



Navigating Compliance, Managing Risk • *Differently*

Case Scenario - When Control Weaknesses Become Regulatory Sanctions



FCA Fines Nationwide £44m for Financial Crime Control Failures

In 2025, the Financial Conduct Authority (FCA) fined Nationwide Building Society £44 million for significant weaknesses in its financial crime controls.

The failings related to deficiencies in screening and transaction monitoring systems, exposing serious AML control gaps within a major UK financial institution.



The Core Control Breakdown

Nationwide failed to implement and maintain effective financial crime systems and controls between October 2016 to July 2021.

Specifically, deficiencies in sanctions screening and customer risk assessment processes meant that high-risk customers and transactions were not properly identified, escalated or subject to enhanced scrutiny.

Control frameworks existed - but were not operating effectively.

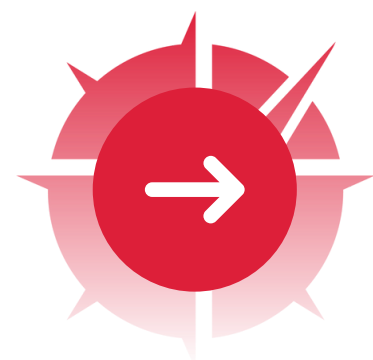


The Screening System Weakness

The FCA found that Nationwide's automated screening systems had serious weaknesses.

This created a risk that potentially sanctioned or high-risk customers could bypass detection mechanisms.

Technology alone is not enough - system calibration, governance oversight and periodic testing are critical.



Governance and Oversight Failures

Financial crime controls must be dynamic and responsive to evolving risk.

The FCA highlighted shortcomings in governance oversight and monitoring arrangements.

Where management assurance and second-line challenge are weak, control gaps can persist for years before regulatory intervention.



Regulatory Expectation: Proactive Compliance

The FCA emphasised that firms must ensure their AML and financial crime frameworks are robust, properly resourced and regularly tested.

Reactive remediation after regulatory findings is costly.

Regulators expect proactive identification of weaknesses - not post-breach correction.



Compliance Lessons for Organisations

The Nationwide case reinforces a clear message:

Strong policies are insufficient without effective implementation, testing and independent oversight.

Organisations must embed continuous monitoring, system validation, board visibility and clear escalation pathways to prevent financial crime control breakdowns.



Strengthen Your Financial Crime Controls

Regulatory action is often the result of overlooked control weaknesses.

At Acrion Ltd, we help organisations design, review and strengthen AML/CFT and sanctions frameworks through independent testing, gap assessments and governance advisory.

Do not wait for regulatory findings.

Contact us at info@acrioncompliance.com to assess your financial crime control environment today.

