

## MAKING CRIMINAL ASSETS WORK FOR VICTIMS – FROM CONFISCATION TO COMPENSATION

JANUARY 2026

UK law provides only a narrow basis for using the proceeds of confiscated criminal assets to compensate victims. Victims are rarely allocated any share of the sums recovered, except in “clear and simple cases”. We support amending the Crime and Policing Bill to empower courts to award compensation for public interest or social purposes (**amendments 417 and 419**).<sup>1</sup> This will address a major gap in the law by enabling compensation in more complex cases, for example, supporting those most impacted by breaches of the UK’s targeted sanctions regime.

### EXPANDING COMPENSATION AVENUES FOR VICTIMS

#### THE PROBLEM:

An oligarch with close ties to the Kremlin is found to be materially supporting Putin’s war in Ukraine, providing crucial expertise on the sourcing of military equipment. For this, he is designated by the UK under its Russia sanctions programme. After being designated, the oligarch transfers ownership of his Kensington mansion to a family friend. His brother purchases a luxury vehicle on the oligarch’s behalf and makes his debit card available to the oligarch to use as he sees fit. The UK authorities become aware of these facts, and the oligarch, his brother, and the family friend are prosecuted for sanctions offences.

In this case, the oligarch has taken steps to help Putin sustain his war against Ukraine. It is well recognised that this war has led to widespread violations of international law, including forced displacement, torture, sexual and gender-based violence, and enforced disappearances. There is an urgent need to provide support to victims of these abuses – especially interim measures addressing their immediate physical and psychological needs.

The oligarch and his family members have all breached UK sanctions law. They are also each holding property obtained through unlawful conduct, including the mansion and vehicle. Given that the UK has positioned itself as a global leader on targeted sanctions, particularly against Russia, one might think that a portion of the proceeds of these criminal assets could be used as compensation for victims of the conflict in Ukraine – the war that the oligarch has supported. After all, enforcement outcomes would then align with the stated purpose of the sanctions programme – protecting victims and upholding international norms.

Currently, even if these individuals were convicted, and their criminal property was traced within the UK, it is **highly unlikely that victims would receive any compensation from the proceeds**. Due to a gap in the law, judges effectively have their hands tied. Courts have little option but to order the transfer of criminal assets to the Exchequer in sanctions breach cases, even though there are obvious classes of people harmed by the offence.

**Amendments 417 and 419** will **close this gap**, ensuring that victims are not excluded from receiving compensation simply because their harm is deemed too indirect or complex for UK law to handle. These amendments have **strong cross-party support** across the Labour, Conservative, and Liberal Democrat benches, reflecting a shared recognition that the current framework for

<sup>1</sup> See [Annex](#) for the full text of **amendments 417 and 419**.

compensating victims of complex crimes is inadequate and in need of reform. In our view, it is highly intuitive for the UK to have a clear pathway for its courts to channel a portion of sanctions offenders' criminal proceeds to support those whom the sanctions regime seeks to protect. Members of the UK public may be alarmed to learn that this does not already exist.

The Crime and Policing Bill presents a **timely opportunity to make this a reality**. It arrives at a moment of escalating global crises and mass human rights violations, including in Ukraine, Sudan, and Iran. As the number of victims grows, so too does the need for **robust legal tools that can respond meaningfully to harm caused by those subject to UK jurisdiction**. By better enabling compensation from criminal assets for victims of sanctions breaches, the UK would demonstrate its leadership on accountability, human rights, and access to justice. This is particularly urgent at a time when the UK is in the process of markedly stepping up its sanctions enforcement capacity.

The amendments directly complement UK policy, including the UK's Global Human Rights, Anti-Corruption, and Irregular Migration and Trafficking Sanctions programmes and the Preventing Sexual Violence in Conflict Initiative, by turning enforcement action into tangible redress for those harmed. This is a chance for the UK to reinforce its reputation as a principled actor that champions the right to reparation for victims of human rights abuses and corruption, and for the UK to show that perpetrators and enablers of these crimes can be made to pay for it.

## CURRENT LAW

There are three main avenues through which assets held by criminals or derived from criminal conduct can be used to compensate victims.

Compensation orders

Confiscation orders

Forfeiture orders

### Compensation orders

Compensation orders are designed specifically to compensate victims of criminal conduct. Where a conviction has been secured, the court is empowered to order that the offender pay compensation for any personal injury, loss, or damage arising from the offence in question.<sup>2</sup> The amount to be paid is the sum the court considers appropriate, having regard to any representations made by the offender and prosecution.

