CPA) to expressly include software, whether supplied via tangible or intangible medium.
- Whether the “long-stop” liability period of ten years should be extended, given that some products arising from emerging technologies can be upgraded iteratively.
- Whether the “state of the art” defence should be amended to account for emerging technologies that can be updated iteratively.
- Difficulties for claimants in pursuing claims with respect to highly technical and opaque technology, such as AI.
- Whether the definitions of “defect” and “damage” in the CPA should be amended to take into account the impact of emerging technologies.

The Law Commission's statement on product liability in the UK follows a 2023 a government consultation which recognised that reform of the UK's product liability framework was long overdue. In November 2024, the new EU Product Liability Directive was published, with Member States having until 9 December 2026 to transpose the new directive into national law. This new EU Directive addressed issues that appear to be line with concerns that have been raised regarding the current UK legislation. It is possible, if not likely, that the new UK legislation will be designed to line up with the EU regime. While further details are awaited to be published on the changes to UK legislation, Osborne Clarke has produced a guide on preparing for the changes, in both the EU and the UK.

The timetable for the new product liability reform project has not yet been announced but the full proposal is available to read.

Independent review of the Windsor Framework released

Following the Stormont vote of the Northern Ireland Assembly on 10 December 2024 under Article 18 of the Windsor Framework, where the consent vote passed but without cross community support, the secretary of state for Northern Ireland commissioned an independent review into the functioning of the Windsor Framework.

On 4 September, the Rt Hon Lord Murphy presented his report to the secretary of state for Northern Ireland. This review found persistent cross-community division and a continuing democratic deficit. Specifically, practical challenges in product regulation scrutiny and uncertainty over applicable EU product rules such as the General Product Safety Regulations, calling for a single, plain-English guidance hub and earlier influence on EU proposals via the NI Executive Office in Brussels.

It will now be up to the government to decide what actions it will take in response to these recommendations.

OPSS launches consultation on machinery safety legislation

On 28 July, the Office for Product Safety and Standards (OPSS) launched a consultation regarding whether the government should introduce the same measures as included in the EU Machinery Regulation 2023/1230 across the UK, using the secondary legislation powers granted under the Product Regulation and Metrology Act 2025.

Specifically, the OPSS is looking for feedback regarding the issues associated with the continued recognition of EU product requirements for machinery, and the implementation of the same approach, including:

- The introduction of health and safety requirements relating to new and emerging technologies.
- The use of common specifications as a new means of showing conformity.
- The introduction of importer and distributors requirements.
- The introduction of third-party conformity assessment for some products.
- Any other key topic within the legislation that should be considered in detail.

The consultation is open until 11:59pm on 20 October 2025.

Consultation on Automated Vehicles Regulations

The Department for Transport is seeking comments on the proposed Automated Vehicles (Permits for Automated Passenger Services) Regulations 2026 to support the deployment of commercial self-driving pilots. The regulations are aiming to help smooth the introduction of the automated passenger services (APS) permitting scheme by the Automated Vehicles Act 2024.

The consultation is asking for feedback on the details of the APS scheme and proposed secondary legislation, especially relating to:

- Consent requirements for permits.
- Accessibility.
- The application process and renewals.
- The process of varying, suspending, or withdrawing a permit.
- The process for potential appeals of decisions relating to permits.
- The disclosure and use of information during the permitting process.

The consultation has a total of 22 questions and is running until 28 September 2025.

Outcome of the call for evidence for measuring noise from outdoor equipment

In September 2024, the OPSS launched a call for evidence considering whether the UK should introduce the same measures in relation to the measuring of noise from outdoor equipment that were being made to European Union Directive 2000/14/EC.

These changes relate to Annex III – methods to measure airborne noise emitted by equipment for use outdoors – and will bring measures in line with technical progress, simplify work for manufacturers and conformity assessment bodies and reduce reporting requirements.

The responses to the call for evidence were overwhelmingly in support of implementing the same changes to UK legislation. The government will now consider the changes required to the UK legislation and update the legislation when Parliamentary time allows.

