

# Upholding professional standards - corporate report 2021/22

[Read in Welsh](#) [/sra/research-publications/cynnal-safonau-proffesiynol-2122/]

20 July 2023

The Solicitors Regulation Authority (SRA) is the regulator of solicitors and law firms in England and Wales.

We work to protect members of the public and support the rule of law and the administration of justice. We do this by overseeing all education and training requirements necessary to practise as a solicitor, licensing individuals and firms to practise, setting the standards of the profession and regulating and enforcing compliance against these standards.

We are the largest regulator of legal services in England and Wales, covering around 90% of the regulated market. We oversee more than 220,000 solicitors and around 9,500 law firms.

Open all [#]

## *Our approach to enforcement*

### *Our role*

Through our enforcement work we aim to:

- Maintain and uphold standards of competence and ethical behaviour.
- Protect clients and the public – we control or limit the risk of harm by making sure individuals and firms are not able to offend again or are deterred from doing so in the future.
- Send a signal to the people we regulate more widely with the aim of preventing similar behaviour by others.
- Uphold public confidence in the provision of legal services.

### *How and when we use our enforcement powers*

Our Enforcement Strategy [/sra/corporate-strategy/sra-enforcement-strategy/] sets out how we will use our enforcement powers when a business or person we regulate has not met the standards we expect. It provides clarity on how we decide whether we should act in given circumstances, and what we take into account when assessing the seriousness of misconduct and the action to take.

### *Our powers as a regulator*

Our powers to impose sanctions are limited. We can fine solicitors, law firms and non-solicitors working in those firms up to £25,000.

We have more robust powers in relation to an alternative business structure (ABS), also known as a licensed body, which will have non-lawyer ownership or control of the business. We can impose a fine of up to £250m on the firm and up to £50m on its managers and employees.

This is in contrast to more traditional types of firm, such as limited liability partnerships or partnerships, where only the independent Solicitors Disciplinary Tribunal (SDT) can issue an unlimited fine. We can in some circumstances place restrictions on a solicitor's practice or on the people who work in law firms.

We are not able to strike off or suspend a solicitor. If we think such action is necessary, we must take the case to the SDT.

A table of sanctions we and the SDT impose can be found at Annex 1 below. [#\_Annex\_1:\_Action]

## *Key policy changes affecting our enforcement powers in 2021/22*

### *Greater fining powers and agreed approach with SDT*

In July 2022 the Ministry of Justice increased our fining powers from £2,000 to £25,000 for solicitors and all law firms. This means we can take action in more cases without the need to refer them to the Tribunal.

This will allow us to deal with such matters more swiftly, reducing costs for us and for the profession and helping with the stress caused by what can be a lengthy process.

However, we will continue to refer matters to the SDT when it is necessary to restrict future practice. And the SDT will continue to deal with cases against firms where the likely financial penalty exceeds £25,000. The exception is cases relating to licensed bodies which cannot be considered by the SDT and where we can issue fines up to £250m.

Other cases we will continue to refer to the SDT are, for example, those that are of high public interest or involve a novel point of law. We will continue to refer cases involving allegations of sexual misconduct, racism, bullying, harassment or other counter-inclusive misconduct and/or conduct that targets an individual because of a protected characteristic. This list is not exhaustive and the approach can be found in a joint statement between us and the SDT

[/sra/news/sra-sdt-statement-2023/].

Typically, these cases are serious in nature and raise attitudinal issues that present a risk to others. This suggests that restriction on practice is needed to protect others, and to maintain public confidence in the profession. In these cases, we consider a financial penalty highly unlikely to be an appropriate sanction. We will, therefore, usually refer such cases to the SDT to consider a suspension or a strike off. We are also introducing a pilot on the use of personal impact statements for cases involving sexual misconduct, discrimination or any form of harassment.

In addition to the greater fining powers, the Economic Crime and Corporate Transparency Bill [<https://bills.parliament.uk/bills/3339>], expected to become law this year, currently proposes giving us unlimited fining powers in relation to economic crime. This will be applicable to all law firm types. When it does become legislation, we will revisit our approach with the SDT.

### *Approach to fining firms and solicitors*

Following a public consultation in 2022 we confirmed the detail of changes for how we levy financial penalties to law firms and solicitors.

The reforms, which came into effect partway through 2023, will see:

- The introduction of a fixed-penalty regime for lower-level misconduct.
- Future fines for both firms and individuals linked directly to bandings based on percentages of income/turnover.