Standard compensation orders are intended only for "clear and simple cases", where there is an obvious direct victim, and the amount of compensation can be readily and easily ascertained.<sup>3</sup> As a result, the concepts of the "victim" and of their "loss" are narrowly defined. For instance, suppose a builder takes a £15,000 deposit to complete building work for a homeowner and fraudulently makes no attempt to carry out the work. There is a clear victim (the homeowner) and a clear loss (the £15,000). Compensation orders are well-suited to handle this case. In contrast, **a court is highly unlikely to be able to make a standard compensation order in a sanctions breach case** because direct victims of the breach, or the precise loss or damage suffered, will typically be difficult to identify or quantify. **We are not aware of any UK sanctions breach case in which the court has issued a compensation order for victims.**

<sup>2</sup> Available under [Part 7, Chapter of the Sentencing Act 2020](#) (the 'Sentencing Act'). [The Sentencing Council's General Guidelines for sentencing](#) provide that, when a conviction is secured, "in all cases the court should consider whether to make compensation and/or other ancillary orders."

<sup>3</sup> R v Michael Brian Kneeshaw (1974) 58 Cr App R 439; R v Kenneth Donovan (1981) 3 Cr App R (S) 192.

**Standard compensation orders are simply not suited to complex economic crime, such as sanctions offences.**

## Confiscation orders

In the event of a conviction, the court may also order the confiscation of a portion of the offender's assets, provided the offender has been found to have benefitted from their criminal conduct.<sup>4</sup> The amount confiscated is usually equivalent to the offender's benefit from their conduct, unless only a lesser amount is available.

Confiscation orders are intended to deprive the defendant of the proceeds of their crime, rather than to compensate victims. Any amount confiscated is therefore usually **paid to the government's general bank account** (notwithstanding that there will have been a victim or group of victims) and then shared among the Home Office, HM Courts and Tribunals Service, the prosecutor, and the investigator under the [Asset Recovery Incentivisation Scheme](#) ('ARIS'). **No amount is typically paid to victims**, subject to limited exceptions.

## Forfeiture orders

Certain agencies – such as the National Crime Agency ('NCA'), HM Revenue and Customs, and the Serious Fraud Office – may also institute civil forfeiture proceedings, and a court may issue a forfeiture order in respect of funds which, on the balance of probabilities, the court determines: (i) constitute recoverable property (defined as property obtained through unlawful conduct);<sup>5</sup> or (ii) are intended to be used for unlawful conduct.<sup>6</sup>

However, there is a statutory requirement for funds that have been forfeited this way to be **paid into the government's general bank account**.<sup>7</sup> There is one narrow exception – victims may apply for funds subject to a freezing order to be released prior to forfeiture if they demonstrate that the amount belongs to them and they were deprived of it by unlawful conduct.

## Other relevant amendments being considered:

In our correspondence with the Home Office, Lord Hanson referenced other amendments proposed in the Crime and Policing Bill to ensure that uplifts to existing confiscation orders can similarly be redirected to satisfy compensation orders. However, these are subject to the **same limitations** as compensation orders – namely that the concepts of the "victim" and of their "loss" are narrowly defined. They are therefore **not available for indirect victims**, which is the gap that **amendments 417 and 419** are intended to address.

<sup>4</sup> Available under [Part 2 of the Proceeds of Crime Act 2002](#) ('POCA').

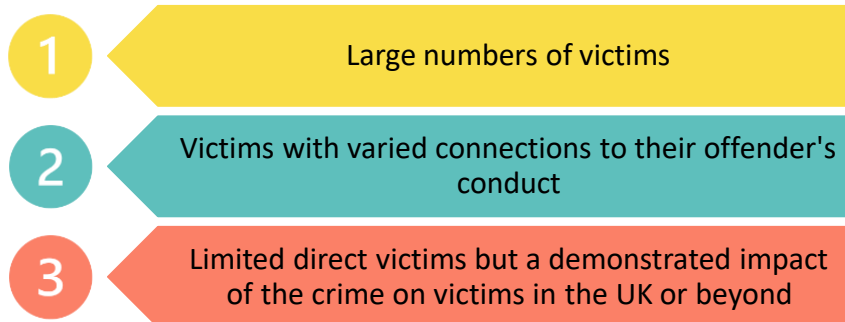
<sup>5</sup> Property obtained in breach of UK sanctions (which is a criminal offence) would constitute recoverable property.

<sup>6</sup> A range of forfeiture proceedings are available under [Part 5 of POCA](#). For example, in respect of funds in a bank account, an agency may obtain an asset freezing order to freeze the funds, followed by a forfeiture notice or forfeiture order which requires them to be forfeited to the State.

<sup>7</sup> Section 303Z13(1) and 303Z17(1), POCA.

