

Welcome to tax haven UK, where the lawyers don't bother..

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As the [FT notes this morning](#):

Lawyers are being urged to do more to reduce the risk of money laundering in the UK as the Solicitors Regulation Authority revealed it has imposed disciplinary measures on a number of firms.

In a recent review of 50 firms designed to test the sector's compliance with new, tougher anti-money laundering regulations, the watchdog found only a third had carried out a mandatory risk assessment of their anti-money laundering procedures or were in the process of implementing one.

It was my friend [Professor Atul Shah](#), who is an occasional guest columnist here, who coined the term 'constructive non-compliance'. By that he meant that a veneer of compliance with regulatory obligations is presented to the world when in practice no such thing is happening with widespread and often even tacit knowledge that this is the case.

Tax havens are, of course, masters at the art of constructive non-compliance. For years now they have been producing vast reams of legislation and regulation that they have no way of, and no will to, enforce. The paperwork is present. The practice falls short.

And this seems to be the case as well in the UK.

It's a sorry state of affairs. And a little surprising. Even I do an annual review of money laundering procedures for my now almost non-existent accountancy practice, dutifully recording it as part of my annual review process. I do not believe these firms cannot know of their obligations to do the same, albeit on a rather larger scale.

This is constructive non-compliance in action. And the article implies that the sanctions are low, even if it does not spell that out explicitly. That is part of the same process.

Welcome to tax haven UK.