Solicitors Regulation Authority

R & A Solicitors Limited
366 Cheetham Hill Road, Manchester , M8 9LS
Recognised body
626893

Agreement Date: 20 March 2025

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 20 March 2025

Published date: 25 March 2025

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 R & A Solicitors Limited (the Firm), a recognised body authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

a. R & A Solicitors Limited will pay a financial penalty in the sum of £6,977, under Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules (the RDPRs),
b. to the publication of this agreement, under Rule 9.2 of the RDPRs, and
c. R & A Solicitors Limited will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the RDPRs.

2. Summary of Facts

2.1 We carried out an investigation into the firm, following an inspection carried out by our AML Proactive Supervision team.

2.2 The inspection 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 and the SRA Code of Conduct for Firms 2019.

Allegation

2.3 Between 26 June 2017 and 14 January 2023, the firm failed to have in place a documented assessment of the risks of money laundering and terrorist financing to which its business was subject (a firm-wide risk assessment (FWRA)), pursuant to Regulations 18(1) and 18(4) of the MLRs 2017.

2.4 Between 15 January 2023 and 28 January 2025, the firm failed to have in place an appropriate FWRA that identified and assessed the risks of money laundering to which it was subject, taking into account all risk factors, pursuant to Regulation 18(2) of the MLRs 2017.

3. Admissions

3.1 The firm admits, and the SRA accepts, that by failing to comply with the MLRs 2017, it has breached: To the extent the conduct took place between 26 June 2017 and 24 November 2019 (when the SRA Handbook 2011 was in force):

a. Principle 6 of the SRA Principles 2011 – which states you must behave in a way that maintains the trust the public places in you and in the provision of legal services.
b. Principle 8 of the SRA Principles 2011 – which states you must run in your business or carry out your role in the business effectively and in accordance with proper governance and sound financial risk management principles. And the firm failed to achieve:
c. 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.
d. 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. And from 25 November 2019 (when the SRA Standards and Regulations came into force) until 28 January 2025, the firm breached:
e. Principle 2 of the SRA Principles 2019 – which states you act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.
f. Paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019 – which states 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.
g. Paragraph 3.1 of the SRA Code of Conduct for Firms 2019 – which states that you keep up to date with and follow the law and

regulation governing the way you work.

4. Why a fine is an appropriate outcome

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). This could have been avoided had the firm not failed in putting in place a compliant FWRA.

4.2 Over half of the firm's work is in-scope of the MLRs 2017 by virtue of high-risk conveyancing (40% residential conveyancing, 10% commercial conveyancing), as well as some probate and estate administration work.

4.3 This is a serious breach, as conveyancing is a high-risk area of work. Property is an attractive asset for criminals because of the large amounts of money that can be laundered through a single transaction and because property will tend to appreciate in value. This increased risk was highlighted in the Government's National Risk Assessments and our Sectoral risk Assessments too, since 2017.

4.4 Furthermore, the SRA's Warning Notice published on 7 May 2019 (updated on 25 November 2019), states a firm's FWRA must be in writing, kept up-to-date and provided to us upon request. The firm has failed to pay sufficient regard to that warning notice.

4.5 Further, the SRA's Guidance on FWRAs published on 29 October 2019 (and updated on 21 September 2023), states firms that are within scope of the MLRs 2017 must have a written FWRA in place, and provides templates in implementing a compliant FWRA.

4.6 Moreover, the SRA's Sectoral Risk Assessment - Anti-money laundering and terrorist financing (updated on 5 March 2024), states that all firms in scope of the MLRs 2017, must comply with all the regulatory requirements. This includes taking appropriate steps to identify, assess and maintain a written record of their risk of being used for money laundering or terrorist financing. The Legal Sector Affinity Group Anti Money Laundering Guidance for the Legal Sector 2023 provides further guidance, which the firm failed to pay sufficient regard to.

4.7 The firm submitted a risk assessment declaration on 13 October 2020, confirming that a compliant FWRA was in place, which should have at least focused the firm's mind in putting one in place straight after. However, the firm failed to do so for a further period of over two years. The failure to have in place an FWRA that assessed the risks of money laundering and terrorist financing, to which its business is subject to, demonstrates that the firm did not have effective systems and controls to ensure its compliance with legislation applicable to its business.