Product Sustainability

UK

Online platforms to pay towards recycling of electrical waste

The Waste Electrical and Electronic Equipment (Amendment, etc.) Regulations 2025 (SI 2025/910) came into force on 12 August 2025. They include obligations for online marketplaces to report data on sales made by their overseas sellers in the UK and to help fund the clean-up of waste electrical and electronic equipment (EEE) products sold through their platforms.

Distributors that make EEE available on the UK market, including by distance selling, must:

- offer free takeback on waste EEE;

- accept WEEE for free from customers supplied with like-for-like products, regardless of whether this is done in store, online or by mail order;
- retain a record of all WEEE taken back for at least four years; and
- provide customers access to written information on the service provided and what they should do with their waste EEE.

Businesses that fall within scope of these regulations should review these and understand the obligations they need to undertake in order to comply.

Draft regulations on the banning of the sale of wet wipes containing plastic in England

The draft Environmental Protection (Wet Wipes Containing Plastic) (England) Regulations 2025 were laid before Parliament for approval on 16 September. These regulations will make it an offence to supply or offer to supply single-use wet wipes containing plastic to consumers in England, with exemptions for pharmacies, for medical purposes and supply to businesses or local authorities. Enforcement will be carried out by local authorities with £200 fines or compliance notices being issued to persons convicted under the regulations.

The ban will come into force in England 18 months after the regulations are made, with the Welsh ban coming into force on 18 December 2026 under the Environmental Protection (Single-use Plastic Products) (Wet Wipes) (Wales) Regulations 2025 which were adopted in July.

Consultation on Welsh deposit return scheme opens

The Welsh government has launched a consultation to gather feedback to shape the Deposit Return Scheme (DRS) for drink containers in Wales.

The 26 questions cover topics including supporting the transition to reusable containers, minimum standards for use, handling and logistics, deposit levels, and economic development opportunities associated with the DRS.

Differing from the approach of the rest of the UK's DRS, it is proposed that glass will be included in the Welsh DRS from the outset using a phased approach to allow for the gradual introduction of reuse and single use glass-related obligations and transitional arrangements to avoid disruption and the need for changes to labelling or production and distribution systems.

The consultation runs until 10 November 2025 and responses can be submitted here,

Proposal for a restriction on PFAS substances in firefighting foams

The Health and Safety Executive has launched a consultation on proposals to develop a UK REACH restriction on per- and polyfluoroalkyl substances (PFAS) in fire-fighting foams.

The HSE is taking a broad approach to defining PFAS because "a broad definition will minimise potential for regrettable substitution with PFAS not currently known to be used in firefighting foams, but which have the same risks as those already identified". The overall conclusion of the HSE is that a "…the use of PFAS in firefighting foams presents a risk to the environment, and human health via the environment, that is not adequately controlled by measures already in place". The full details of the proposed restriction are available in the Annex 15 Restriction Report and in the published Q&A document.

The consultation runs until 18 February 2026 and responses can be submitted here.

While focused on fire-fighting foams, this consultation illustrates how the UK is starting to take steps towards tackling the issue of PFAS.

EU

Final PFAS evaluation conclusion to be delivered in 2026

The European Chemicals Agency (ECHA) has announced its timetable for its evaluation of a potential restriction for PFAS, with a final conclusion expected to be delivered to the European Commission in 2026.

While ECHA claims that good progress has been made in relation to considering the 14 sectors covered by the original restriction proposal, the additional consideration required by the eight new sectors identified in its updated proposal would apparently push the window for a final opinion to a "significant time beyond 2026". Consequently, the eight new sectors (including medical, military and machinery applications) will not be specifically considered in the final opinion, but will be partially considered as part of the broad horizontal issues.

Following on from the ECHA's updated timeline, the subsequent proposal by the European Commission is unlikely to be published before 2027, with any restrictions only becoming effective once the proposal has been subject to legislative approval and becoming law. It seems unlikely that any restriction will actually come into effect before 2029 at the earliest, as the rough estimate for the shortest time for a proposal to become law is approximately 18 months under the ordinary legislative procedure; however, the process could take much longer.