## WHY CHANGE IS NEEDED

Currently, the court's ability to award compensation to victims is **unduly narrow and cannot respond adequately to more complex crimes** involving:



It is well publicised that the UK is in the process of stepping up its sanctions enforcement capacity. While the bolstering of the UK's enforcement powers is welcomed, it also means that Parliament has reached an **inflection point**. Sanctions breaches are rarely "clear and simple cases" because, by the nature of the offence, the consequences are wide-reaching and can violate the human rights of a large number of people. **Courts are ill-equipped to handle victim compensation in most of these cases**, given the vast and multifaceted harms at issue, and the indirect connection between the harms and the sanctions breach. Unless the law is changed, judges will typically have **no ability** to award compensation to victims of sanctions violations. Not a penny will go to the very people most harmed by the violation. This is not because they are undeserving or because they have not suffered a significant harm, but because **there is no law in place to address their situation**. This shortcoming is indefensible and will only grow in prominence as the UK takes more sanctions enforcement action, both in the context of Ukraine and, in all likelihood, in future crises.

### Increasing UK sanctions enforcement action:

In its [cross-government review of sanctions implementation and enforcement](#), the UK found that robustly tackling failures to comply with sanctions is "**paying off**". The UK Government has committed to implementing a number of the review's recommendations, including publishing a **government-wide sanctions strategy**, developing an **early settlement scheme** for civil sanctions cases and a **fast-track civil penalty process** for certain sanctions breaches, as well as publishing updates on sanctions enforcement actions and disruptions.

In the [words](#) of Stephen Doughty MP, then Foreign Secretary, "[t]his Government are committed not only to using sanctions effectively, but [...] to ensuring that they are enforced rigorously. That means **punishing serious breaches with large fines or criminal prosecutions.**"

## RUSSIA SANCTIONS PROGRAMME

The gap in the law has been most apparent in relation to the UK's Russia targeted sanctions programme. The UK positions itself as a global leader on Russia sanctions, exceptionally **designating 2,958 targets to date**. Yet when it comes to enforcing these sanctions, it is the UK that retains the proceeds. Having dedicated unprecedented diplomatic and financial resources to ending Putin's war for the benefit of the Ukrainian people, **it is striking that the courts have**

**practically no legal basis to channel any of the proceeds of Russia sanctions breaches to Ukrainian victims.** It is these victims that the sanctions programme is ultimately intended to protect.

During our consultations, Ukrainian survivors and their civil society representatives have repeatedly emphasised that victims most want to receive forms of reparation that are **paid for by Russia and its allies and enablers**. In this respect, the payment of compensation directly from criminal assets of oligarchs breaching Russia sanctions will be a **form of justice to victims**. It will also acknowledge and respond to their status as rightsholders, which many survivors emphasised as a crucial aspect of respecting their dignity and contributing to their healing journey.<sup>8</sup> Finally, this reform will further undermine Russia's efforts to question the legitimacy of the UK's Russia sanctions programme by providing a clear pathway for funds obtained as a result of sanctions breaches to reach victims of the conflict in Ukraine.

#### CASE STUDY: [Petr Aven](#)

On 29 July 2024, the NCA announced that it had [recovered £783,827](#) believed to be held for the benefit of Petr Aven under POCA to end an investigation over alleged sanctions breaches. Aven was sanctioned by the UK in March 2022 for allegedly supporting Russia as a Director of Alfa-Bank (Russia) and having close ties with Putin, described as one of **"Putin's closest oligarchs"**. While this forfeiture was ultimately agreed between the NCA and Aven's estate manager, the court could not, in any event, have directed that any of this money be applied towards compensation for victims of Russia's war due to restrictive provisions within UK law.

Unless the UK Government decides otherwise, this money will be funnelled through ARIS. In what is likely the first case of its kind in the UK, the funds have been ringfenced, and the Home Office, HM Treasury, and the Foreign, Commonwealth and Development Office ('FCDO') are "reviewing the possibility of redirecting the funds [...] to support Ukraine." However, these efforts do not go far enough. Nearly 18 months have passed since the settlement, but we have still not seen any tangible action taken. This **cannot be a repeat of the Chelsea FC funds**, where money is withheld for years despite victims' urgent needs.

#### CASE STUDY: [Operation Destabilise](#)

On 4 December 2024, the NCA announced Operation Destabilise, an international NCA-led investigation that disrupted billion-dollar Russian money laundering networks supporting serious and organised crime around the world. Operation Destabilise resulted in the seizure of over £20 million in cash and cryptocurrency. NCA investigators identified two Russian speaking networks collaborating at the heart of the criminal enterprise, which are reported to have helped "Russian elites, and designated individuals and entities" to illegally bypass sanctions and other financial restrictions to invest money in the UK. REDRESS understands that should the £20 million seized by the NCA be forfeited or confiscated under POCA, it will be transferred to the UK's law enforcement agencies under ARIS. **Amendments 417 and 419** would give the court the opportunity to award a portion of this money to victims.