The changes should help cases to be resolved more quickly, saving time, costs and stress for all involved. The new fining bands will enable different levels of fine to be issued, for example, to a low-earning junior solicitor compared to a senior equity partner for similar offences. This will allow a more proportionate outcome and appropriate deterrent effect.

### *Publishing information on disciplinary decisions*

In early 2023 we confirmed our revised approach to how we publish information on disciplinary decisions, following a consultation. This is to make sure this information is accessible and transparent. We will:

- Publish more information, written in plainer English, for all individual decisions.
- Introduce set periods, based on decision type, for which individual decisions will remain on the public record. These will range from three years for warnings or fines to strike-off decisions remaining public permanently.

### *Helping firms and solicitors get it right*

To help firms and solicitors know when they could be most at risk of falling short of the standards we expect, or not complying with our rules, we provide a range of services and publications, such as:

- Our Professional Ethics helpline and webchat service, on hand to answer questions about our rules and regulations.
- Guidance to help firms understand how our rules and regulations work.
- Our annual Risk Outlook publication, which highlights the biggest risks in the sector and how firms and solicitors can tackle them.
- Thematic reviews of key areas within the legal sector, highlighting risks and raising awareness about what good and bad practice looks like.

### *Key enforcement themes in 2021/22*

We regulate approximately 160,000 practising solicitors and around 9,500 law firms. We received around 10,100 reports of concerns in 2021/22. This is a small number, relative to the overall scale of legal work and activity.

The majority of concerns do not result in us taking enforcement action. In many cases we find that there has not been a breach of our rules at all, while in others we engage with firms to put things right and to make sure they are meeting our requirements. However, around 400 cases will result in us taking regulatory action.

Some of the matters reported to us relate to concerns that are raised regularly, for example, issues of confidentiality, misleading the court, or taking advantage of a third party. We also receive concerns about areas of the law commonly used, such as conveyancing and probate.

Each case is different, however, and many are complex, with a mixture of potential breaches of our regulations. And, although there is variation, we monitor reports to identify any particular issues that emerge year on year.

The work of solicitors and law firms often becomes involved in areas of wider public interest. For example, in recent years, cases concerning sexual harassment in the workplace, aggressive litigation, or strategic lawsuits against public participation (SLAPPs), and money laundering have all been topical.

This can lead to a rise in the numbers of related reports to us. If appropriate, we take steps to remind the profession of its responsibilities through, for example, warning notices.

In 2022 we issued a series of notices about sanctions related to the Ukraine war and have seen more activity in relation to this issue. We also published a statement on the Post Office Horizon IT scandal, which you can read more about below.

Such topical issues are often high profile and attract public – and therefore press and parliamentary – interest. Our work to maintain professional standards can play an important part in addressing these concerns, alongside other activity, for example, by law enforcement agencies or through legislative reform.

### *Strategic lawsuits against public participation*

In 2021/22 we opened 49 new investigations concerning allegations of aggressive litigation, or SLAPPs that solicitors and law firms have been pursuing on behalf of their clients.

SLAPPs is a term commonly used to describe the misuse of the legal system, and the improper bringing or threatening of proceedings. They can be used to harass or intimidate another who could be criticising or holding them account for their actions and thereby discouraging scrutiny of matters in the public interest.

The key aim of a SLAPP is to prevent publication on matters of public importance, such as academic research, whistleblowing or campaigning, or investigative journalism. Claims of defamation or invasion of privacy are the causes of action most associated with SLAPPs, but other causes of action (such as breach of confidence) could also be used for this purpose.

Although the practice of aggressive litigation is not new, there has been significant public concern about SLAPPs since the invasion of Ukraine. There have been complaints that wealthy individuals are using solicitors to silence legitimate criticism. For instance, by threatening journalists with defamation proceedings even if the claim has no merit.

In 2023 we published our conduct in disputes thematic review [\[sra/research-publications/conduct-disputes/\]](#) after carrying out 25 firm visits. The aim was to better understand the practices and litigation techniques used by firms who act in privacy and defamation matters and provide reputation management services. We also wanted to assess how well the risks of abusive litigation were understood, identified, and prevented by firms and solicitors.

We found good practice and good awareness among firms relating to this issue, and we did not find any example of SLAPPs. And, there were some examples of firms pushing back against clients where their instructions were considered to be improper. Areas of concern included:

- Some solicitors not being aware of our latest 2022 guidance on conduct in disputes. [\[solicitors/guidance/conduct-disputes/\]](#)
- Lack of policies and procedures for this work.
- Lack of specific training for fee earners on how to conduct fair and appropriate litigation.