European Parliament adopts new EU rules to introduce EPR for textiles

The European Parliament has approved legislation aimed at significantly reducing waste from food and textiles across the EU. Under the new legislation, which follows the extended producer responsibility (EPR) regime approach, producers that make textiles available in the EU will have to cover the costs of their collection, sorting and recycling, through new EPR schemes to be set up by each Member State. The provisions apply to all producers, including those using e-commerce tools and irrespective of whether they are established in an EU country or outside the Union.

The law will now be signed by both co-legislators, ahead of its publication in the EU Official Journal where EU countries will then have 20 months to transpose the new rules into national legislation. The EPR schemes must be set up within 30 months of the directive's entry into force, which will be around the middle of 2028.

Global plastics agreement negotiations collapse

UN-based negotiations on a legally binding global plastics agreement fell apart during the second part of the fifth session in the Intergovernmental Negotiating Committee over the course of August 2025. The negotiations followed a UN Environment Assembly initiative in 2022 that resulted in 175 nations endorsing a resolution committing to reaching a draft international agreement to end plastic pollution.

The treaty proposed to tackle plastic pollution across its entire lifecycle, including production, design and disposal. It was intended to include diverse approaches to dealing with the full lifecycle of plastics and the need for enhanced international collaboration to build capacity and technical cooperation.

As noted in Ukraine's closing statement, there appeared to be a deep divide between states that sought mandatory restrictions and those that were insisting solely on waste recycling measures. As noted by Barbados in its closing statement, "positions have remained entrenched, and opportunities for convergence [were] allowed to pass by."

Commission publishes updated guidance on Deforestation-Free Products regulation

Please see ESG Section.

Life Sciences and Health

UK

Government responds to the MHRA consultation on statutory fees

The government has released an updated proposal in relation to the Medicines and Healthcare products Regulatory Agency (MHRA) consultation on statutory fees. This comes after the initially proposed updated fee for Medical Device Registration received overwhelmingly negative feedback with only 10% of respondents supporting it.

The government's new proposal for the Medical Device Registration fee, which will come into force on 1 April 2026, is for it to be charged at a higher Global Medical Device Nomenclature (GMDN) category (GMDN level 2) rather than GMDN code (level 5). The new fee, which will be in the region of £300 per year, will have a phased implementation. It will be part-subsidised by the government for the 2026-27 financial year, with full cost recovery starting in the 2027-28 financial year.

Access the full government response.

Products

Health secretary ends talks with pharmaceutical companies regarding drug pricing

The dispute between the UK government and pharmaceutical companies regarding drug pricing has been simmering away for several months now, with the uncertainty said to be causing issues with long term planning and economic growth in the sector.

In the latest move to try and bring matters to a head, Wes Streeting, the UK health secretary, issued a private ultimatum to pharmaceutical companies to accept the government's latest offer on drug pricing by 22 August, or else he would publicly end the talks. In a letter to the Association of the British Pharmaceutical Industry (ABPI), Mr Streeting said that they had been given ample time to consider the "generous" offer put to them in recent weeks, but had "repeatedly delayed" making a decision. At 12pm on 22 August, it was confirmed that Mr Streeting ended talks after the ABPI refused the latest offer.

The key issue is the rate of a clawback tax on sales that is calculated each year, based on how much NHS spending on drugs outpaces an agreed growth rate, and is designed to limit the cost of medicines available on the NHS. The scheme rate for this year was 22.9% of UK sales, 7.9% higher than the 15% originally forecast. The deal was originally agreed in 2023 and is due to run until 2028 and is voluntary. However, withdrawal means paying the statutory rate instead, at 23.4%. The pharmaceutical sector wants a government commitment to spending a certain percentage of GDP on medicines, as well as to change the regulatory process used to approve new drugs, in a bid to both reduce the clawback tax rate and improve availability in the UK.

A number of pharmaceutical companies have issued statements regarding their investments in medicines in the UK. At the time of writing there have been no further comments from the government on re-opening negotiations.

Consultation on the revised International Council for Harmonisation guidelines

The MHRA is consulting with UK stakeholders to gather feedback and comments on a revised international guideline to capture information for the registration and lifecycle management of pharmaceuticals for human use.

