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Five years of SRA AML supervision

What the regulator's own numbers actually say, and what firms should do about it

Eloise Butterworth, FCILEX · October 2026

FIVE YEARS OF SRA AML SUPERVISION

What the regulator's own numbers actually say, and what firms should do about it

An All Things Risk white paper • Eloise Butterworth, FCILEX • October 2026 • The last five years, 2021-22 to 2025-26

Executive summary

Read one SRA anti-money laundering annual report and you get a snapshot. Read five in a row and you get the direction of travel, which is the part worth planning around. This paper lines up the regulator's published figures for the five years from 2021-22 to 2025-26, closing with the 2025-26 annual report published on 22 October 2026, and draws out the findings:

- 2025-26 is the correction year. Supervision rose again to 966 compliance assessments and 6,592 files read, yet the share of assessments rated fully compliant recovered from 13.4% to 22.0%, non-compliance fell from 32.4% to 21.9% (the report's own headline), reports for investigation fell from 426 to 336, and the reports-per-assessment rate fell from 0.49 to 0.35. More looking, fewer findings per look: a sector improving under scrutiny. Meanwhile concluded enforcement outcomes nearly doubled again, from 137 to 256, because enforcement is the lagging edge of supervision, a lag the report itself now names.

966 compliance assessments in 2025-26	21.9% of assessments not compliant, down from 32.4%	£2.6m in fines across 165 outcomes
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- Supervision has industrialised. Proactive AML engagements more than tripled in five years, from 253 to 864. The odds of your firm being inspected or desk-reviewed are no longer remote. Some firms are still waiting for their first visit; others have already had their second within three years.
- Enforcement has risen roughly tenfold since 2018-19, and the five-year pattern inside that is the one to plan around: concluded outcomes ran 43, 39, 74, 137, 256, a sixfold rise in five years, with the steepest climbs after the supervision surges of 2023-24 and 2024-25.
- The share of firms rated fully compliant fell from 22% to 13.4% between 2023-24 and 2024-25 as scrutiny deepened, then recovered to 22.0% in 2025-26. The dip was the yardstick sharpening; the recovery is the sector catching up with it.
- The money followed: financial outcomes nearly tripled year on year, from roughly £0.56m to £1.5m, and the suspected criminal proceeds in the SRA's own suspicious activity reports reached £148m in 2024-25 and exceeded £102m across 24 reports in 2025-26, with conveyancing behind the large majority throughout.
- The findings repeat. Across every year, the same failures top the list: missing client and matter risk assessments, unscrutinised source of funds, policies no one follows, and independent audits that are not audits. The sector's problem is not exotic typologies; it is basics, absent.

The one-sentence version: fewer firms are being watched more closely by a regulator finding more, fining more, and raising the bar for what compliant means, and the firms that thrive under that trajectory are the ones who can prove their controls work before anyone asks.

1 • The regulator looked three times harder

In 2020-21 the SRA carried out 253 proactive AML engagements. By 2024-25 that was 864, and in 2025-26 it reached 966 compliance assessments within 985 proactive engagements, against a supervised population that fell again to 5,422 firms in scope of the regulations. Fewer firms, more scrutiny: the odds of a visit have never been shorter.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Proactive engagements	253	273	273	545	864	966
Firms in scope of the MLRs	-	-	6,007	5,683	5,569	5,422

The regulator looks more than three times harder than it did five years ago.

Whatever shape AML supervision takes next, this trajectory is the inheritance, not the reset. A supervisory model built on data collection, risk profiling and proactive sampling does not get smaller.

2 • The compliance paradox

The uncomfortable pair of numbers at the heart of the five-year story: in 2023-24, 22% of firms checked were rated fully compliant; in 2024-25, 13.4% were. Non-compliance rose from 23% to 32.4% over the same twelve months.

The wrong reading was that the profession deteriorated that quickly. The sample grew, the sampling deepened, and the bar rose. 2025-26 supplies the other half of the argument: across the 937 of the 966 assessments that were inspections or desk-based reviews (the remainder being audit reviews and investigation-linked visits), the fully compliant share recovered to 22.0% and the not compliant share fell to 21.9%. Over the five years the shape is a dip and a recovery: compliance ratings fell as scrutiny deepened, then rose as firms caught up with the sharper yardstick. That arc is what a maturing control environment looks like from the regulator’s chair. Two things are true at once. Compliance genuinely improved: firm-wide risk assessments rated compliant went from 47% to 60%, and policies, controls and procedures from 38% to 54%. And the yardstick has moved: the regulator’s idea of good has shifted from good policies to effective ones, so the improvement is probably somewhat better than the year-on-year numbers demonstrate, because firms are clearing a higher bar than the one they were measured against before.

13.4% → 22% assessments fully compliant, trough to recovery	47% → 60% firm-wide risk assessments rated compliant	38% → 54% policies, controls and procedures rated compliant
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The practical test this suggests is the one that recurs through this paper: not “do we believe we are compliant?” but “could we prove it, at today’s depth of checking, to someone with no reason to be kind?”

