



**Miles Hutchinson & Lithgow (Miles
Hutchinson & Lithgow)**
68 Borough Road, Middlesbrough , TS1 2JH
Recognised body
052238

Fined Date: 18 December 2023

Decision - Fined

Outcome: Fine

Outcome date: 18 December 2023

Published date: 5 February 2024

Firm details

Firm or organisation at date of publication

Name: Miles Hutchinson & Lithgow

Address(es): 68 Borough Road, Middlesbrough

Firm ID: 52238

Outcome details

This outcome was reached by SRA decision.

Decision details

Who does this disciplinary decision relate to?

Miles Hutchinson & Lithgow (the firm) is a recognised body whose head office is at 68 Borough Road, Middlesbrough, Cleveland, TS1 2JH.

Summary of Decision

We fined the firm £3,203.20 for failing to ensure it had relevant documentation in place to prevent activities relating to money laundering and terrorist financing as required by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017).

Reasons/basis



Facts of the misconduct

In September 2022, the SRA's Anti-Money Laundering (AML) Proactive Team undertook a desk-based AML review at the firm to assess its compliance against the MLRs 2017. The firm had been undertaking in-scope work since 2009.

An SRA investigation found that the firm did not have a compliant firm wide risk assessment (FWRA) or policies, control and procedures (PCPs) in place. It also discovered that the firm had completed an online declaration in January 2020 to say that it was compliant with the MLRs 2017. This form had been completed by the firm's compliance officer for legal practice (COLP) in the mistaken belief that the firm was compliant when it was not. Lastly, it was found that the firm could not provide evidence of any training given to the staff undertaking 'in-scope' work.

The firm provided some PCPs to the SRA in February 2023. However, these were not fully compliant until 1 December 2023. The firm did not have a compliant FWRA until 24 November 2023.

It was found that the firm:

Allegation 1

- a. Between 26 June 2017 and 24 November 2023, failed to have in place a firm wide risk assessment (FWRA) which meets the requirements of Regulation 18 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017).
- b. Between 26 June 2017 and February 2023, failed to have in place any policies controls and procedures (PCPs), as required by Regulation 19 of the MLRs 2017.
- c. Between February 2023 and 1 December 2023 had PCPs in place which did not meet the requirements of Regulation 19 of the MLRs 2017.

In doing so, in so far as the conduct took place before 25 November 2019, the firm breached Principles 6 and 8 of the SRA Principles 2011 and Outcome 7.5 of the SRA Code of Conduct 2011.

In so far as the conduct took place after 25 November 2019, the firm breached Principle 2 of the SRA Principles 2019 and paragraph 2.1(a) of the SRA Code of Conduct for Firms.

Allegation 2

On 8 January 2020, provided the SRA with inaccurate information by making a declaration that its FWRA met the requirements of Regulation 18 of the MLRs 2017, when the FWRA in place at the time did not meet

these requirements. In doing so, the firm breached Principle 2 of the SRA Principles 2019 and paragraph 3.3(a) of the SRA Code of Conduct for Firms.

Allegation 3

Between July 2017 and January 2021, failed to take appropriate measures to ensure that all relevant employees received AML training, as required by Regulation 24 of the MLRs 2017.

In doing, the firm breached Principle 2 of the SRA Principles 2019 and paragraph 2.1(a) of the Code of Conduct for Firms.

Decision on sanction

The firm was directed to pay a financial penalty of £3,203.20 and ordered to pay costs of £1,350.

This was because the firm's conduct was serious by reference to the following factors in the SRA Enforcement Strategy:

1. Its conduct was a breach of its regulatory obligations which persisted for longer than was reasonable. It demonstrated a pattern of non-compliance.
2. For a long period of time the firm failed to have proper regard to the SRA's guidance and warning notices which explained what was required, the risks that failure to comply with AML requirements posed, and the regulatory consequences of failing to comply.
3. The firm was responsible for its own conduct which was serious and had the potential to cause significant harm to the public interest and to public confidence in the legal profession. In view of the above, the firm's conduct was placed in conduct band C which has a financial penalty of 1.6% to 3.2% of annual domestic turnover. In light of mitigating factors, including the fact that the firm was now in compliance with the MLRs 2017, had made admissions and had co-operated with the investigation process in full, the firm's conduct was placed at the bottom end of this bracket.

SRA Principles 2011

Principle 6

You must behave in a way that maintains the trust the public places in you and in the provision of legal services

Principle 8

You must run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles SRA Code of Conduct 2011

Outcome 7.5

You comply with legislation applicable to your business, including anti-money laundering and data protection legislation

SRA Principles 2019

Principle 2

You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.

Code of Conduct for Firms (2019)

Paragraph 2.1(a)

You have effective governance structures, arrangements, systems and controls in place that ensure you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you.

Paragraph 3.3(a)

You respond promptly to the SRA and provide full and accurate explanations, information, and documents in response to any request or requirement.

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