United Kingdom

UK introduces significant changes to its Sponsor Management System

Executive summary

The UK Home Office has recently published updated sponsor guidance and introduced significant changes to the Sponsor Management System (SMS) that will affect all UK sponsor license holders. The updates focus on strengthening sponsor license security, increasing oversight of SMS users and enhancing compliance obligations for employers.

Key changes include the phased introduction of mandatory multi-factor authentication (MFA) for SMS users, the withdrawal of the level two user role and greater scrutiny of inactive SMS accounts.

Background

The Sponsor Management System is the UK Home Office's online platform through which sponsor license holders manage their sponsorship activities, including assigning Certificates of Sponsorship (CoS), reporting changes and maintaining compliance with sponsor duties.

Key developments

- *Mandatory multi-factor authentication:* Effective 3 September 2026, the Home Office has introduced MFA for all SMS users to enhance security and protect sponsor license accounts from unauthorized access. MFA is currently being rolled out on a phased basis and is expected to apply to all sponsors over the coming months. Under the new process:
  - Users will continue to enter their SMS username and password.
  - A one-time passcode (OTP) will then be required to complete login.
  - Level one users will generally receive OTPs via their registered mobile number.
  - Level two users will receive OTPs via their registered email address.

  Sponsors should ensure that all user contact details, including mobile numbers, email addresses and dates of birth for level one users are accurate and up to date on the SMS before MFA is activated.

- *Withdrawal of level two user role:* The updated sponsor guidance confirms the withdrawal of the level two user role. Key implementation dates include:
  - 9 September 2026: Sponsors can no longer add new level two users.
  - 8 March 2027: Existing level two users must either be upgraded to level one users or be removed from the license.
  - Any remaining level two user accounts may be deactivated by the Home Office after this date.

  Sponsors should review all existing SMS users and determine whether current level two users should be converted, replaced or removed.

- *Increased scrutiny of SMS user management:* The Home Office has strengthened its expectations around sponsor license governance and user management. SMS users must:
  - Keep their personal details accurate and current.
  - Access their accounts regularly.
  - Ensure only authorized individuals have access to the system.

  Importantly, sponsors must not share SMS passwords or MFA verification codes. Failure to comply with these requirements may be viewed as a breach of sponsor duties and could lead to compliance action.

- *Monitoring of inactive accounts:* The Home Office has introduced new measures to identify inactive SMS accounts. Accounts that have not been accessed for an extended period (typically 12 months) may be subject to review and subsequent deactivation. Where a level one user account becomes inactive, the Home Office may require action from the sponsor within a specified timeframe. Failure to respond may jeopardize the sponsor license. The updated guidance emphasizes the importance of maintaining at least one active level one user on the license at all times. Failure to do so may result in license suspension and ultimately revocation.

Impact on employers

These changes reflect the Home Office's increasing focus on sponsor license compliance and governance. Employers should expect:

- Greater accountability over who has access to the SMS.
- Increased scrutiny of sponsor license management practices.
- A need to review internal processes governing sponsorship activity.
- Potential operational disruption if user information is inaccurate or accounts become inaccessible following MFA implementation.

Organizations relying heavily on level two users, external providers or shared sponsorship administration functions should carefully assess how sponsorship activities will be managed once the level two user role is removed.

Sponsors are encouraged to take the following steps:

- Review all current SMS users and their access levels.
- Identify any level two users who may require conversion to level one user status.
- Verify that mobile numbers, email addresses and dates of birth registered on the SMS are accurate.
- Ensure key personnel understand the MFA login process.
- Confirm that at least one active level one user is maintained on the license.
- Consider undertaking a wider sponsor license compliance review to ensure continued compliance with sponsor duties.

Key steps

EY will continue to monitor these developments. Should you have any questions, we encourage you to contact one of our immigration professionals.

Seema Farazi, Partner
Global Immigration
+ 44 207 951 7122
seema.farazi@uk.ey.com

Denise Isaacs, Partner
Global Immigration
+44 207 980 9244
disaacs@uk.ey.com

Lisa Amos, Partner
Global Immigration
+ 44 207 197 0817
lisa.amos@uk.ey.com

Anthony Michael, Partner
Global Immigration
44 207 760 9413
anthony.michael@uk.ey.com

Nikita Potdar, Director
Global Immigration
+44 20 7760 8208
nikita.potdar@uk.ey.com

Kellie Sullivan, Director
Global Immigration
+ 44 207 806 9707
kellie.sullivan1@uk.ey.com

Caitlin Graham, Director
Global Immigration
+44 207 760 9332
cgraham2@uk.ey.com

Vicky Cregan, Director
Global Immigration
+44 20 7951 1897
vcregan@uk.ey.com

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2026 EYGM Limited.
All Rights Reserved.

SCORE 114558-26-GBL

2101-3682263
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com