These all increase the risk of firms falling short of the standards we expect.

We later published a warning notice concerning SLAPPs. [\[solicitors/guidance/slapps-warning-notice/\]](#)

In the past year, we have also worked with the Ministry of Justice on this issue and responded to its 2022 consultation, strongly calling for a single, statutory definition of a SLAPP case [\[https://www.gov.uk/government/consultations/strategic-lawsuits-against-public-participation-slapps/outcome/strategic-lawsuits-against-public-participation-slapps-government-response-to-call-for-evidence\]](https://www.gov.uk/government/consultations/strategic-lawsuits-against-public-participation-slapps/outcome/strategic-lawsuits-against-public-participation-slapps-government-response-to-call-for-evidence). A more focused steer on what constitutes a SLAPP would help us to take more focused action and make clearer decisions in this area of our enforcement work.

We are carrying out a follow-up review that will cover:

- Issues arising from our open investigations
- Steps firms are taking to prevent the possible illegitimate funding of SLAPPs cases
- Relationships with public relations companies and private investigators.

We expect to receive more reports concerning this issue in the coming months.

### *Post Office Horizon IT scandal*

We have been closely following issues relating to the Post Office Horizon scandal. The widespread miscarriage of justice, occurring between 2000–2013, saw sub-postmasters and mistresses prosecuted for alleged offences based on evidence provided by the 'Horizon' electronic accounting system. There are also issues concerning related civil proceedings. Our

focus is on individuals and firms we regulate working on behalf of the Post Office/Royal Mail Group.

The Post Office Horizon IT Inquiry is currently ongoing and one of its phases will scrutinise the role of the lawyers involved. We will not be taking any formal steps in our proceedings until the inquiry has concluded. We have not named anyone we regulate linked to our investigation. This will remain the case unless we decide we need to take regulatory action ourselves, or we need to issue disciplinary proceedings before the SDT. More information can be found in our update, published in late 2022. [[/sra/news/statement-post-office-horizon-scandal/](#)]

### *Sexual misconduct*

We continued to investigate allegations of sexual misconduct. Allegations of sexual misconduct can include sending inappropriate messages, making inappropriate comments, non-consensual physical contact and sexual assault. Such allegations can arise in the working environment, at work-related social events or in the solicitor's private life. In all cases we carefully consider the link between the alleged misconduct and professional practice/public trust and confidence in the profession.

The number of reports on this topic spiked in the wake of the #MeToo movement, when we issued a warning notice relevant to inappropriate behaviour and NDAs [[/solicitors/guidance/non-disclosure-agreements-ndas/](#)]. We have also provided guidance on reporting obligations to guide firms [[/solicitors/guidance/reporting-notification-obligations/](#)] and guidance on protecting and supporting employees [[/solicitors/guidance/workplace-environment/](#)]. Numbers have since stabilised. This could be due to an increase in home-working and the fact that a number of historical cases were reported in the wake of #MeToo.

In 2022 we engaged widely to develop guidance on sexual misconduct [[/solicitors/guidance/sexual-misconduct/](#)]. This provides clarity for those we regulate as to what we expect of them, assist those who have to make decisions about reporting conduct to us and support complainants who are thinking of reporting allegations to us.

We recognise that these are difficult and sensitive matters, and, as previously reported, have established a specialist team to investigate the concerns raised. We do everything we can to provide a safe and supportive environment for those involved. This includes engaging with specialist support organisations where appropriate.

As of April 2023 we had 10 cases referred to the SDT and are awaiting a hearing and anticipate that this will increase as we move through the year. As set out in our enforcement strategy, we consider sexual misconduct one of the most serious matters with which we deal, and we will continue to take action and refer matters to the Tribunal where necessary.

### *Non-disclosure agreements*

Using NDAs to suppress disclosure of wrongdoing is, itself, a high-profile issue, given its relation to issues such as #MeToo. Other cases have the potential to be high profile because of the subject matter of the dispute or the parties involved, both of which can be concealed through using an NDA.

In November 2020 we updated our warning notice [[/solicitors/guidance/non-disclosure-agreements-ndas/](#)] on NDAs, reminding the profession of its obligations when drafting them. In 2021/22, we continued to investigate 23 ongoing cases related to NDAs. We closed 19 cases. Nine of these were closed with letters of advice or a warning, we issued a rebuke in one instance, and the remainder resulted in no further action.

There are legitimate uses for NDAs and such agreements are not illegal or unethical in themselves. We are concerned where NDAs seek to restrict disclosure of misconduct to a regulator or reporting a criminal offence to the police (even though such clauses will be unenforceable).

