



# Advertising LNG as a “sustainable” shipping fuel: Legal risks for the financial sector

Legal Briefing | April 2026

## Executive summary

Financial market participants face new legal risks when presenting fossil liquefied natural gas (fossil LNG) related investments as “sustainable”. This briefing assesses the legal risks under the Financial Conduct Authority’s anti-greenwashing regime (including, in particular, lessons for the finance sector from recent rulings against fossil LNG advertising by the Advertising Standards Authority) and under the shareholder liability provisions in sections 90 and 90A of the Financial Services and Markets Act 2000. It finds that investor communications that overstate the environmental performance of fossil LNG as a shipping fuel, or omit detail on the material lifecycle risks and climate impact of fossil LNG, may expose firms to the risk of regulatory or shareholder action.

## Recommendations for financial market participants

To reduce the legal risks associated with misleading claims:

- Claims about fossil LNG in fund materials, reports, prospectuses, and other published materials should be reviewed (and, if necessary, updated) to ensure that the environmental and climate impacts of fossil LNG are transparently and accurately described, and reflect the full lifecycle impacts of fossil LNG.
- Strict verification and governance should be implemented, such that any fossil LNG-related disclosures are evidence-based and aligned with the best available science.

In any event, we recommend that any actual or proposed investment in maritime fossil LNG infrastructure or vessels is subject to significant consideration and scrutiny, particularly in light of fossil LNG’s adverse impact on the climate and the environment.

## Introduction

### The problem with fossil LNG

The shipping sector is a high-emitting industry, responsible for around 3% of global greenhouse gas (GHG) emissions,<sup>1</sup> a figure which is rapidly growing.<sup>2</sup> It is therefore imperative for the industry to identify and pursue credible, sustainable pathways to decarbonisation. Fossil LNG is increasingly marketed as a “sustainable” transitional maritime fuel capable of supporting decarbonisation efforts in the sector. Cruise operators, cargo ship companies, and port infrastructure developers have embraced promotional narratives portraying fossil LNG as environmentally beneficial relative to conventional marine fuels, such as marine gas oil.

However, such claims are often inaccurate. A robust evidence base demonstrates the significant climate impacts of fossil LNG.<sup>3</sup> Whilst fossil LNG is capable of producing lower levels of carbon dioxide (CO<sub>2</sub>) than conventional fuels when burned, fossil LNG consists primarily of methane, a GHG which is 82.5 times more potent than carbon dioxide over a 20-year period, and 29.8 times more potent over a 100-year period.<sup>4</sup> Methane emissions across the fossil LNG fuel lifecycle (including methane leaks and ‘slippage’) dramatically reduce, or even cancel out (and in some cases more than cancel out), the climate benefits of using fossil LNG as a marine fuel.<sup>5</sup> Furthermore, fossil LNG still produces CO<sub>2</sub> when burned. A range of academic literature shows that widespread use of LNG in shipping is incompatible with a pathway for the sector aligned with the 1.5°C warming limit.<sup>6</sup>

### Finance flows and fossil LNG

Despite fossil LNG’s substantial negative environmental impact, financial institutions, including public and private banks, insurers, and asset managers, continue to support the development of maritime fossil LNG infrastructure – and, in some cases, may label investments in such

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<sup>1</sup> International Maritime Organization, ‘Fourth Greenhouse Gas Study 2020’ (2020), online at:

<https://www.imo.org/en/ourwork/environment/pages/fourth-imo-greenhouse-gas-study-2020.aspx>

<sup>2</sup> The International Council on Clean Transportation (ICCT), ‘Greenhouse gas emissions and air pollution from global shipping, 2016–2023’ (2025), online at: [https://theicct.org/wp-content/uploads/2025/04/ID-332-%E2%80%93-Global-shipping\\_report\\_final.pdf](https://theicct.org/wp-content/uploads/2025/04/ID-332-%E2%80%93-Global-shipping_report_final.pdf)

<sup>3</sup> E.g., Elizabeth Lindstad and Agathe Rialland, ‘LNG and Cruise Ships, an Easy Way to Fulfil Regulations— Versus the Need for Reducing GHG Emissions’ (2020) *Sustainability* 2020, 12(5), 2080; <https://doi.org/10.3390/su12052080>

<sup>4</sup> Paul Balcombe et al., ‘Total Methane and CO<sub>2</sub> Emissions from Liquefied Natural Gas Carrier Ships: The First Primary Measurements’ (2022), *Environmental Science and Technology*, 56, 13, 9632–9640