The aim is to further refine the guidelines that were last harmonised in 2002 to improve efficiency, leverage digital technologies, and accelerate patient and consumer access to pharmaceuticals.

Responses can be provided via downloading the ICH Public Consultation Comments template and emailing it to ichconsultations@mhra.gov.uk

Transforming the UK clinical research system: August 2025 update

On 4 August, the Department of Health and Social Care (DHSC) published a report into the progress made in implementing the recommendations from Lord James O'Shaughnessy on how to resolve challenges in conducting commercial clinical trials in the UK.

Among the points discussed in the report are a continued commitment to implementing the investment programme for Voluntary Scheme for Branded Medicines Pricing, Access and Growth and the commissioning of new commercial research delivery centres across England and the devolved governments. Also, the UK Clinical Research Delivery programme will continue to support the Study Set-Up Plan, now that both Phase 1 and Phase 2 deliverables have been published.

With the report showing that a large number of Lord O'Shaughnessy's recommendations are now completely implemented and receiving ongoing support, the DHSC has five broad areas in which it is committed to going beyond the Lord O'Shaughnessy review:

- Commitments carried forward under the UKCRD programme;
- Research delivery enabled by data and digital tools;
- Reaching 150-day target for setting up clinical trials;
- Delivering transparent data at site and study level; and
- Improving the wider research system

For more details on the above five areas, see this section of the report.

MHRA launches framework for decentralised manufacture of personalised medicines

Products

New regulations introduced by the MHRA came into force on 23 July 2025. The Human Medicines (Amendment) (Modular Manufacture and Point of Care) Regulations 2025, SI 87/2025 aim to provide the world's first regulatory framework that allows breakthrough personalised medicines such as cancer and immunotherapy (that is, CAR-T) treatments to be prepared in small or individual batches at locations near to the patients that require them.

The MHRA claims that the new regulations make it possible for a cancer patient, for example, to have their immune cells collected, modified to fight their specific cancer, and returned within days, rather than the months that it can take at the moment. Medicines that only have a shelf life of minutes could be made and given to patients on the spot under the new regulations.

The new regulations mirror the process that allows chemotherapy drugs and antibiotics to be prepared locally, but have more stringent safeguards in place to account for newer, more advanced therapies, including cell and gene therapies, tissue-engineered treatments, 3D printed products, blood products, and medicinal gases.

The government has also confirmed that products manufactured at the point of care are eligible for support through the MHRA's Innovative Licensing and Access Pathway and has set up a decentralised manufacture hub to collect guidance to assist manufacturers.

NBCG-Med and Team-NB outline a governance vision for the future of the EU Medical Device Regulatory System

On 28 July, the Notified Bodies Coordination Group for Medical Devices (NBCG-Med) and The European Association of Medical Devices Notified Bodies (Team-NB) have jointly published a position paper outlining a governance vision for the future of the EU medical device regulatory system.

The key proposals include:

- The creation of a Medical Device Coordination Office (MDCG) to: coordinate notified body designation, classification decisions, and guidance development; oversee early dialogue, special pathways, and expert panel consultation; maintain a central evidence repository for scientific and clinical data; act as the secretariat for MDCG and working groups.
- Emphasising the role of notified bodies as technical, clinical, and regulatory contributors – not just assessors.
- Calling for a hybrid funding model (consisting of both EU funds and stakeholder fees) to ensure the sustainability of central coordination functions.
- Supporting the establishment of Special Pathways and Early Advice mechanisms for innovative, orphan, or paediatric devices — to be coordinated through MDCO, with a robust, multi-party governance process.
- Encouraging enhanced integration of notified bodies into guidance development, scientific committees, and strategic planning — with the aim of preserving expertise and harmonising implementation.

EU

European Commission's call for evidence on medical devices and in vitro diagnostics

The European Commission has launched a call for evidence seeking views on an initiative to simplify EU rules for medical devices and in vitro diagnostics in order to safeguard a high level of patient safety, public health and healthcare.

The aim is to make safety requirements more cost-efficient and proportionate while making the EU medical device sector more competitive in the internal market and globally.

The call for evidence closes on 6 October 2025.

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Regulated procurement

Regulated procurement

Nothing to report this month.

