

## New offences under ECCTA

One of the most significant changes brought by the ECCTA will be the introduction of the new corporate offences:

### Failure to prevent fraud

A corporate criminal offence of “failure to prevent fraud” will apply to large organisations (> 250 employees, > £36m turnover and > £18m in total assets) that have failed to prevent fraud committed by an associated person (*an employee or an agent that performs services for the organisation or on its behalf*) for the benefit of the organisation or its subsidiary. Having robust internal compliance procedures in place to prevent misconduct will be the only defence.

**Corporate criminal liability** has been introduced to facilitate easier prosecutions in cases of corporate misconducts. If a senior manager of a body corporate, or of a partnership, acting within the actual or apparent scope of their authority commits a relevant offence after the relevant section of ECCTA comes into force, the organisation will also be guilty of the offence. With certain exceptions, it includes the bodies incorporated outside of the UK. This provision came into force on 26 December 2023.