<sup>8</sup> The delivery of reparation does not fall solely on the States and individuals responsible for the violations. [The UN Basic Principles and Guidelines on the Right to a Remedy and Reparation for Victims of Gross Violations of International Human Rights Law and Serious Violations of International Humanitarian Law](#) provide that States "should endeavour to establish national programmes for reparation and other assistance to victims in the event that [as is presently the case for Russia] the parties liable for the harm suffered are unable or unwilling to meet their obligations." (para. 16)

## HOW THE AMENDMENTS WILL WORK | Q&A

- 1 How will the amendments change the law?
- 2 Who will the compensation be paid to?
- 3 Will it be onerous to maintain the list of eligible recipient organisations?
- 4 How do the amendments ensure that the funds will actually reach victims?
- 5 How will the amendments affect other victims?
- 6 Will this detract vital funding from the UK's law enforcement agencies?
- 7 What about other financial support that the UK provides to victims?
- 8 What about offences other than sanctions breaches?
- 9 Who is speaking in support of the amendments?

### 1. How will the amendments change the law?

The amendments will strengthen UK law by empowering courts to award compensation orders for **public interest or social purposes** (a 'public interest compensation order') in circumstances where they are considering whether to make:

1. a compensation order under the Sentencing Act (for criminal cases – **amendment 417**); or
2. a forfeiture order under POCA (for civil enforcement cases – **amendment 419**),

provided in each case that the underlying criminal conduct is an offence under UK sanctions law.

This would enable judges to order compensation payments from criminal assets to reach those most affected by sanctions breaches, even though they may not necessarily be direct victims of the sanctions breach (in the narrow sense), and the precise loss or damage that they have sustained may not be easy for the court to identify or quantify. As explained, standard compensation orders are only envisaged for straightforward cases and will rarely, if ever, be workable for those affected by sanctions breaches or certain other complex crimes.

#### CASE STUDY: EU Asset Recovery Directive

There is precedent for this approach. On 24 April 2024, the EU passed [Directive 2024/1260](#) on asset recovery and confiscation, which provides for the confiscation and repurposing of assets tied to EU sanctions violations. The directive expressly encourages EU Member States to take the necessary measures to allow the possibility of repurposing confiscated assets, including those related to sanctions violations, for "**public interest or social purposes**".

To this end, the amendments will require the court, when considering whether to make a public interest compensation order, to consider (amongst other things):

1. the rights of victims of human rights violations (inside or outside the UK) to receive effective reparation and remedy;
2. the fact that individuals who are not proven to be direct victims of the offender's offence may nevertheless be victims of human rights violations to which the offender's offence is related;
3. the broader impact of the offender's offence on victims of human rights violations in the UK or in other countries; and

4. where the underlying offence is an offence under the UK's sanctions regulations, the purposes of the regulations and any human rights violations arising in connection with conduct that these regulations seek to discourage.

## 2. Who will the compensation be paid to?

When making a public interest compensation order, the court must order that compensation is paid to one or more “relevant organisation(s)” – which means an organisation listed in the ‘List of Relevant Organisations’ (new Schedule 22A, Sentencing Act). The court can only award this compensation to an organisation that appears on the List of Relevant Organisations, except where other organisation(s) are recommended by the Secretary of State in the case (see below).

The Secretary of State will maintain and amend the List of Relevant Organisations. **Amendment 417** requires the Secretary of State to review the List of Relevant Organisations at least annually.

As drafted, **amendment 417** lists three relevant organisations to which funds subject to a public interest compensation order can be paid:

### Trust Fund for Victims of the International Criminal Court (‘ICC’)

This has a two-fold mandate to implement reparation awards directed against persons convicted by the ICC, and to provide assistance with reparative value to other victims, including mental health, medical interventions, and material support.

### Register of Damage Caused by the Aggression of Russia against Ukraine

This body will be integrated into the newly established International Claims Commission for Ukraine. Together, these bodies are responsible for recording and deciding compensation claims submitted by victims in Ukraine. Once a fund is attached, the Register of Damage/Claims Commission are expected to be tasked with disbursing compensation payments for successful claims.

### The UN Voluntary Fund for Victims of Torture

This fund gives direct help to victims of torture and their families, helping them to rebuild their lives and seek redress for the violations they have suffered.

When considering issuing a public interest compensation order, **the court may ask the Secretary of State to recommend organisation(s) to receive the compensation**. In this case, the Secretary of State shall have 90 days within which to recommend one or more suitable organisations. Their recommendation may include both organisations already in the List of Relevant Organisations, as well as other (non-listed) organisations for the purposes of the specific case. The court may take the Secretary of State’s recommendation into account, but it is not binding.

### 3. Will it be onerous to maintain the list of eligible recipient organisations?

The amendments are designed to grant **autonomy and flexibility** for the Secretary of State in selecting suitable organisations that are eligible to receive funds from public interest compensation orders, while also **minimising the administrative burden**.