4.8 It was incumbent on the firm to meet the requirements set under Regulation 18 of the MLRs 2017. The firm failed to do so. The public would expect a firm of solicitors to comply with its legal and regulatory obligations, to protect against these risks as a bare minimum.

4.9 The SRA considers that a fine is the appropriate outcome because:

a. A proportionate outcome in the public interest, creates a credible deterrent to others and the issuing of such a sanction signifies the risk to the public, and the legal sector, which 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 a low risk of repetition, and the firm did not benefit from the misconduct.
c. The firm has assisted the SRA throughout the investigation.

4.10 Rule 4.1 of the 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 Rule 4.1 of the Regulatory and Disciplinary Rules and on that basis, a financial penalty is appropriate.

5. Amount of the fine

5.1 The amount of the fine has been calculated in line with the SRA's published guidance on its approach to setting an appropriate financial penalty (the Guidance).

5.2 Having regard to the Guidance, the SRA and the firm agree the nature of conduct in this matter as more serious (score of three). This is because the firm should have been aware of its obligation to have in place a FWRA in place since June 2017. In addition, over half of the firm's work falls within scope of the MLRs 2017, therefore the firm should have been familiar with the obligations imposed by the regulations and should have implemented strict adherence. Even though the firm has breached the regulations by not putting in place a FWRA until much later, it should have been prompted to do so when it submitted its declaration to the SRA in October 2020.

5.3 The firm has been carrying out a high percentage of high-risk conveyancing since its inception. The firm has failed to meet the requirements of Regulation 18 of the MLRs 2017 for over five years. Although, the firm now has a compliant FWRA in place, which is in proper use, the firm was left vulnerable for a period the SRA considers amounts to a serious breach.

5.4 The impact of harm or risk of harm score is assessed as being low (score of two). This is because although there is no evidence of any harm

being caused, as a result of the firm not having a FWRA until January 2023, and this document was not compliant until January 2025, given the nature of its work, of which half is in conveyancing, there is always the potential to have an impact by this conduct.

5.5 The 'nature' of the conduct and the 'impact of harm or risk of harm' added together give a score of five. This places the penalty in Band "B," as directed by the Guidance, which indicates a broad penalty bracket of between 0.4% and 1.2% of the firm's annual domestic turnover.

5.6 This is because the firm should have been aware of its statutory obligations under Regulation 18 of the MLRs 2017, and the breaches spanned a period over five years, while performing over half of its work in-scope of the regulations. However, the firm has now brought itself into compliance and therefore the ongoing risk is now lower.

5.7 Based on the evidence the firm has provided of its annual domestic turnover; this results in a basic penalty of £7,752.

5.8 The SRA considers that the basic penalty should be reduced to £6,977. This reduction reflects the firm's transparency and cooperation with the AML Proactive Supervision team and AML Investigations team, along with admitting and remedying the breaches.

5.9 The firm does not appear to have made any financial gain or received any other benefit as a result of its conduct. Therefore, no adjustment is necessary to remove this, and the amount of the fine is £6,977.

6. Publication

6.1 Section 1(1) of Part 1 of the Legal Services Act 2007, states the following objectives are relevant to the publication of our decisions:

a. Protecting and promoting the public interest
b. Protecting and promoting the interest of consumers
c. Encouraging and independent, strong, diverse, and effective legal profession
d. Promoting and maintaining adherence to the professional principles

6.2 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.

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

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

7.1 The firm agrees that it will not deny the admissions made in this agreement or act in any way which is inconsistent with it.

7.2 If the firm denies the admissions, or acts in a way which is inconsistent with this agreement, the conduct which is subject to this agreement may be considered further by the SRA. That may result in a disciplinary outcome or a referral to the Solicitors Disciplinary Tribunal on the original facts and allegations.

7.3 Acting in a way which is inconsistent with this agreement may also constitute a separate breach of Principles 1, 2 and 5 of the Principles and paragraph 3.2 of the Code of Conduct for Firms.

8. Costs

8.1 The firm agrees to pay the costs of the SRA's investigation in the sum of £600. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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