We want to make sure that those we regulate do not take unfair advantage of their opposing party when drawing up an NDA. Where the opposing party is vulnerable or unrepresented, a solicitor's obligations to make sure there is no abuse of position, or unfair advantage taken, is heightened. Solicitors who draw up such agreements may well be failing to act with integrity and uphold the rule of law. They could be found to have failed to uphold public trust and confidence in the legal profession.

### *Money laundering*

The legal sector is attractive to criminals because it can give the appearance of legitimacy to the holding or transfer of money gained from criminal activity. Law firms and solicitors often hold large sums of money in their client accounts and can transfer money through property or other transactions.

As part of our role in the Legal Sector Affinity Group (LSAG), we have published guidance [[globalassets/documents/solicitors/firm-based-authorisation/lisag-aml-guidance.pdf?version=496f8e&+version=49fc03](#)] on what firms can do to help combat money laundering. The LSAG is made up of organisations supervising anti-money laundering (AML) efforts and representative bodies in the legal services sector. The guidance will help firms comply with the latest money laundering regulations and address increased and emerging risks in the sector.

Our money laundering work is reported to a different financial year so please note the following statistics relate to 5 April 2021 to 4 April 2022. A total of 163 firm inspections took place, with another 109 desk-based reviews. There were 252 reports of potential AML breaches made to us, up from 196 in 2019/20 and in line with the 273 reports we received in 2020/21. The most common themes we saw on AML reports included:

- A failure to carry out or complete customer due diligence (CDD) - a law firm checks a client is who they say they are.
- A failure to carry out a money laundering risk assessment.
- A failure to carry out a source of funds check.

Twenty-nine enforcement actions resulted in total fines of £287,000 being issued. We also made 20 suspicious activity reports to the National Crime Agency. You can read more about this work in our AML report. [[sra/research-publications/aml-annual-report-2021-22](#)]

### *Dubious investment schemes*

We continue to investigate matters concerning solicitor involvement in dubious or risky investment schemes and, in 2021/22, we investigated 18 new matters.

We have warned repeatedly in recent years about the risks posed by dubious investment schemes. These schemes are potentially fraudulent, dubious or so high risk that they are unfair to buyers or investors.

After years of low interest rates, and in light of the pandemic and its effect on the economy, many people may find investment schemes offering high returns attractive. The involvement of solicitors may help to legitimise dubious schemes and, in many instances, the involvement of a law firm in an investment scheme does not form part of the usual business of a firm or solicitor. This can be a key reason why our compensation fund (and often the firm's insurance) cannot help with restoring the money people have lost.

We continue to take action against solicitors who involve themselves in schemes that turn out to be dubious. Such action can include intervention and referral to the SDT.

### *Health of respondents and solicitor wellbeing*

We know that people in our sector can become unwell as they do in any sector and that working in law can be challenging and stressful. When this stress has a negative impact on the work of a solicitor or a firm it can affect competence and lead to mistakes and, potentially, serious breaches of our standards, such as dishonesty. This can result in regulatory action, which may be avoided if solicitors recognise the warning signs early on and seek the correct support and help.

To support solicitors who are unwell, we have published a range of resources [\[solicitors/resources/your-health-your-career/\]](#) and work with organisations, such as LawCare, which can assist those in need of support.

Every year, we receive reports where respondents have said the issues that have brought them into our processes were related to pressure of work, in addition to other features of the workplace environment, including the harassment and bullying issues covered below. We have also seen a rise in medical evidence relating to solicitors' fitness to participate in our proceedings across our enforcement work. We have developed a specialist team to assure an appropriate approach to these cases. This team also provides specialist support and advice for our investigation teams.

In 2023 we issued updated guidance to help law firms and those who work for them understand what new rules on health and wellbeing in the workplace mean for them [\[solicitors/guidance/workplace-environment/\]](#). This was following a consultation and a thematic review of workplace culture in 2022. [\[sra/research-publications/workplace-culture-thematic-review/\]](#)

This guidance explains our approach where we consider that individuals and firms have failed to take appropriate steps to look after colleagues' wellbeing. It sets out the main standards that apply to solicitors, and to law firms and those responsible for their culture and the systems in place within them.

We are also mindful that the investigations process can be stressful and can exacerbate or trigger health issues. Our guidance can help people to understand the approach we take to health issue [\[solicitors/guidance/sra-investigations-health-issues-and-medical-evidence/\]](#) s that are raised by those we are investigating and what we look for when it comes to medical evidence.