The Secretary of State's only strict obligation is to review the List of Relevant Organisations at least annually. They may also be asked to provide a recommendation to the court, though if the 90-day period expires, the court will simply make its decision – based on the List of Relevant Organisations – without the benefit of the recommendation. Finally, the court has discretion when deciding whether to make a public interest compensation order at all.<sup>9</sup> If there is no appropriate organisation in the List of Relevant Organisations and no such organisation has been recommended by the Secretary of State, the court can elect not to make the order.

### 4. How do the amendments ensure that the funds will actually reach victims?

There are two key safeguards in place for this purpose:

The requirement that payments can only be made to relevant organisations.

Any conditions imposed by the court on the recipient organisation

#### List of Relevant Organisations:

When making a public interest compensation order, the court is only empowered to order that compensation is paid to organisations that appear in the List of Relevant Organisations (which is maintained by the Secretary of State) or are recommended by the Secretary of State in the particular case.

By deciding which organisations qualify as relevant organisations, the Secretary of State will have the first and decisive say over which organisations are appropriate to receive and disburse funds for the benefit of victims. The Secretary of State may adopt such criteria as are appropriate to assess the suitability of candidates, including their mandate, reputation/track record for delivering projects that support victims, and how robustly they are regulated. They may also request examples of reporting data/templates used by the organisation or utilise any relevant data already collected, e.g., where the organisation has previously been funded by the FCDO.

The three bodies we recommend from the outset – the ICC's Trust Fund for Victims, the Register of Damage for Ukraine, and the UN Voluntary Fund for Victims of Torture – are intended as an initial pilot list of relevant organisations for when the amendments enter into force. They have been selected on the basis that:

1. They are all legitimate, reputable international organisations and have well-established governance and reporting procedures.
2. The UK has a history of providing financial and technical support to these organisations.
3. These organisations have both strong technical expertise working with victims and existing relationships with key victim communities in the UK and beyond. In complex cases like sanctions breaches, they are likely to be much better placed to identify potential victims and map their support needs than either the courts, the prosecution, or the Secretary of State.

<sup>9</sup> Provided that it takes into account the factors listed in **amendment 417**.

4. Both the ICC's Trust Fund for Victims and UN Voluntary Fund for Victims of Torture can facilitate holistic survivor support beyond financial compensation, including medical and psychosocial support.
5. Their mandates and areas of geographic and thematic focus align well with the needs of victims of UK sanctions breaches. For instance:
  - a) the ICC's twelve ongoing country situations overlap considerably with many of the UK's priority sanctions programmes (e.g., Afghanistan, Central African Republic, Darfur (Sudan), Democratic Republic of the Congo, Libya, Myanmar, Ukraine);
  - b) over half of all UK targeted sanctions designations are under its Russia sanctions programme. The Register of Damage, which the UK has strongly supported from the outset, is equipped to address the needs of victims of Russia's war in Ukraine;<sup>10</sup> and
  - c) both the UK's Global Human Rights and Irregular Migration and Trafficking Sanctions programmes and the majority of its country-level targeted sanctions regimes address situations with a heightened risk of torture and ill-treatment.<sup>11</sup> The UN Voluntary Fund for Victims of Torture is a unique, specialist fund that awards hundreds of grants to civil society organisations worldwide to deliver medical, psychological, legal, social, and other assistance to victims of torture.

We would expect that, over time, the Secretary of State may gradually expand the list of relevant organisations. While this will require some level of staff capacity to vet candidates, the lack of a strict time limit should mitigate this. Sanctions enforcement cases are also often lengthy proceedings, providing ample time for the Secretary of State to research and provide recommendations for individual cases, should they wish. Relevant civil society and diaspora organisations can also, if invited, provide supporting analysis to the Secretary of State.

### Conditions on the recipient:

The court, when directing that confiscated funds be paid to a relevant organisation – that is, one in the List of Relevant Organisations or recommended by the Secretary of State – may do so subject to such conditions as it considers appropriate. This may be used as an additional safeguard to ensure that funds are applied for the benefit of victims. For instance, the court could, as appropriate and at its discretion, order that:

1. the funds are applied for victims of a particular human rights violation, or to finance a specific form of reparation or assistance (e.g., to finance psychological support for victims of conflict-related sexual violence);
2. the recipient organisation must report back on how the money has been spent;
3. the money must be used within a specific time period;
4. a specified proportion of the funds must be applied for the direct benefit of victims (as opposed to covering the organisation's overheads); or
5. funds cannot be passed on to third parties without approval.

<sup>10</sup> 2,958 of a total 5,722 designations (accurate as of 16 January 2025).