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Sanctions and Export Control

Sanctions and Export Control

OFSI issues disclosure notice for breach of UK-Counter Terrorism Sanctions

The Office of Financial Sanctions Implementation (OFSI) published a disclosure notice against a UK bank for a breach of the Counter-Terrorism Regulations 2019.

The breaches occurred due to the bank's delay in restricting access to a customer's account for eight days following designation, during which time a designated person had full access to their funds. In permitting the designated person to withdraw cash and complete a transaction, the bank made funds directly available to a designated person.

OFSI assessed the breach as "moderately severe", and did not consider it sufficiently serious to impose a monetary penalty. However, a number of aggravating factors were considered by OFSI in reaching the decision to publish the disclosure:

- The bank had been warned that a suspected customer was due to be designated, which should have made it "especially vigilant" to the designation.
- The bank made funds directly available to the designated person and a purchase was processed on their account.
- There was an eight day delay between designation and restricting the account, during which the designated person had full access to their credit card.
- The bank is a Financial Conduct Authority regulated firm, and is therefore expected to have "significant awareness and understanding of sanctions risks", in addition to sufficient financial crime controls.

The notice highlighted the following compliance lessons for the financial industry:

- Firms must ensure that sanctions screening processes are sufficiently robust to enable them to act swiftly on designations and develop contingency plans to ensure business continuity and prevent delays in response to designations.
- Companies should exercise particular vigilance if they receive a notification form OFSI that a suspected customer may be designated in the near future.
- OFSI values voluntary disclosure of sanctions breaches. This may be considered a mitigating factor.

Read more about OFSI's disclosure power in this Insight.

OFSI fines UK financial services company £300,000 for breach of Russia sanctions

OFSI announced it has issued a £300,000 monetary penalty against a UK-registered company for a breach of UK sanctions against Russia.

The breach related to a payment of £416,590.92, instructed by the company, to be made directly to a designated person subject to an asset freeze. Having been informed of OFSI's intention to impose a monetary penalty, the company submitted additional material, upon which OFSI revised the penalty amount from £400,000 down to £300,000.

The case was assessed to be "serious". Aggravating factors included the amount of funds transferred, which OFSI considers to be a "high value breach", and the company's sanctions policies and controls, which were considered inadequate because there were no controls to manage the sanctions risk of informal transnational working practices (the context within which the breach took place).

OFSI highlighted the following key compliance lessons for industry:

- All firms, regardless of their size, should take appropriate steps to understand and address their exposure to sanctions risks.
- Firms should have adequate sanctions processes to ensure compliance. OFSI may not consider the existence of sanctions policies and processes to be a mitigating factor if they are not fit for purpose.
- All firms should have systems and controls in place to enable them to promptly identify and report suspected breaches of financial sanctions to OFSI. Firms which make voluntary disclosures in serious cases are eligible for a discount of up to 50%.

Read the press release.

Sanctions and Export Control

Annual frozen asset reporting exercise

As part of its annual review, HM Treasury requests that all persons holding or controlling funds or economic resources belonging to, owned, held or controlled by a designated person/entity to report details of those frozen assets.

Anyone possessing this information or who have previously reported frozen assets must complete the form and submit it to OFSI by 30 November 2025.

OFSI general licences

OFSI has published three general licence FAQs on General licence INT/2025/6641960, which allows non-designated persons who have made investments through designated brokers to transfer their funds to a non-designated broker. The general licence came into effect on 18 July 2025 and is of indefinite duration.

OFSI has also amended the following general licences to include the Global Irregular Migration and Trafficking in Persons Sanctions Regulations 2025 as one of the applicable regimes:

- General licence INT/2024/4888228 – which allows for payments to Statutory Auditors for a Statutory Audit from, or on behalf of, a designated person. The general licence came into effect on 27 June 2024 and is of indefinite duration.
- General licence INT/2024/4907888– which allows for payments to visa application services providers from, or on behalf of, a designated person. The general licence came into effect on 3 July 2024 and is of indefinite duration.
- General licence INT/2022/2009156 - which allows for payments to UK insurance companies. The general licence came into effect on 22 July 2022 and is of indefinite duration.

