

## **HMRC compliance officers increase use of Financial Institution Notices (FINs) for domestic investigations**

Increase in FIN's being issued by HMRC.

Date published: 21.1.2026

Financial Institution Notices (FINs) were introduced by *Finance Act 2021* to allow the UK to meet international minimum standards on the exchange of information for tax purposes. They permit HMRC to request information about a known taxpayer from a financial institution (FI) without the scrutiny of a court or tribunal, if an HMRC officer 'reasonably requires' it to check a customer's tax position or collect a debt. FIs cannot refuse to comply with a FIN, although they can appeal against any penalties charged by HMRC.

HMRC does not have to obtain the consent of the taxpayer before issuing a FIN, although it must comply with certain internal safeguards. However, relatively few HMRC officers have their FIN requests refused: only 16 per cent of applications were formally rejected by senior HMRC adjudicators in 2025. There has been one judicial review application raised against the use of a FIN, but this was subsequently refused by the England and Wales High Court.

The total number of FINs issued to banks and other FIs has risen sharply since they were introduced. Some 1,307 notices were issued in the 2024/25 year, 14 per cent above the previous tax year. In the first two years of their operation, the numbers issued were respectively 355 and 516.

Moreover, the purposes for which FINs are issued has also changed rapidly. Of the notices issued in 2024/25, only 173 were issued for international requests. Eighty-seven per cent were issued for domestic tax collection.

According to HMRC, there are several reasons for the continued rise in the use of domestic FINs. In most cases, it says, HMRC has had to rely on a FIN because there was a lack of response or non-cooperation to a taxpayer notice. In other cases, taxpayers are willing to comply with HMRC's request but do not, or no longer, have access to the information or documents. Multiple FINs are now also issued in single cases where the taxpayer holds several accounts with different FIs. Moreover, HMRC says, there has been an increase in compliance officers and greater awareness of the FIN's role in supporting tax enquiries.

The numbers are likely to increase further in 2026, as the definition of an FI has been amended to respond to technological and financial innovations. New digital financial products will be included in the scope of the international Common Reporting Standard for tax information exchange, including electronic money products and central bank digital currencies. These changes took effect from 1 January 2026. In future, FINs will be issued to a wider range of FIs, including virtual asset service providers.

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