<sup>11</sup> The UK's Global Human Rights Sanctions programme is specifically intended to deter and provide accountability for activities which amount (or would amount) to a serious violation of the right not to be subjected to torture or cruel, inhuman or degrading treatment or punishment, as well as the right to life and the right to be free from slavery.

## 5. How will the amendments affect other victims?

The amendments are intended to complement the existing compensation regime, rather than altering it. They do not affect the court's ability to make a standard compensation order, nor a confiscation or forfeiture order. **Amendment 417** also provides that, in determining whether to make a public interest compensation order, the court must have regard to whether it would be appropriate to make another type of compensation order and, if so, whether the offender has sufficient means to pay both orders, as well as **the need to prioritise compensation to direct victims of the offender's crime**. It is therefore difficult to envisage a circumstance in which the amendments might negatively affect the position of other victims – the objective is to increase the ability to reach victims, not dilute it.

**Amendment 417** also requires that, where there is a large number of victims of human rights violations to which the offender's crime is related, the court must take into account the **urgency of different victims' needs**. Noting that sums derived from criminal assets may sometimes pale in comparison to the totality of victims' needs, this factor encourages the court (and the Secretary of State) to consider whether it might be appropriate to transfer the funds to an organisation that supports victims of specific human rights violation(s) or that provides specific form(s) of support.

## 6. Will this detract vital funding from the UK's law enforcement agencies?

When a public interest compensation order is made, certain funds from criminal assets will indeed be channelled to support victims, as opposed to flowing to the UK's law enforcement agencies under ARIS. However, this is not a material change to the law as it already stands.

When the court makes a standard compensation order, these funds already flow to (direct) victims and not through ARIS. In addition, [guidance from the Crown Prosecution Service](#) ('CPS') states that where a defendant cannot afford to pay both a compensation and a confiscation order, the court will order them to pay the confiscation order and direct that those funds are put towards the compensation order first. The UK Government has not sought to challenge this, and is itself going further – by proposing amendments to the Crime and Policing Bill that would ensure that uplifts to existing confiscation orders can similarly be redirected to satisfy compensation orders (see above). Public interest compensation orders will follow the same logic as standard compensation orders, while expanding the class of victims eligible to receive compensation from criminal assets beyond "clear and simple cases". The UK should proudly champion victims' right to reparation. **This entitlement should not depend on the complexity of the underlying crime.**

### CASE STUDY: General Principles

A comparable framework already exists in the UK in the form of the "[General Principles to compensate overseas victims](#)" (the 'General Principles'). Pursuant to the General Principles, agencies such as the Serious Fraud Office have agreed to seek to secure compensation for overseas victims of economic crime, where possible, from funds received under confiscation as well as compensation orders (rather than the funds entering ARIS). Their application to date does not suggest that there needs to be a direct relationship between the offence for which the order is imposed and the victim (if one is readily identifiable). In our view, **this shows an acknowledgement of and appetite for the need to obtain effective compensation for victims**. The amendments would therefore, to an extent, put on a statutory footing an arrangement that is already in place in overseas economic crime cases, while also – crucially – removing limits on securing compensation where specific direct victims or loss may not be readily identifiable or quantifiable.

Finally, **the amendments are not intended to route all funds derived from criminal assets away from ARIS**. They are intended to **work in parallel** with that funding model. For instance, the confiscation order regime would remain unchanged (and therefore the potential for those agencies to receive funds via ARIS from those orders is unaffected). The court may also issue a public interest compensation order in addition to a forfeiture order.

## 7. What about other financial support that the UK provides to victims?

The UK provides various forms of support that may benefit victims of human rights violations across the world.

For instance, the UK has committed billions of pounds in support of Ukraine<sup>12</sup> and continues to explore options to bolster this assistance, such as through the repurposing of sovereign Russian assets. However, funding to date has been provided to the Ukrainian State, rather than directly to victims of the war in Ukraine. Most of the support has been to fund Ukraine's military, rebuilding efforts, and general fiscal needs, which may not specifically address the urgent needs of individual victims.

As explained above, the Ukrainian survivors and civil society groups that we have consulted have a **strong preference for receiving forms of reparation that are paid for by Russia and its allies and enablers**, which can be seen as a form of justice and a recognition of survivors' inherent human dignity. The amendments facilitate this by better enabling the courts to order the payment of compensation from criminal assets where the offender has breached the UK's Russia sanctions regime. The amendments would also go beyond the Russia-Ukraine conflict, **covering all sanctions offences**. This includes those under other country-level regimes, as well as the UK's Global Human Rights, Anti-Corruption, and Irregular Migration and Trafficking Sanctions programmes.