<sup>5</sup> International Council on Clean Transportation (ICCT), ‘The climate implications of using LNG as a marine fuel’ (2020), online at: [https://theicct.org/wp-content/uploads/2021/06/LNG-as-marine-fuel-working-paper-02\\_FINAL\\_20200416.pdf](https://theicct.org/wp-content/uploads/2021/06/LNG-as-marine-fuel-working-paper-02_FINAL_20200416.pdf)

<sup>6</sup> The latest science indicates that, to limit warming to 1.5°C, methane emissions must be reduced by a third by 2030 and almost halved by 2050: Intergovernmental Panel on Climate Change, ‘AR6 Synthesis Report’ (2023), online at: <https://www.ipcc.ch/report/ar6/syr/>.

Similarly, the International Council on Clean Transportation (ICCT) concluded that using fossil LNG did not deliver the emissions reductions required by the IMO’s initial GHG strategy, and using fossil LNG could actually worsen shipping’s climate impacts (see:

[https://theicct.org/sites/default/files/publications/Climate\\_implications\\_LNG\\_marinefuel\\_01282020.pdf](https://theicct.org/sites/default/files/publications/Climate_implications_LNG_marinefuel_01282020.pdf)).

The initial strategy has since been replaced by the 2023 strategy, which has even more stringent targets, meaning that LNG is certainly not compatible with the latest strategy. This is particularly stark considering separate research by ICCT, which shows that even the initial IMO strategy itself was not compatible with 1.5C (see [https://theicct.org/wp-content/uploads/2021/06/IMO\\_GHG\\_StrategyFinalPolicyUpdate042318.pdf](https://theicct.org/wp-content/uploads/2021/06/IMO_GHG_StrategyFinalPolicyUpdate042318.pdf)).

infrastructure as ‘sustainable’. Such infrastructure includes fossil LNG-powered vessels (ships built to run on fossil LNG), LNG bunkering facilities (specialised infrastructure, including storage and transportation facilities, needed to supply fossil LNG to ships), and LNG carriers (tanker ships designed to transport fossil LNG as cargo).<sup>7</sup>

Research shows that 10 of the world’s top banks are responsible for almost half of all maritime fossil LNG financing (USD 127 billion), despite subscribing to various sustainability-linked commitments.<sup>8</sup> Further, whilst this paper focuses on private finance, a similarly concerning trend is emerging for public finance institutions, including multilateral development banks, export credit agencies, and bilateral development banks, which have directed USD 21.9 billion towards maritime fossil LNG projects between 2013–2025.<sup>9</sup> Out of 76 relevant deals, 14 – worth over USD 8 billion – were labeled as “green”.<sup>10</sup> The substantial amounts of public and private finance flowing towards fossil LNG expansion for shipping could lead to the lock-in of fossil gas use within a high-emitting sector for decades to come. This outcome is likely at odds with the climate-related commitments made by the very same financial institutions. In 2023, the combined methane emissions of the global fossil LNG-fuelled fleet, estimated at 247,000 tons, translated to nearly USD 950 million in annual climate damages.<sup>11</sup>

Against the backdrop of growing investment into maritime LNG infrastructure, regulators and courts are becoming increasingly alive to the misleading nature of advertising fossil LNG as “sustainable”, and this promotion of fossil LNG is facing growing legal and regulatory risk. This risk extends across the shipping value chain, affecting all businesses from consumer-facing companies, such as cruise operators, to financiers marketing “green” or “sustainable” investment products.

The emergence of regulatory precedents in the United Kingdom (UK) and beyond highlights that absolute environmental claims about fossil LNG cannot be substantiated and may constitute misleading or unfair commercial practices. New legislation concerning environmental claims also suggests that there are clear limits on how information about the environmental credentials of fossil LNG can be presented and advertised.

This legal briefing discusses those legal developments and explains their implications for the finance sector, covering: (i) developments relating to the regulation of consumer-facing businesses, and applicable lessons for the finance sector; and (ii) the regulatory regime pertaining directly to the private financial sector.