### *Workplace bullying and harassment*

In recent years we have received concerns where individuals report workplace bullying, discrimination, or harassment to us.

A bullying or toxic workplace culture can impact significantly on the wellbeing and mental health of a firm's staff. It can also lead to mistakes being made and poor outcomes for clients – or serious ethical concerns, for example, when staff feel under pressure to cover up problems.

In 2022 we published guidance on workplace culture and a healthy working environment for firms. [\[solicitors/guidance/workplace-environment/\]](#) It focuses on the need to have in place appropriate policies, systems and controls to minimise the risk of this type of situation arising. We also published a thematic review to better understand the issues and highlight good practice taking place in firms [\[sra/research-publications/workplace-culture-thematic-review/\]](#).

### *Publishing key consumer information on law firm websites*

Introduced in December 2018, our transparency rules [\[solicitors/standards-regulations/transparency-rules/\]](#) mean that firms with a website should publish basic, indicative information about the price of certain services, details about who might carry out the work, and avenues for complaint. They should also display our clickable logo [\[solicitors/resources/transparency/clickable-logo/\]](#), which was made mandatory in December 2019, to help explain the protections the public gets from using a regulated law firm.

Our research shows that [\[sra/news/press/2020-press-release-archive/transparency-research-2020/\]](#), since the rules were introduced more potential clients believe solicitors are affordable, and firms would recommend the business benefits that greater transparency about prices bring. However, some firms are falling short of the information we expect them to publish. We are carrying out regular reviews of law firms' websites to check compliance. Some firms are only partially complying, while others are not complying at all.

We have provided support for firms [\[solicitors/resources/transparency/clickable-logo/\]](#) to get this right and will continue to do so, but, where firms are not providing the type of information that the public expects and our rules set out, we are taking enforcement action.

We continue to take action where we see that law firms are not compliant with the rules. From November 2020 to April 2023 we carried out 184 investigations. Of these:

- We were able to bring 159 firms back into compliance with our rules following constructive engagement.
- We intervened into two firms where there were further, wider issues
- We resolved five by either a warning or rebuke.
- We resolved 13 by fines, the largest of which was £3,500.
- Investigation into five matters is ongoing.

We will continue to check that firms are complying with the rules and take enforcement action where necessary.

Following consultation, we introduced a fixed penalty regime for certain types of lower-level misconduct. We consider some breaches of the transparency rules suitable to deal with by a fixed penalty. Fixed penalties will allow us to resolve matters more swiftly, and they will give individuals and firms greater clarity and predictability on what could result in a fine, and how much the fine will be.

See further information about fixed penalties. [\[sra/news/financial-penalties/\]](#)

### *Acting in compensation claims*

In 2021/22 we continued to work on 54 investigations relating to solicitor and firm conduct when acting in bulk compensation claims. Of these, we closed 20 cases with no further action and issued one letter of advice.

These matters relate to a range of issues where solicitors are not meeting the standards we expect. In some cases solicitors are not investigating whether the claim is properly valid prior to making it, or failing to advise clients about their options and what will be expected of them when making a claim. We have also found that some firms have been acquiring clients by giving them incomplete or misleading information and that the work of some firms is not adequately supervised.

Many of the claims we are investigating relate to faulty cavity wall insulation, following a government initiative in the early 2010s to help make homes become more energy efficient. We have also looked at the conduct of car finance claims and packaged bank account claims.

Claims being improperly brought in areas relating to consumer rights are not new. We have, in the past seen similar issues concerning holiday sickness and payment protection insurance claims. We will continue to monitor the reports made to us concerning these trends, investigate matters and take enforcement action where necessary.

In related activity we opened a consultation and asked for views on rules to restrict excessive fee charging in financial mis-selling claims [\[sra/news/press/2023-press-releases/fee-restrictions-consultation/\]](#) in March 2023. The Financial Conduct Authority introduced such rules for the bodies it regulates last year. Under the Financial Guidance and Claims Act 2018, we must



also prevent excessive fees from being charged for claims management activities connected to financial products or services.

### *Risk alert*

We scan the legal environment to identify potential risks. We produce a range of material to raise awareness of potential risks and support the profession in managing them. This helps to protect the users of legal services. Our 2022 and 2023 Risk Outlook publications had a digital focus, covering cybersecurity [\[/sra/research-publications/risk-outlook-report-information-security-cybercrime/\]](#) and the risks and opportunities of crypto technologies [\[/sra/news/press/2023-press-releases/risk-outlook-digital-ledger/\]](#). We also published a paper on innovation and opportunities that lie within the legal sector [\[/sra/research-publications/risk-outlook-paper-innovation-competitive-landscape/\]](#) for law firms.