In our correspondence with the Home Office, Lord Hanson explained that "[o]ver the last five years, the UK has shared over 50% of the proceeds of crime recovered through international cooperation, demonstrating our commitment to compensating those who have been harmed by such crimes." While this is commendable and seemingly aligns with our own objectives, it appears that the Home Office is referring to asset recovery between governments following requests for mutual legal assistance and is **not the same as paying compensation to victims**. Much like the above-mentioned assistance to Ukraine, this form of asset recovery occurs at a State level and does not necessarily support victims directly. In both cases, the level and manner of support eventually provided to victims (if any) depends on the decisions of (and corruption risk within) the recipient State.<sup>13</sup>

## 8. What about offences other than sanctions breaches?

In our view, it may be appropriate to introduce public compensation orders for an initial closed group of offences for which the standard compensation order is effectively unworkable and where there are likely to be victims who, whilst indirect, are clearly affected by the offence. Over time, the UK Government could consider adding additional offences with similar characteristics. This phased approach will minimise the implementation burden on the UK Government.

<sup>12</sup> [UK support to Ukraine: factsheet - GOV.UK](#)

<sup>13</sup> Our analysis found that the amounts presently shared under the General Principles have been significantly lower than 50%, bolstering the case for legal reform and enhancing the role that the courts can play to order victim compensation in complex cases.

As drafted, the amendments will only apply when the underlying criminal conduct is an offence under UK sanctions law. This includes prohibited dealings with a designated person as well as taking steps to circumvent (or enable others to circumvent) sanctions.

We have selected sanctions offences as a pilot because:

1. REDRESS is a civil society organisation with leading expertise on the UK's sanctions regime. We are actively monitoring the first ever UK prosecution of Russian sanction breaches – that of Dmitrii Ovsyannikov (former governor of Sevastopol, in the Russian-occupied Crimea) and his brother, Alexei Ovsyannikov. The CPS previously informed REDRESS that they are exploring POCA proceedings in this case. While many Ukrainian victims will clearly be affected by these breaches of Russian-linked financial sanctions, we expect that it will not be possible for the court to make a standard compensation order for the benefit of these victims, for the reasons set out in this briefing. The amendments will rectify this position going forward.
2. As explained above, the UK is in the process of stepping up its sanctions enforcement capacity and is expected to pursue a number of other sanctions cases in the coming years. Given the nature of these offences (breaches of financial sanctions), there will often be significant recoverable criminal property at issue that can be used to support victims.

**Amendment 417** also expressly enables the Secretary of State to expand the list of relevant offences by order. In our view, suitable other candidates for inclusion at some stage would include corruption offences,<sup>14</sup> as well as international crimes under the International Criminal Court Act 2001.

## 9. Who is speaking in support of the amendments?

Lord Banner will introduce the amendments during the Committee Stage of the Crime and Policing Bill. There has been strong cross-party support, and we expect that a number of peers will speak in support of the amendments, including Baroness Goudie, Lord Alton of Liverpool, Lord Clement-Jones, and Lord Kempson.

Ahead of the debate, REDRESS wrote to the Home Office concerning these and other amendments to the Crime and Policing Bill. We have appended Lord Hanson's response to this briefing and look forward to a spirited debate.

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<sup>14</sup> See for e.g., [Written evidence submitted by Spotlight on Corruption \(VIC0050\)](#), June 2022, paras. 12 – 21.

## ANNEX: FULL TEXT OF AMENDMENTS 417 AND 419

**Amendment 417:** After Clause 145, insert the following new Clause—

**“Amendment to the Sentencing Act 2020 to introduce public interest compensation orders**

- (1) The Sentencing Act 2020 is amended as follows.
- (2) After section 133(b) (compensation orders), insert “, or
  - (c) to make a payment to one or more relevant organisations for public interest or social purposes (“public interest compensation order”).
- (2) In this Chapter, “relevant organisation” means an organisation listed in Schedule 22A (Relevant organisations for public interest compensation orders).”.
- (3) After section 135 (making a compensation order), insert—

**“135A Public interest compensation orders**

- (1) When convicting a person of a relevant offence, the court shall consider whether to issue a public interest compensation order, and what the terms of that order should be.
- (2) In this section “relevant offence” means an offence listed in Schedule 22B (Relevant offences for public interest compensation orders).
- (3) The Secretary of State may by order amend the relevant offences listed in Schedule 22B.
- (4) In determining whether to make a public interest compensation order against an offender, the amount to be paid under such an order, or to which relevant organisation(s) the payment(s) should be made, the court must, in addition to the factor in section 135(3), have regard to—
  - (a) the rights of victims of human rights violations (inside or outside the United Kingdom) to receive effective reparation and remedy,
  - (b) the fact that individuals who are not proven to be direct victims of the offender’s offence may nevertheless be victims of human rights violations to which the offender’s offence is related,
  - (c) the broader impact of the offender’s offence on victims of human rights violations in the United Kingdom or in other countries,
  - (d) where there is a large number of victims of human rights violations to which the offender’s offence is related, the urgency of victims’ needs (which may vary depending on the harms that they have suffered),
  - (e) where the relevant offence is an offence under regulations imposed under the Sanctions and Anti-Money Laundering Act 2018, the purposes of the relevant regulations and any human rights violations arising in connection with conduct that these regulations seek to discourage, and
  - (f) whether it would be appropriate to make another type of compensation order and, if so, whether the offender has sufficient means to pay both

orders, as well as the need to prioritise compensation to direct victims of the offender's offence.