The briefing focuses on the legal regime within the UK. Its scope does not include the EU, noting that the EU regime governing financial market advertising remains subject to change. Existing EU sustainable finance rules, including the **EU Taxonomy**, the **Corporate Sustainability Reporting Directive** and the **Corporate Sustainability Due Diligence Directive**, continue to evolve amidst

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<sup>7</sup> It is worth noting that broader fossil LNG infrastructure, such as LNG export terminals, also attracts significant investment, however, the focus of this briefing is on investment directed at the use of LNG as a marine fuel. On broader fossil infrastructure investments, see, for example:

<https://reclaimfinance.org/site/en/end-the-devastating-lng-boom/>

<sup>8</sup> Such banks include JPMorgan Chase, Citi, Goldman Sachs, Santander, and HSBC. See Stand.earth, ‘Banking on a Climate Shipwreck: Exposing the Role of Global Banks in the Expansion of Maritime Fossil Gas’ (2024), online at: <https://stand.earth/resources/lng-shipping-emissions-crisis/>

<sup>9</sup> Maritime Beyond Methane (MARBEM), ‘Mapping Public Finance in the LNG Shipping Sector’ (2026), online at: <https://www.marbem.org/resources/lngpublicfinance>

<sup>10</sup> Ibid.

<sup>11</sup> Maritime Beyond Methane (MARBEM), ‘Social cost of methane emissions from global LNG-fueled fleet’ (n.d.), online at:

<https://static1.squarespace.com/static/68d5bc53d99bc32dcfd7353d/t/68e83cb5de1fe1386861b2e6/1760050473885/social+cost+of+methane+emissions+from+global+LNG-fueled+fleet>

“simplification” efforts by the European Commission.<sup>12</sup> In addition, the European Commission is subject to an ongoing legal challenge against its decision to include fossil LNG as a sustainable investment within the EU Taxonomy.<sup>13</sup> Nevertheless, the analysis presented in this briefing is still likely relevant to the EU given much of the UK’s legislation in this area originally derived from EU law.

## Business-to-consumer advertising: Lessons for the finance sector

Recent legal developments in the UK signal an increasingly stringent approach in relation to environmental claims in consumer advertising. The **Digital Markets, Competition and Consumers Act 2024** (DMCC Act) consolidates and updates the UK consumer law regime, giving the Competition and Markets Authority (CMA) enhanced enforcement tools, including the power to impose significant administrative penalties for breaches of consumer law (up to 10% of a company’s turnover).

Regulatory bodies such as the CMA and the Advertising Standards Authority (ASA) are developing a stricter approach to environmental marketing. The CMA’s Green Claims Code and the ASA’s Code of Non-broadcast Advertising and Direct & Promotional Marketing (CAP code) and Code of Broadcast Advertising (BCAP Code) require claims to be fair, clear, not misleading, and adequately substantiated. Absolute environmental descriptors, such as “clean”, “environmentally friendly”, or “sustainable”, require robust evidence demonstrating environmental benefits across the full lifecycle of a product or service.

In September 2025, the ASA applied these requirements in the context of environmental claims about LNG and issued multiple rulings against cruise travel agents.<sup>14</sup> The rulings concerned claims regarding MSC Cruises’ fossil LNG-powered ships, which were described as “eco-friendly”, “greener”, “the world’s cleanest”, and similar. The ASA ruled that the advertisements breached the CAP Code, and that they were likely to mislead consumers. This was because LNG was a fossil fuel with “*potentially negative environmental impacts, such as methane slip and leakage, [...] at all stages of the fuel’s life cycle, from production through to burning*”.<sup>15</sup> The ASA further highlighted that methane emissions are making a substantial contribution to climate change, and that fossil LNG produces “*reduced, but still significant, CO2 emissions over its full lifecycle, which was not explained in the ad.*”<sup>16</sup>

Overall, the ASA found that the claims in the advertisements were not sufficiently substantiated, and the basis for the environmental and comparative claims was not explained to consumers. A previous complaint to the ASA against MSC Cruises itself on similar grounds was resolved informally in 2024, with MSC Cruises agreeing to remove its fossil LNG adverts.<sup>17</sup> The Dutch advertising regulator also ruled against MSC Cruises, finding that sustainability claims by the company did not meet Dutch advertising standards, in large part due to misleading claims about

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<sup>12</sup> See: [https://commission.europa.eu/law/law-making-process/better-regulation/simplification-and-implementation/simplification\\_en](https://commission.europa.eu/law/law-making-process/better-regulation/simplification-and-implementation/simplification_en).