Our website scam alerts continue to be well used. These are designed to alert firms and members of the public about businesses that are misusing law firm details and fake law firms that are attempting to defraud people.

|                                  | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|----------------------------------|---------|---------|---------|---------|---------|
| Views of SRA website scam alerts | 153,000 | 153,000 | 169,000 | 160,000 | 170,000 |

### *Reporting concerns*

#### *Who reports concerns to us?*

Some concerns come to us direct from the profession, such as from solicitors or the compliance officers who work in law firms.

Others come from members of the public, the police and the courts. We also work closely with the Legal Ombudsman (LeO), the organisation that handles complaints about the standards of service people receive from their legal service provider. LeO will contact us if, during one of its investigations, it has concerns that a solicitor may have breached our rules. Like all regulators, we also monitor media and other reports.

We also identify concerns as we undertake other aspects of our work. For example, we carry out thematic reviews of particular types of legal work or requirements, such as AML procedures.

Due to IT changes in 2020/21, we cannot report the specific data on where reports came from as we have in previous years. We will return to fuller reporting on this in the future. This year, 25% of reports came from the profession, while 74% came from outside the profession. Under the current system, the remaining 1% is unknown.

#### *Reporting concerns to the SRA*

Over the past four years we have received between 9,500 and 11,500 reports every year, raising concerns about the solicitors and legal businesses we regulate.

When we receive a concern we carefully consider the information sent to us and decide if we need to investigate. We may ask relevant parties questions to better understand the issues.

In some cases we can resolve the concerns through prompt engagement with the firm, making sure they correct any shortcomings. Where necessary, we will take witness statements, visit firms in person and analyse evidence, for example, bank accounts, financial statements and other documents.

After carefully considering the issue and speaking to all parties concerned, we will make a decision on next steps in line with our Enforcement Strategy.

In very serious cases we refer the firm or solicitor to the SDT. The SDT is independent of us and has powers we do not. For example, it can suspend a solicitor, issue an unlimited fine or stop them from practising.

### *Number of concerns*

After two years of the numbers of reports decreasing, numbers increased in 2020/21 and appeared to have levelled out for 2021/22. Reports dropped significantly in 2019/20, which was likely due to effects of the Covid-19 pandemic. The number of reports in 2020/21 and 2021/22 are more in keeping with those seen in 2018/19.

One reason for the overarching fall in numbers since 2017/18 may be improved communications. We have taken a number of steps. These include improving the information on our website to help consumers understand what the issues are that we deal with or where a complaint to LeO may be more appropriate. We are doing further work on this.

|                          | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|--------------------------|---------|---------|---------|---------|---------|
| Total reports received   | 11,452  | 10,576  | 9,642   | 10,358  | 10,121  |
| Total reports dealt with | 11,508  | 9,649   | 9,375   | 9,329   | 9,972   |

Please note, there is not always a linear relationship between the number of reports we receive and the number dealt with in the same 12-month period. This is because not all cases will be resolved within that timeframe. This is why we dealt with a slightly higher number of concerns in 2017/18 compared with the number we received.

### *Key stages when considering a concern*

#### *1. Initial look at concerns by our assessment and early resolution team*

##### *We do not investigate*

In many cases, there will be no need for us to investigate. We will always explain why this is the case.

##### *We redirect the matter to LeO*

LeO deals with complaints about a law firm's or solicitor's standard of service. We work closely with LeO. We send relevant matters to it and vice versa.

##### *We redirect matters to other authorities*

In some cases, we are unable to investigate as it is not in our jurisdiction or is about firms or people we do not regulate.

##### *We redirect the matter internally*

We do this if, for example, it is in fact a claim on our compensation fund or an authorisation query.

#### *2. We investigate*

##### *Talking to all concerned parties*

We normally need to ask for more information. We may talk to the person who raised the concern with us and the firm or the solicitor involved and/or contact a third party. Where necessary, we will gather documents and evidence.

We will write or speak to the firm or solicitor, formally setting out our concerns. They have the opportunity to respond.

### *Keeping people up to date*

We keep parties up to date throughout the investigation. Most of our investigations are resolved within a year, although more complex cases can take longer.

### *3. Bringing an investigation to a close*

We do not find the firm or solicitor has breached our standards or regulations.

In cases where we find that the firm or solicitor has not fallen short of the standards we expect, we will always explain our findings and why we are not taking action to the people who initially reported the matter to us.

