

Kim Collings
Solicitor
112603

[Agreement Date: 12 January 2023](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 12 January 2023

Published date: 16 January 2023

Firm details

Firm or organisation at time of matters giving rise to outcome

Name: Kim Collings Solicitors

Address(es): 1st Floor, 32 Gelliwastad Road, Pontypridd, CF37 2BN

Firm ID: 491297

Firm or organisation at date of publication

Name: Kim Collings (SRA regulated freelance solicitor)

Address(es): 1st Floor, 32 Gelliwastad Road, Pontypridd, CF37 2BN

Firm ID: 837357

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Mr Kim Collings, currently a freelance solicitor of Kim Collings, and formerly the sole owner and manager of the recognised sole practice Kim Collings Solicitors, all authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to our investigation:

- a. Mr Kim Collings will pay a financial penalty in the sum £2,000, under Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules.



- b. Mr Kim Collings undertakes to not conduct any transactional legal work or handle client monies, from the date of this agreement, or conduct work that is in scope of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and all subsequent amendments to this legislation.
- c. to the publication of this agreement, under Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules.
- d. Mr Kim Collings will pay the costs of the investigation of £1,350, under Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Procedure Rules.

Reasons/basis

2. Summary of Facts

2.1 We carried out an onsite forensic investigation into Kim Collings Solicitors (ID: 491297), following concerns highlighted in a qualified Accountant's Report.

2.2 The investigation identified areas of concern in relation to the firm's compliance with the Money Laundering, Terrorist Financing (Information on the Payer) Regulations 2017 (MLRs 2017), the SRA Principles 2011, the SRA Code of Conduct 2011, the SRA Principles 2019, the SRA Code of Conduct for Firms 2019, the SRA Accounts Rules 2011 and the SRA Accounts Rules 2019.

2.3 Kim Collings Solicitors (Mr Collings' firm) closed on 29 December 2021 and Mr Collings (personal ID: 112603) has continued to practise as a freelance solicitor under Kim Collings (freelance ID: 837357) from 14 January 2022 onwards.

2.4 Mr Collings' firm, of which he was the sole owner and manager of, did not have in place an AML practice-wide (firm-wide) risk assessment, as required by Regulation 18 of the MLRs 2017, until the firm closed on 29 December 2021, and therefore failed to have sufficient regard for the SRA's warning notice (first issued on 7 May 2019 and updated on 25 November 2019) on this topic.

2.5 Mr Collings, on behalf of his firm, also incorrectly made a declaration to us on 15 January 2020, that his firm had a firm-wide risk assessment which was compliant with Regulation 18 and in line with relevant guidance, when it did not. The MLRs 2017 set out five key risk areas which must be assessed. The firm had no documented risk assessment, and therefore had failed to fully assess any of those key areas as detailed below:

- its customers,
- the countries or geographic areas in which the firm operates,
- the products or services which the firm provides,



- how the firm's products and services are delivered, and
- its transactions.

2.6 The risks associated with conveyancing and controlling client money, a significant area of work for the firm accounting to around half of its fee income, should have been addressed on a firm-wide risk assessment.

2.7 In addition, the lack of a firm-wide risk assessment also showed a failure to have sufficient regard for the Legal Sector Affinity Group guidance (firstly the 2018 and latterly the 2021 guidance), our sectoral AML risk assessment and the warning notice.

2.8 Mr Collings' firm did not have in place AML policies, controls and procedures (PCPs), as required by Regulation 19 of the MLRs 2017. The firm was required to have established and maintained PCPs, to mitigate and manage effectively the risks of money laundering and terrorist financing, which should include areas such as (but not limited to):

- simplified due diligence,
- reporting to Companies House,
- training,
- reliance and record keeping,
- suspicious activity reporting,
- procedures for the identification of matters that are complex, unusually large, have an unusual pattern of transactions, have no apparent economic or legal purpose, are at high risk of being related to money laundering or terrorist financing, or involve products or services that might facilitate anonymity,
- customer due diligence procedures, and
- an explanation of the roles of the Money Laundering Reporting Officer (MLRO) and Money Laundering Compliance Officer (MLCO).

2.9 Mr Collings' and his firm also failed to take appropriate measures to ensure that relevant employees were made aware of the law relating to money laundering and terrorist financing, regularly given training in how to recognise and deal with transactions which may be related to money laundering or terrorist financing, and failed to maintain a written record of training undertaken on anti-money laundering and counter terrorist financing, as required by Regulation 24 of the MLRs 2017.

2.10 The forensic investigation also evidenced the failure of Mr Collings' firm to keep contemporaneous accounting records, as required by the SRA Accounts Rules (both the 2011 and 2019 iterations). As a result of the firm not having up to date client ledgers, the forensic investigation officer was unable to rely on the books of account and was therefore unable to express an opinion as to whether the firm held sufficient funds in the client bank account to meet its liabilities to clients. Breached identified were Rules 1.2(f) and 29.12 of the SRA Accounts Rules 2011 and Rule 8.1 of the SRA Accounts Rules 2019. Mr Collings closed his firm on 29 December 2021.



3. Admissions

3.1 Mr Collings admits (as sole owner and manager of his firm), and the SRA accepts, that by failing to comply with money laundering legislation and SRA Accounts Rules, he has:

From 26 June 2017 to 25 November 2019 (when the SRA Handbook 2011 was in force)

- a. failed to behave in a way that maintains the trust the public places in him and in the provision of legal services, in breach of Principle 6 of the SRA Principles 2011.
- b. failed to comply with his legal and regulatory obligations, in breach of Principle 7 of the SRA Principles 2011.
- c. failed to carry out his role in the business effectively and in accordance with proper governance and sound financial and risk management principles, in breach of Principle 8 of the SRA Principles 2011.
- d. failed to achieve Outcome 7.2 of the SRA Code of Conduct 2011, which states you have effective systems and controls in place to achieve and comply with all the Principles, rules and outcomes and other requirements of the Handbook where applicable.
- e. failed to achieve Outcome 7.3 of the SRA Code of Conduct 2011, which states that you identify, monitor and manage risks to compliance with all the Principles, rules and outcomes and other requirements of the Handbook, where applicable.
- f. failed to achieve Outcome 7.5 of the SRA Code of Conduct 2011, which states you comply with legislation applicable to your business, including anti-money laundering and data protection legislation.