<sup>13</sup> See: <https://opportunitygreen.org/climate-law/guides/faq-eu-taxonomy-hearing/>

<sup>14</sup> The rulings can be found at the following links: (i) ruling against Cruise Circle: <https://www.asa.org.uk/rulings/travelcircle-ltd-a25-1284422-travelcircle-ltd.html>; (ii) ruling against SeaScanner: <https://www.asa.org.uk/rulings/www-cruise-co-uk-ltd-a25-1284421-www-cruise-co-uk-ltd.html>; (iii) ruling against Sunshine Cruise Holidays: <https://www.asa.org.uk/rulings/sunshine-cruise-holidays-ltd-a25-1288069-sunshinecruise-holidays-ltd.html>

<sup>15</sup> See the ASA’s ruling against SeaScanner (n14)

<sup>16</sup> Ibid.

<sup>17</sup> See Opportunity Green’s press release: <https://www.opportunitygreen.org/press-release-asa-regulator-msc-cruises-removegreenwashing-adverts>

LNG,<sup>18</sup> providing useful analysis for national regulators and judges in their interpretation of EU greenwashing laws.

This recent practice not only illustrates growing regulatory scrutiny, but also serves to provide clarity on the kind of language that is likely to be considered misleading. This is particularly important for the financial sector considering the general alignment of anti-greenwashing rules between the ASA, CMA, and the UK's financial regulator, the Financial Conduct Authority (FCA), as well as the ongoing cooperation between those regulatory bodies.<sup>19</sup> As such, the regulatory rulings concerning business-to-consumer advertising contain important lessons for the finance sector regarding communication surrounding "sustainable" investments.

## Financial market advertising: Regulatory landscape in the United Kingdom

FCA-regulated financial market participants, including shipping companies carrying out specific financial activities, banks, insurers, pension schemes, and asset managers, are required to ensure that their sustainability-related statements are clear and appropriately substantiated. This encompasses sustainability claims in prospectuses, investor presentations, annual reports, fund marketing materials, and ESG-labelled product disclosures. It also concerns the classification of fossil LNG-related assets in investment portfolios.

The three sub-sections below discuss the current regulatory landscape in the UK pertaining to advertising within the financial market. These developments are relatively recent, and to our knowledge no cases concerning greenwashing have yet been brought or publicly decided under these regimes. However, emerging case law against financial actors from other jurisdictions points to the increasing risk of these regimes being enforced through legal challenges from civil society or direct action from regulators.<sup>20</sup>

### The anti-greenwashing rule

The FCA's **anti-greenwashing rule** (AGR) imposes a high standard on sustainability-related communications by FCA-authorized companies.<sup>21</sup> Any reference to the environmental or social characteristics of a financial product or service must be fair, clear, and not misleading. Claims must be accurate, complete, and capable of being substantiated with evidence.

For products or services linked to investments in fossil LNG, the relevance and implications of this rule are significant. Companies marketing financial products that contain investments in fossil LNG as "sustainable", or similarly suggesting in communications associated with that product that fossil LNG is an environmentally beneficial shipping fuel, could face heightened legal scrutiny. Communications that label investments in LNG as 'sustainable' (or equivalent) but omit material

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<sup>18</sup> See: <https://www.reuters.com/business/dutch-advertising-board-finds-against-msc-cruise-greenwashing-complaint-2024-10-02/>. The ruling can be found here (in Dutch): <https://www.reclamecode.nl/images/nieuws/Uitspraak-RCC-MS-Cruises.pdf>

<sup>19</sup> See: <https://www.fca.org.uk/news/press-releases/fca-confirms-anti-greenwashing-guidance-and-proposes-extending-sustainability-framework>

<sup>20</sup> For example, in France, ClientEarth brought a claim against BlackRock for alleged greenwashing in investment portfolios. The case is still pending, but since it was filed, fourteen funds dropped the "sustainable" title from their names: [https://www.climatecasechart.com/document/clientearth-v-blackrock\\_51f1](https://www.climatecasechart.com/document/clientearth-v-blackrock_51f1)

<sup>21</sup> Most firms providing financial services need to be FCA-authorized. The AGR applies to communications by firms in relation to a product or service, and communications about a financial promotion. See: Financial Conduct Authority (FCA), 'Finalised Guidance FG24/3: Finalised non-handbook guidance on the Anti-Greenwashing Rule' (2024), online at <https://www.fca.org.uk/publication/finalised-guidance/fg24-3.pdf>

factors, such as fossil LNG's considerable GHG emissions, and associated issues including methane slip and lifecycle environmental impacts, may breach the AGR.

Consequences of non-compliance are serious, and may include regulatory enforcement action by the FCA, such as fines, suspensions, restrictions or prohibitions, or criminal enforcement action by the FCA under the Financial Services Act 2012 (in cases where the misleading statement is made knowingly or recklessly).