3 • Enforcement industrialised

Enforcement is the steepest curve in the dataset. Fourteen internal outcomes in 2018-19 became 137 in 2024-25; add the Tribunal and the total reaches 151. The financial consequences followed: 44 fines totalling £556,832 in 2023-24 became, a year later, £292,133 in adjudicator fines, £661,200 across 58 regulatory settlement agreements and £545,650 at the Tribunal, very nearly £1.5m.

	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Reports received	196	273	252	249	227	426	336
Internal outcomes	21	16	43	39	74	137	256
Tribunal outcomes	13	13	8	8	4	14	8

2025-26 settles this section’s argument. Reports for investigation fell to 336 even as assessments rose to 966, so the rate per assessment fell again, from 0.49 (426 of 864) to 0.35 (336 of 966); over the five years the series runs 252, 249, 227, 426, 336. Concluded outcomes ran the other way: 43, 39, 74, 137, and now 256, a sixfold rise across the window, with fines reaching £2.6m: 145 regulatory settlement agreements totalling £2,003,759, 14 SRA-adjudicated fines totalling £363,726, and six fines at the Tribunal totalling £228,000. No contradiction, and for the first time the report says so itself: outcomes reflect when investigations conclude, not when conduct occurred. The record supervision of 2023-24 and 2024-25 is still clearing the pipeline, so expect elevated penalty numbers for at least another year before the calmer report figures reach them.

“More looking, fewer findings per look. A sector improving under scrutiny.”

A caution on the most-quoted number first. Reports received nearly doubled to 426 in 2024-25, and at first glance that looks like a sector in decline. Account for the SRA engaging with more than three times as many firms as five years ago and the headline is deceptive: relative to the volume of checking, reports have actually gone down, the total rose because the looking rose. The figure that deserves the attention is the consequence rate: outcomes grew nearly tenfold against supervision that tripled, so consequences per engagement roughly trebled; and the settlement mechanism matured, nine regulatory settlement agreements in 2023-24 becoming 58 a year later, meaning enforcement now scales without the Tribunal’s bottleneck. More looking, fewer reports per look, more outcomes per report: that is the five-year story in one line, and for in-house risk and compliance teams it is the line that matters.

4 • What the files keep saying

Year after year, the reasons for referral barely change. In 2024-25: 162 reports for missing client and matter risk assessments, 101 for missing source of funds checks, 99 for inadequate policies, controls and procedures, 122 for absent or inadequate firm-wide risk assessments. From the 5,873 files read: 16% had no client and matter risk assessment; 10% of files requiring source of funds checks had none; 18% held source of funds documents nobody had scrutinised; and a third of firms' own internal file reviews ignored source of funds entirely.

“Would you be aware if fee earners were not risk assessing at client and matter level?”

The SRA, AML data webinar, 19 October 2026

The 2025-26 webinar updated the file picture, and it splits cleanly into mended and stubborn. Mended: files lacking a client and matter risk assessment fell from 16% to 9%, and firms testing their technology for accuracy rose from 35% to 48%. Stubborn: 18% of files still held source of funds information nobody had scrutinised, the identical figure to last year; 29% of referrals related to source of funds, and 67% of those firms had a defined process, which means the documents exist and the desks are not following them; and 36% of firms running internal file reviews still exclude source of funds from them, a full year after the SRA pointed at precisely this. One number moved the wrong way for an interesting reason: the SRA disagreed with the risk rating on 10% of files, concluding in most cases that the rating should have been higher, because as the missing assessments get written, the argument moves from existence to judgement. I see the same thing in Regulation 21 audits: the rating is recorded, but the rationale behind it is unclear, or sits at odds with the firm's own firm-wide risk assessment. And the report seeds next year's findings list in plain sight: 20% of files showed no PEP screening, 21% no sanctions screening, and 17% of firms could not evidence the proliferation financing risk assessment that has been mandatory since April 2023. Those three numbers are tomorrow's referral categories arriving on schedule.

20% of files showed no PEP screening	21% no sanctions screening evidenced	18% source of funds collected but never scrutinised
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None of these are sophisticated failures. They are basic controls not being operated: checks not done, documents not read, procedures written and then ignored. That is uncomfortable, and it is also the good news, because basics respond to management attention in a way clever problems do not.

5 • The SAR blind spot

The webinar added a thread this paper's first edition could not see. The SRA reviewed 260 suspicious activity reports from 128 firms and rated the quality generally good; it also submitted 24 SARs of its own, exceeding £102m in suspected value, up again in number. When the regulator keeps finding suspicion that firms themselves did not report, the sector's problem is not report-writing, it is recognition: knowing when a suspicion has arisen at all. Two misconceptions do much of that damage, and both are wrong. Ceasing to act for a client does not remove the obligation to report. And work outside the scope of the money laundering regulations can still require a SAR: the SRA's own

submissions this year included out-of-scope work, which proves the point from the regulator's side of the fence.

