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How to Spot Unlawful Diversion

A Practical Guide for Export Professionals

Unlawful diversion occurs when goods or services end up in places or hands they should not — such as sanctioned countries, unauthorised users, or high-risk industries. It is not always obvious, but the consequences can be severe: fines, reputational damage, loss of export privileges, and even criminal liability under UK law.

This guide helps you identify red flags early and build safeguards into your process — protecting your business, your clients, and your credibility.

1. Know Who You are Dealing With

Before you ship, sell, or share anything, ask:

- **Who is the customer — really?**
  Verify their legal name, Companies House registration, ownership structure, and physical location. If they are overseas, check local registration databases. If something feels off, investigate further.
- **Are they on any watchlists?**
  Screen against UK sanctions lists (via OFSI), EU restrictions, and US denied party lists (e.g. OFAC). Use tools like Gov.uk consolidated list or commercial screening software.
- **Does their business make sense for your product?**
  If a small bakery is ordering industrial-grade tech or a sole trader wants military-grade equipment, that is a red flag. Ask yourself: Would this purchase make sense in their normal operations?

2. Check the Paper Trail

Documents should tell a consistent, credible story:

- **Do the invoice, shipping docs, and end-use certificate match?**
  If the destination country changes, details are vague, or the end-use is unclear, pause and investigate.
- **Are third parties involved?**
  Freight forwarders, customs brokers, or agents may be legitimate or used to obscure the real buyer. Know who is handling the goods and who is ultimately receiving them.
- **Is the paperwork complete and traceable?**
  Missing or inconsistent documentation is a common tactic in diversion schemes. Keep a checklist and ensure all required fields are completed.

3. Watch the Route

Shipping patterns can reveal hidden risks:

- **Is the route indirect or unusual?**
  A shipment to Dubai that's "just passing through" to Iran or Syria? That is a diversion risk. Check for transhipment hubs and high-risk jurisdictions.
- **Are delivery instructions changing often?**
  Last-minute rerouting or vague delivery points (e.g. "warehouse near port") are classic tactics.
- **Are they using free trade zones or secrecy jurisdictions?**
  Some zones are used to mask final destinations or ownership. Be cautious if goods are transferred through places with weak export controls or limited transparency.

4. Understand the End-Use

Ask for clarity — and do not settle for vague answers:

- **For what will the product be used?**
  "General business" or "internal use" is not enough. Ask for specifics — especially if the item has dual-use potential (civilian and military applications).
- **Who is the final user?**
  If they will not disclose the end-user or the name does not check out, dig deeper. Use open-source tools, LinkedIn, or company websites to verify.
- **Does the use match the product?**
  High-grade tech for "basic consumer use"? That is suspicious. If the product has sensitive applications (e.g. surveillance, encryption, aerospace), be extra cautious.

5. Pay Attention to Behaviour

People often reveal more than they intend:

- **Are they evasive or inconsistent?**
  If they dodge questions, change their story, or avoid written communication, that is a red flag.
- **Do they push for speed over compliance?**
  Rushing the process ("we need this shipped today") is often a tactic to avoid scrutiny. Legitimate buyers understand due diligence takes time.
- **Are they reluctant to provide documents?**
  Genuine customers cooperate. If they stall, refuse, or send incomplete paperwork, proceed with caution.

6. Protect Yourself

Build safeguards into your operations:

- **Use strong contracts**
  Include clauses that prohibit diversion, require compliance with UK export controls, and allow audits or termination if red flags emerge.
- **Train your team**
  Everyone — from sales to shipping — should know what diversion looks like and how to report concerns. Use real-world examples and refresh training annually.
- **Keep records**
  Document your due diligence: screening results, customer communications, and decision-making. This is your best defence if HMRC, OFSI, or ICO investigate.

Final Thought

Diversion is not always obvious. But with the right questions, checks, and instincts, you can spot trouble before it lands on your desk. This is not just about ticking boxes — it is about protecting your reputation, your clients, and your ability to trade with integrity.