From 25 November 2019 (when the SRA Standards and Regulations came into force):

- g. failed to act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons, in breach of Principle 2 of the SRA Principles 2019.
- h. failed to comply with all of the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, in breach of Rule 2.1 of the SRA Code of Conduct for Firms 2019.
- i. failed to keep up to date with and follow the law and regulation governing the way you work, in breach of Rule 3.1 of the SRA Code of Conduct for Firms 2019.

4. Why the agreed outcome is appropriate

4.1 The conduct showed a disregard for statutory and regulatory obligations and had the potential to cause harm, by facilitating dubious



transactions that could have led to money laundering (and/or terrorist financing).

4.2 This could have been avoided had the firm established an adequate practice-wide (firm-wide) risk assessment prior to closure. Especially when a substantial percentage (around half) of the firm's fee income was derived from conveyancing, which is 'in-scope' of the MLRs 2017 (Regulation 12(1)(a)) and a high-risk area of work, as highlighted by the Government's National Risk Assessment and our Sectoral Risk Assessment, but acknowledging the firm was a small firm with a modest turnover for the last five years of its trading and Mr Collings personally conducting most of that work.

4.3 It was incumbent on Mr Collings and his firm to meet the requirements in the regulations and comply with the SRA Accounts Rules (that were in force at the time) and he failed to do so. The public would expect a solicitor to comply with his legal and regulatory obligations to protect against these risks as a bare minimum. This is reinforced by the warning notices we have issued, to alert the profession and those acting in scope of the MLRs 2017, to play their part in preventing and detecting money laundering and terrorist financing and to keep client monies protected.

4.4 The lack of compliance showed an AML control environment and accounts failing at Mr Collings' firm, and:

- a. The agreed outcome is a proportionate outcome in the public interest because it creates a credible deterrent to others and the issuing of such a sanction, and future controls, signifies the risk to the public, and the legal sector, that arises when solicitors do not comply with anti-money laundering legislation and their professional regulatory rules.
- b. There has been no evidence of harm to consumers or third parties and there is now a low risk of repetition in the future, with Mr Collings' firm being closed, he is no longer dealing with transactional work or client monies and him undertaking to not conduct any legal work, from the date of this agreement, that is in scope of the MLRs 2017 (and all subsequent amendments to this legislation).
- c. Mr Collings has assisted the SRA throughout the investigation, closed his firm, admitted the breaches and has shown remorse for his actions.
- d. Mr Collings did not financially benefit from the misconduct.
- e. Mr Collings recognises that he failed in his basic duties regarding statutory money laundering regulations and regulatory compliance, as identified during our forensic investigation.

4.5 Rule 4.1 of the SRA Regulatory and Disciplinary Procedure Rules states that a financial penalty may be appropriate to maintain professional standards and uphold public confidence in the solicitors'



profession and in legal services provided by authorised persons. There is nothing within this Agreement which conflicts with what is stated in Rule 4.1 and on that basis a financial penalty is appropriate.

4.6 In deciding the level of the financial penalty reference is made to The SRA's Approach to Setting an Appropriate Financial Penalty (first issued in August 2013 and updated in July 2022). Following the three-step fining process, the SRA has determined the following:

- a. the nature of the misconduct was low/medium because the conduct was reckless. There was a failure on the part of Mr Collings and his firm to comply with statutory obligations, as imposed by statutory money laundering regulations, and a failure to comply with the SRA's rules that were in force at the time. The Guidance gives this level of impact a score of one.
- b. we consider that the impact of the misconduct was medium because there was a failure to have in place a compliant practice-wide risk assessment and compliant policies, controls and procedures, as obliged by statutory legislation. The Guidance gives this level of impact a score of four.

The associated 'Conduct band' is "B", owing to the total score of 5 (1+4) from sub-paragraphs above, giving a penalty bracket of £1,001 to £5,000.

4.7 However, in deciding the level of fine within this bracket, we have considered the aggravating circumstances, and deemed no discount applicable. We consider that a basic penalty towards the middle of the bracket, of £2,000, is appropriate, along with Mr Collings giving an undertaking that he will no longer deal with transactional work or client monies and not conduct any legal work that is in scope of the MLRs 2017.

5. Publication

5.1 Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules states that any decision under Rule 3.1 or 3.2, including a Financial Penalty, shall be published unless the particular circumstances outweigh the public interest in publication.

5.2 The SRA considers it appropriate that this agreement is published, as there are no circumstances that outweigh the public interest in publication and in the interests of transparency in the regulatory and disciplinary process to do so.

6. Acting in a way which is inconsistent with this agreement

6.1 Mr Collings agrees that he will not act in any way which is inconsistent with this agreement, such as by denying responsibility for

the conduct referred to above. That may result in a further disciplinary sanction. Acting in a way which is inconsistent with this agreement may also constitute a separate breach of Principles 1, 2 and 5 of the SRA Principles contained within the SRA Standards and Regulations 2019 (such SRA Principles having been in force since 25 November 2019).

7. Costs

7.1 Mr Collings agrees to pay the costs of the SRA's investigation in the sum of £1,350. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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