

Unmanaged conflicts of interest increase risk of financial abuse in charities, regulator warns

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The Charity Commission is today publishing updated guidance for charity trustees on conflicts of interest, with research by the regulator suggesting many trustees are unsure how to recognise a conflict.

The redesigned guidance helps trustees identify and manage both financial conflicts – where a trustee or someone connected to them stands to gain money or other value – and conflicts of loyalty – where obligations to another person or organisation could influence a trustee’s judgement.

Cases involving unmanaged conflicts may be rising

It comes as figures reveal a sharp rise in cases of alleged private benefit abuse at charities, many linked to unmanaged conflicts of interest.

In its first ever Charity Sector Risk Assessment, published last year, the Commission found that compliance cases involving the alleged abuse of charitable status for private benefit rose had risen by almost a quarter (23%) in a single year. Figures to be published later this year suggest that the upward trend may be continuing.

Conflicts involving trustees and their private interests were a recurring factor in many of these cases, representing an ongoing risk to the public’s trust in the wider charity sector.

While the total number of relevant cases still represent a very small percentage of charities overall, the regulator is keen to help trustees mitigate against the risks of such problems occurring.

The report found that conflicts involving trustees and their private interests were a recurring factor in many of these cases, and represent an ongoing risk to the public’s trust in the wider charity sector.

The updated Charity Commission guidance for trustees, known as CC29, is intended to help trustees identify and manage conflicts of interest and, in doing so, protect their charities from harm.

Many trustees unaware of what constitutes a conflict

Analysis drawn from the Commission’s casework further suggests that most unmanaged conflicts of interest arise from or are facilitated by a lack of awareness, rather than deliberate wrongdoing.

Trustees, most of whom are volunteers, are often unable to identify a conflict when it arises and therefore fail to take steps to protect their charity’s assets or reputation.

This is confirmed in the Commission’s published research with trustees, which found that many trustees are unsure about how to recognise and deal with a conflict.

The updated guidance is shorter, clearer and includes common examples of situations in which a conflict of interest can arise in a charity.

Rachel Wenstone, Assistant Director of Policy at the Charity Commission, said:

The vast majority of trustees give their time freely and generously, and we want to give them clear, practical guidance to help them do their jobs well.

Our refreshed guidance will enable trustees to identify and manage conflicts of interest when these, to best protect themselves and their charities.

This matters -- the trust that the public place in charity can be shattered by the perception that some amongst those entrusted to protect a charity may be abusing it for personal gain.

Trustees who fail to manage conflicts of interest, even unintentionally, risk becoming part of that problem, and our guidance will help them to avoid this.

The Commission stresses that decisions made without properly managing a conflict of interest may be legally invalid, which may result in the charity losing money and the trustees being deemed jointly liable to cover the loss from their own money.

The Commission may also consider it as evidence of misconduct or mismanagement.

ENDS

Notes to editors

1. The Charity Commission is the independent, non-ministerial government department that registers and regulates charities in England and Wales. Its ambition is to be an expert regulator that is fair, balanced, and independent so that charity can thrive. This ambition will help to create and sustain an environment where charities further build public trust and ultimately fulfil their essential role in enhancing lives and strengthening society. Find out more about the Charity Commission.
2. The refreshed CC29 guidance is available at gov.uk
3. The Charity Commission's Charity Sector Risk Assessment 2025 is available at: Charity Sector Risk Assessment 2025 - GOV.UK
4. The Commission's research into trusteeship can be found at: Research with trustees: 2025 - GOV.UK

<https://www.gov.uk/government/news/unmanaged-conflicts-of-interest-increase-risk-of-financial-abuse-in-charities-regulator-warns>