- (5) If the court considers issuing a public interest compensation order, the court may (but is not required to) ask the Secretary of State to recommend the relevant organisation(s) to which the funds subject to the order should be paid and if the court makes such a request—
  - (a) the Secretary of State shall, within 90 days (the “relevant period”), recommend to the court in writing one or more organisations to which the funds subject to the order should be paid (the “recommendation”) and in doing so, the Secretary of State must have regard to the same factors as under subsection (4) above,
  - (b) the court may issue a public interest compensation order after the earlier of—
    - (i) the court having received a recommendation, and
    - (ii) the relevant period having expired,
  - (c) if a recommendation has been made within the relevant period, the court may take it into account in issuing a public interest compensation order but shall not be bound by it.
- (6) The court may direct that confiscated funds be paid to a relevant organisation subject to such conditions as it considers appropriate.
- (7) The Secretary of State may by order amend the organisations listed in Schedule 22A and the Secretary of State shall review the organisations listed in Schedule 22A at least annually.
- (8) If, under subsection (5) above, the Secretary of State recommends one or more organisations that are not listed in Schedule 22B, the organisation(s) recommended by the Secretary of State shall be considered relevant organisation(s) for the purposes of the public interest compensation order at issue.
- (9) For the purposes of this section, a court may issue a public interest compensation order regardless of whether there is a direct connection between the offender's conduct and the harm suffered by the ultimate recipients or beneficiaries of the public interest compensation order.”.
- (4) After Schedule 22 (Amendments of the Sentencing Code and related amendments of other legislation), insert the following new Schedule—

**“SCHEDULE 22A**

**RELEVANT ORGANISATIONS FOR PUBLIC INTEREST COMPENSATION ORDERS**

- 1 The following organisations—

The Trust Fund for Victims, created by the Assembly of States Parties in accordance with article 79 of the Rome Statute of the International Criminal Court.

The Register of Damage Caused by the Aggression of the Russian Federation against Ukraine, established within the framework of the

Council of Europe by Resolution CM/Res(2023)3, or any successor body or attached fund.

The United Nations Voluntary Fund for Victims of Torture, established by the United Nations General Assembly through resolution 36/151 of 16 December 1981.”

- (5) After Schedule 22A (Relevant organisations for public interest compensation orders), insert the following new Schedule—

## “SCHEDULE 22B

### RELEVANT OFFENCES FOR PUBLIC INTEREST COMPENSATION ORDERS

- 1 The following offences to the extent that they are offences under the law of England and Wales—
  3. Offences arising under regulations imposed under the Sanctions and Anti-Money Laundering Act 2018.”.

#### **Member's explanatory statement**

*This amendment seeks to amend the Sentencing Act 2020. It would allow the courts to award compensation orders not only to individuals but also for public interest or social purposes, thereby enabling the proceeds of confiscated criminal assets to be more readily used to compensate victims of offences under the UK's sanctions legislation.*

**Amendment 419:** After Clause 146, insert the following new Clause—

#### **“Amendment to the Proceeds of Crime Act 2002 to introduce public interest compensation orders**

After section 303Z18 of the Proceeds of Crime Act 2002 (compensation), insert—

#### **“303Z18A Public interest compensation orders**

- (1) When considering whether to make a forfeiture order in respect of relevant recoverable property, the court may issue a public interest compensation order instead of, or in addition to, a forfeiture order.
- (2) For such a public interest compensation order, Chapter 2 of Part 7 of the Sentencing Act 2020 will apply as if the defendant's unlawful conduct constituted a relevant offence.
- (3) In this section—
 

“relevant recoverable property” means property which is obtained through conduct which is unlawful under the provisions of an instrument specified in Schedule 22B of the Sentencing Act 2020;

“relevant offence” and “public interest compensation order” have the same meaning as in Section 133 of the Sentencing Act 2020.”.

#### **Member's explanatory statement**

*This amendment seeks to amend the Proceeds of Crime Act 2002. It would allow the courts, instead of, or in addition to, issuing forfeiture orders, to award compensation orders for public interest or social purposes, thereby enabling the proceeds of confiscated criminal assets to be more readily used to compensate victims of offences under the UK's sanctions legislation.*