6 • The audit blind spot

The 2025-26 report closes much of this gap, in both coverage and quality. Across the general population, 63% of firms had carried out an independent audit, up from 48% a year earlier, and the share of those audits falling short of Regulation 21 fell from 32% to 18%. The failing that remains is the same one: reviewing the policies without testing any files, assurance about the paperwork rather than the practice. The regulator's own words carry the commercial point: it observed higher levels of compliance among firms that had undertaken a compliant independent audit.

63% of firms have now had an independent audit, up from 48%	18% of those audits fall short of Regulation 21, down from 32%	9 of 26 large firms referred onward by their own audits: the system working
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Separately, the report details the SRA's cyclical review of 26 of the largest firms' audits: all 26 had an audit process, 24 had audited within two years, 23 reviewed files as well as paperwork, and nine were referred onward for supervision because their own audits had surfaced weaknesses. Read that last number the way the regulator does: an audit that finds things is the system working. The firms in trouble are not the ones whose audits found problems; they are the ones whose audits could not have.

For boards, the implication is direct: an audit is only insurance if it would survive the SRA's definition of one. Ask what your last audit actually tested, who performed it, whether they were independent of the framework they examined, and whether files, including the client account ledger, were in the sample.

7 • The scorecard: what we said would happen, and what did

The first edition of this paper, written days before the webinar, made four forecasts. Engagement at or above the 2024-25 level: correct, 966. Enforcement values higher again: correct, £2.6m. Continued emphasis on the gap between documents and practice: correct, see the 67% and the 36% above. And it named the fully compliant share as the number to watch for whether the sector was closing the gap: it recovered from 13.4% to 22.0%, the single most encouraging line in the data, with the yardstick caveat attached. One forecast was beaten rather than met: enforcement outcomes did not just rise, they nearly doubled, 137 to 256, the pipeline clearing faster than predicted. The next watch, for 2026-27: whether technology and digitisation finally produce the step-change in risk assessment and source of funds scrutiny that the tooling now makes possible. That leap is available; it is not automatic.

8 • Five moves for firms

- Prove, don't assert. Build the evidence trail before anyone asks: documented scrutiny, recorded decisions, minuted reviews. If it isn't written down, it didn't happen.
- Audit the audit. Check your last independent audit against Regulation 21's actual test: independence, file sampling, effectiveness.
- Make file reviews a control, not a ritual. Risk-weighted samples, source of funds in scope, findings with owners and deadlines, and data that rolls up into something a board can act on.

- Close the document-to-desk gap. The most common referral reason is a process that exists on paper and not on files. Test what actually happens, because that is what the regulator now tests.
- Treat the trajectory as the forecast. Supervision has nearly quadrupled in six years and enforcement compounded; plan for the regime that inherits that momentum, not for the gentler one you remember.

A closing observation on all five: this year's data shows a sector genuinely getting better, more firms fully compliant, stronger risk assessments, audits becoming the norm. What remains is a maturity gap: the same handful of findings recur because they are treated as annual paperwork rather than as capability, culture and measurement. Closing that gap is where the next advantage sits, because the firms that run compliance as a maturity programme are the ones whose names stay out of these tables, and increasingly the ones winning the clients who check. That programme is the follow-up to this paper.

Method and sources

All figures are drawn from the SRA's published Anti-Money Laundering Annual Reports, principally the 2024-25 edition (published 30 October 2025), supplemented by the SRA's published release accompanying the 2023-24 report, and, for 2025-26, by the Anti-Money Laundering Annual Report 2025-26, published 22 October 2026, covering 6 April 2025 to 5 April 2026. The paper's window is the five reporting years from 2021-22 to 2025-26; earlier years are referenced only where the regulator's own restated series provides them. The report's financial sanctions data is deliberately excluded: sanctions is a separate regime and receives its own treatment, and it has earned one, because cases of failure to comply with sanctions regimes tripled this year. That piece follows. Where methodologies or sample sizes changed between years, figures are presented as the SRA published them and interpreted with corresponding caution. The companion interactive pages, with every chart in this paper, live at itsallthingsrisk.com/sra-aml-report-in-numbers and itsallthingsrisk.com/sra-aml-five-year-view, and update the day each new report is published.

All Things Risk provides senior, independent risk and compliance advice to law firms: independent Regulation 21 audits, file review programmes, and the honest conversation before either.
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FIVE YEARS, FOUR NUMBERS

273 → 966

SRA compliance assessments, 2021-22 to 2025-26

43 → 256

concluded enforcement outcomes: a sixfold rise

13.4% → 22%

fully compliant, from the trough to the recovery

£2.6m

in fines across 165 outcomes in 2025-26 alone

The data pages, updated the day each report lands:

itsallthingsrisk.com/sra-aml-report-2025-26

itsallthingsrisk.com/sra-aml-five-year-view

If this year's numbers made you want to check your own,
that conversation costs nothing. Let's talk.

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