### Investment fund labels

Funds marketed using sustainability-related labels may face particular scrutiny by financial regulators. The FCA's **Sustainability Disclosure Requirements** (SDR) and sustainable investment labels regime introduce strict rules for funds labelled "Sustainability Focus", "Sustainability Improvers", "Sustainability Impact" and "Sustainability Mixed Goals" labels – given that these labels must only be applied to financial products meeting specific environmental or social goals.<sup>22</sup>

The FCA has recently published examples of good and poor practice for using labels under the SDR regime.<sup>23</sup> As part of this guidance, the FCA noted that good disclosures would be clear, concise, easy to read and understand, explaining ambiguous terms, accurately reflecting what the product invests in, and only providing information relevant to the fund.

This suggests that, where a fund with an FCA sustainability label includes fossil LNG-exposed holdings, the manager must explain clearly and specifically how such holdings align with the fund's stated sustainability objective associated with its label. Equally, if a fund operates without a sustainability label but nevertheless makes sustainability claims, the firm making the claims is required to explain why the fund does not have a label.<sup>24</sup>

Thus, a fund presented as "sustainable" while holding fossil LNG-related assets without transparent justification<sup>25</sup> risks breaching naming and marketing rules, and misleading investors.

### Shareholder claims

Financial institutions and publicly listed companies also face the possibility of **shareholder claims** under sections 90 and 90A of the Financial Services and Markets Act 2000 (FSMA), which is seen as a growing risk within the legal industry. These provisions enable shareholders to seek compensation where they suffer loss due to misleading statements or omissions in prospectuses (s.90) or other published information (s.90A and Schedule 10A).<sup>26</sup>

In the case of other published information (s.90A and Schedule 10A), financial entities will only be liable if the person responsible for publishing the information knew the statement to be misleading, was reckless as to whether it was misleading, or knew the omission to be a dishonest concealment

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<sup>22</sup> FCA, 'Policy Statement PS23/16: 'Sustainability Disclosure Requirements (SDR) and investment labels' (2023) online at: <https://www.fca.org.uk/publication/policy/ps23-16.pdf>

<sup>23</sup> Financial Conduct Authority (FCA), 'Sustainability Disclosure Requirements labels: good and poor practice' (2026), online at: <https://www.fca.org.uk/publications/good-and-poor-practice/sustainable-investment-labels>

<sup>24</sup> Ibid.

<sup>25</sup> FCA, Policy Statement PS23/16, paragraph 5.10

<sup>26</sup> "Other published information" is defined in Schedule 10A(2)(1) FSMA as information published by "recognised means", or "by other means where the availability of the information has been announced by the issuer by recognised means". This suggests that the scope of "published information" is deliberately broad, likely encompassing Annual Reports, as well as potentially stretching to secondary publications, such as investor presentations or webinars, announced directly or indirectly via the Regulatory News Services, among other information sources.

of a material fact. This would complicate any potential claims by requiring claimants to demonstrate proof of the defendant's knowledge (or recklessness, which means not caring about the truth of the statement).<sup>27</sup> However, this challenge may be overcome by virtue of the growing scientific consensus and regulatory oversight regarding the environmental damage caused by fossil LNG.

Thus, if a company overstates the sustainability of fossil LNG-related activities, under-discloses lifecycle emissions risk, or mischaracterises fossil LNG as a low-carbon transition asset, it may expose itself to legal risk. This includes misstatements in annual reports, sustainability disclosures, bond prospectuses, and regulatory news releases. Boards must therefore ensure that climate-related statements relating to fossil LNG are accurate, evidence-based, balanced, and aligned with the company's strategy and transition planning.

## Conclusion

Financial institutions face growing legal risk if they market fossil LNG investments as "sustainable." Recent trends in UK advertising and financial regulation show that unqualified environmental claims about fossil LNG, especially where lifecycle emissions and other material risks are omitted, may amount to greenwashing and expose firms to regulatory enforcement or shareholder claims.

To reduce this risk, investor-facing materials should describe fossil LNG's full climate and environmental impacts accurately and transparently, be grounded in best available science, and be subject to robust verification and governance. Proposed investments in maritime fossil LNG infrastructure should also be approached with heightened scrutiny given fossil LNG's adverse environmental and climate impacts.

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<sup>27</sup> See, for example: *ACL Netherlands BV & Ors v Lynch & Ors* [2022] EWHC 1178 (Ch).

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