### *Resolving through engagement with the firm*

This happens when the breach of our standards or regulations is minor, there is no ongoing or future risk to the public, the firm or solicitor took swift steps to remedy the issue and had a cooperative and constructive approach to resolving the matter.

### *We impose a sanction*

In some cases, we will take enforcement action and impose a sanction or agree an outcome. This can include fining a firm or solicitor or imposing restrictions on their practising certificate.

### *4. SDT referral*

#### *Case is referred to the SDT and it makes a decision*

The most serious cases are referred to the SDT. It considers the matter and decides whether there should be a hearing. If there is a hearing, the SDT will decide if issuing a sanction is appropriate.

We and the firms and solicitors involved can apply to appeal SDT decisions.

### *Report outcomes 2021/22*

The 'Concerns reported to us 2021/22' table below gives an overview of the number of reports we received about firms' and solicitors' behaviour in 2021/22 and the outcomes recorded in the same period. There is no linear relationship between the number of reports we receive and the number of outcomes in a 12-month period. This is because not all cases will be resolved within that timeframe.

Most of our investigations are resolved within a year of receipt. If, however, a matter is referred to the SDT, there is other activity, such as a police investigation or we receive further related reports, or a case is particularly complex, it can take much longer.

We piloted and introduced our new assessment and early resolution process part way through 2018/19. This involves us talking further, as necessary, with the person who raised the concern with us, the firm or the solicitor involved and/or contacting a third party. This allows us to obtain, gather and verify information, which often provides the opportunity to resolve the matter at an early stage without the need for further investigation. Since introducing this new approach, we have seen a steady decrease in the number of concerns we refer for investigation.

|                                     | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|-------------------------------------|---------|---------|---------|---------|---------|
| Concerns referred for investigation | 6,027   | 3,602   | 2,279   | 1,816   | 1,741   |

The majority of concerns do not result in us taking enforcement action or referring a case to the SDT. This is because, in many cases, we find that the solicitor or firm has not breached our rules. In others, we can resolve matters through engagement and without the need for

enforcement action. We keep all information sent to us and, if appropriate, can refer to it if concerns are raised in the future.

#### *Concerns reported to us 2021/22*

|   |                       |                         |                 |  |   |                                  |                       |                        |
|---|-----------------------|-------------------------|-----------------|--|---|----------------------------------|-----------------------|------------------------|
| 160,000 practising solicitors   |                       |                         |                 | 10,121 concerns reported to us and 9,972 dealt with in 2021/22 |   |                                  |                       |                        |
| Redirected internally or sent to LeO: 1,100   |                       |                         |                 |  |   |                                  |                       |                        |
| Investigation into matter remains ongoing (12 month rolling average): 1,696   |                       |                         |                 |  |   |                                  |                       |                        |
| Investigation carried out: 1,741  |                       |                         |                 |  |   |                                  |                       |                        |
| Cases heard at the SDT: 76  | Fines: 37             | Suspensions: 10         | Strike offs: 36 | Other: 2   | No orders: 2                            |                                  |                       |                        |
| Cases with SRA sanctions: 301   | Letters of advice: 97 | Rebuke or reprimand: 40 | Fine: 49        | Section 43 order: 42   | Conditions on practising certificate: 4 | Finding/ finding and warning: 44 | Section 47 (2) (g): 3 | Section 99 orders*: 11 |
| We did not find that the firm or solicitor breached, or seriously breached, our rules. We engage with some firms to put things right and to make sure they are compliant: 1,528 |                       |                         |                 |  |   |                                  |                       |                        |
| Investigation not necessary: 7,117  |                       |                         |                 |  |   |                                  |                       |                        |

**\*Note:** due to a data error we did not report on section 99 orders for 2019/20 and 2020/21. The numbers for these years were 4 and 4 respectively.

One case can result in multiple outcomes. As previously mentioned, there is no linear relationship between the number of reports we receive and the number of outcomes in a 12-month period.

If a report is redirected internally it is generally because it is a matter for our Authorisation or Compensation Fund teams, for example.

We redirect matters to LeO if we think it is a service level-related complaint.

The meaning of the different types of outcomes can be found in the glossary [\[#\\_Glossary\\_of\\_terms\]](#) and the action we and the SDT take can be found at annex 1 [\[#\\_Annex\\_1:\\_Action\]](#).

#### *Our assessment and early resolution process*

Our assessment and early resolution process thoroughly considers cases through the lens of our new Enforcement Strategy and takes a customer-focused approach when engaging with the people who have made reports to us.