End-user and stockist undertaking form guidance

The UK Export Control Joint Unit published guidance on its end-user and stockist undertaking form.

From July 2025, the form should be used for all exports, by the end-user or stockist of the items which are being exported, if the UK exporter is applying for:

- a standard individual export licence (SIEL);
- a standard individual trade control licence; or
- a licence to provide technical assistance.

The completed form is to be submitted as part of the licencing application and must be completed even if the items:

- are being shipped via a consignee;
- will be incorporated by the end-user; or
- will be held as stock.

The licence application must be submitted by the UK exporter within six months of the date the end-user and stockist undertaking form is signed.

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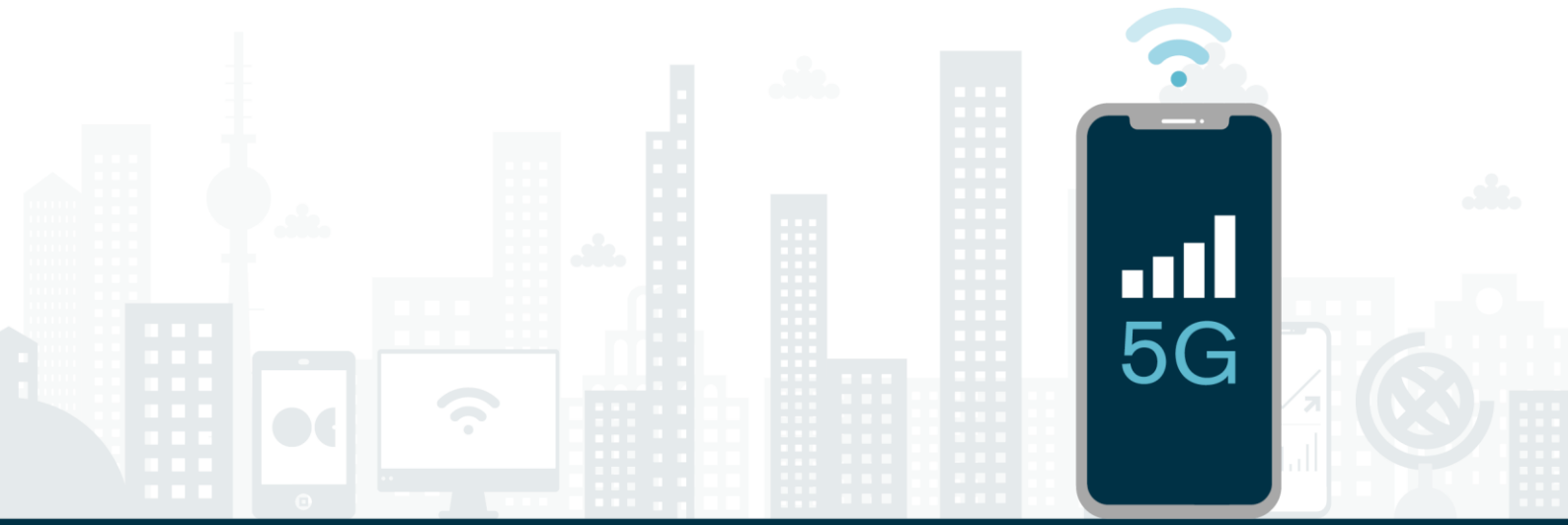

Telecoms

Telecoms

Consultation on the Telecommunications Security Code of Practice

The government is consulting on updates to the Telecommunications Security Code of Practice. The aim is to reflect new technologies (eSIMs, APIs, automation), respond to emerging threats, and give clearer implementation guidance, including addressing issues related to the supply chain.

Who it applies to*:* As a reminder, the telecoms security code of practice applies to all telecoms providers (provides of an electronic communications service or network) with an annual revenue from its telecoms services which exceeds £50m (i.e. Tier 1 and Tier 2). Providers who are below the £50m threshold (Tier 3 providers) are not required to follow the measures set out the code expressly, however they do still have an overarching obligation to ensure they have appropriate and proportionate measures in place to protect the security its network and services, and therefore the measures in the code may be a helpful indication of what might be appropriate and proportionate.

Headlines*:*

- The proposals do not rewrite the regime but sharpen it: **clearer guidance**, targeted new measures, and stronger supply chain resilience expectations.
- **Clearer expectations** in the code so providers know what "good" looks like, including around security testing and the use of dedicated, locked down admin devices for sensitive tasks and improving the mapping of the code requirements to the Telecoms Security Regulations and relevant CAF objectives.
- **New or strengthened measures** providers will be expected to implement, with practical guidance on how to do so.
- **Re-emphasis on a holistic approach**: aligning governance, risk, operations and supplier management across the full telecoms stack with clearer lines of ownership for risk and response across organisational boundaries.
- **A stronger supply chain focus**: recent attacks show that weaknesses in vendors, software components and third-party access can undermine network resilience. The updated Vendor Security Assessment raises expectations for supplier resilience and recoverability. The government Vendor Security Assessment is expanded with a new Business Continuity and Disaster Recovery(BCDR) section and extracts from the NCSC Cyber Assessment Framework are updated;
- **eSIMs**: new guidance on remote provisioning of eSIMs.
- **Security testing**: broadened scope and depth (for example, red/purple teaming, attack path validation, API and automation pipeline testing) tied to threat intelligence and materiality.
- **Privileged access workstations (PAWs)**: firmer expectations around the use, hardening and segregation of PAWs to reduce compromise risk for sensitive administrative tasks.

What you may want to do now

- Review the helpful tracked-changes PDF of the code of practice against your current controls and assurance programme.
- Check vendor due-diligence and contract baselines against the updated Vendor Security Assessment, including BCDR expectations.
- Validate privileged access workstation policy, security testing scope, and API/eSIM/automation security controls.
- Prepare input for the consultation where clarification or proportionality would be helpful – the deadline for responses is **22 October 2025**.

Ofcom publishes statement and launches further consultation of direct-to-device services

On 9 September, Ofcom published a statement confirming the outcome of the consultation it launched in March on satellite direct-to-device (D2D) services. In the statement Ofcom confirmed that it will authorise the use of D2D services using UK mobile spectrum, with the goal of enabling commercial launch from early 2026. In order to achieve this a new consultation has been launched on specific implementing measures.

What has been decided already:

- **Authorisation model:** Ofcom will (i) create a discretionary licence exemption for handsets/SIM-enabled devices connecting to D2D; and (ii) vary participating mobile network operator (MNO) licences to add D2D conditions. Ofcom is not intending to directly license satellite operators at this stage.
- **Spectrum scope:** D2D can be enabled in existing FDD/SDL mobile bands below 3 GHz. TDD bands are excluded for now. Some bands (notably 1.4 GHz and 2.1 GHz) may need further technical work before practical authorisation.
- **Coexistence protections:** Aggregate PFD limits for unwanted emissions into mobile downlink (for example, −119 dBW/MHz/m2 at 700/800/900; −113 at 1400; −111 at 1800/2100; −108 at 2600). Minimum satellite elevation angle reduced to 10 degrees.
- **Cross-border:** the aggregate PFD limits must be met at borders/coastlines; in 2100 MHz, any stricter existing cross-border thresholds prevail.
- **Geographic scope:** UK mainland and territorial seas only (excluding Channel Islands and Isle of Man).
- **999/emergency access:** no new D2D-specific obligations now; if a D2D offer includes voice as defined in the General Conditions, GC A3 applies.

What is being consulted on:

- Draft exemption regulations to permit handsets/SIM-enabled devices to connect to D2D.
- Additional technical conditions to protect 2.7–3.1 GHz Air Traffic Control radars where D2D uses 2.6 GHz (proposed apportionment of the existing radar protection threshold).
- Drafting of the non-technical licence conditions to be included in the MNO licence variation.

What you may want to do now:

- MNOs intending to offer D2D should approach Ofcom now to initiate licence variation, preparing: targeted bands, evidence of a commercial agreement with the satellite operator (including compliance clauses), cross-border engagement, UK trial results and PFD service maps.

Stakeholders should respond to the consultation by **5pm Friday 10 October 2025**.

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