We use a three-stage assessment threshold test directly linked to the new Enforcement Strategy to help us decide if an investigation should take place. We consider:

- Has there been a potential breach of our Standards and Regulations based on the allegations made?
- Is the potential breach sufficiently serious that, if proved, is capable of resulting in regulatory action?
- Is that breach capable of proof?

A concern will only pass this test where the answer to all three questions is 'yes'. If we need more information, we will ask for that information to help us decide. We are guided by the Enforcement Strategy when we consider each stage of the test. We will tell the person who reported the concern to us if and when we decide to move into a full investigation into the matter. We will also provide and explain our reasons if we decide not to investigate.

The reasons we close matters at this stage can be because there has not been an apparent breach of our rules. We can also resolve the matter through engagement (for example, on less serious concerns we talk to the firm and engage with them on what they need to do to comply with our rules).

We may also close matters because the concern presented does not present a significant enough regulatory risk. Although these matters do not progress into an investigation, we will always keep them on file in case we need to refer to them in the future.

### *Constructive engagement*

In some cases, once we have opened an investigation, engaging with a firm or solicitor to resolve a matter and help with compliance will be an appropriate course of action.

For example, we might offer guidance to the firm or solicitor and supervise and monitor them as they take steps to remedy the issue. We will, generally, resolve matters in this way where the conduct lends itself to a remedial plan and the evidence suggests it is unlikely to be repeated, and where there is no ongoing risk. It will also be where the firm or solicitor involved has an open, cooperative and constructive approach towards resolving the issues.

We only ever take the steps that are needed to protect and promote the public interest, and we consider everything on a case-by-case basis. Our focus is on the most serious of issues, such as where a firm or solicitor has fallen well below the standards we expect in an isolated instance, or where they have persistently fallen well below these standards. In these cases, it is likely we will take enforcement action.

We will always explain how we have come to our decision to those involved.

### *Taking urgent action*

When we become aware of an issue of a more serious nature and there is an immediate risk to the public, there are steps we can take to limit the risk. These are:

- Intervening into a law firm: we can take possession of all money and files that the firm or solicitor holds, effectively closing down the firm or an individual solicitor's practice. We do this in cases where we know that people are at risk of receiving legal services from a dishonest solicitor, or it is otherwise necessary to protect the interests of the clients.
- Placing conditions on practising certificates: to stop an individual solicitor or a firm from, for example, handling client money or acting as a manager of a firm.
- Imposing a 'section 43 order': this stops people who are not solicitors but work in law firms from working in any firm we regulate without our permission.

### *Case study*

We intervened into a law firm in 2022 after suspecting dishonesty and breaches of our rules. After carrying out a forensic investigation, we found that more than £200,000 of client money was missing. The solicitor-owner of the firm concerned had carried out improper bank transfers between probate matters on which they were appointed as sole executor. We also identified improper payments on conveyancing matters.

Following the intervention we were able to take possession of the firm's client money (around £3m) and start returning it to its beneficial owners. Clients were also able to claim some of

their missing money from our compensation fund. We referred the solicitor to the SDT and they were struck off and ordered to pay our costs of £21,000.

### *Issuing sanctions and regulatory settlement agreements*

If there has been a serious breach of our rules by a firm or solicitor, we can issue an in-house sanction.

The range of sanctions we can impose is limited. For example, our fining powers for individual solicitors and all types of law firm are limited to £25,000, and we are not able to strike off a solicitor. However, we can impose a fine of up to £250m on an ABS, also known as a licensed body, and up to £50m on managers and employees of an ABS.

Where appropriate, we can also resolve a matter through a regulatory settlement agreement (RSA). Under an RSA, the facts and outcome are agreed by both parties. RSAs allow us to protect both consumers and the public interest by reaching appropriate outcomes swiftly, efficiently and at a proportionate cost.

We publish the details of our findings and sanctions, including RSAs, here on our website. We are able to withhold any confidential matters from publication, where this outweighs the public interest in publication (for example, details of an individual's health condition).

### *Case study*

In 2021, we fined a law firm £232,500 after we found it breached several of the money laundering regulations. We became aware of the matter following a report from a member of the public and a report from a third-party firm.

The law firm had failed to carry out thorough customer due diligence (CDD) in a matter and, where it had carried out CDD, it had not kept evidence of it. Carrying out CDD is a vital process and key in combatting money laundering. Solicitors and firms use CDD to check the client – and any associated parties – are who they say they are.

The firm had also failed to adequately train the member of staff responsible for the failed CDD on money laundering regulations. We also found the firm had improperly used its client account. Law firms should only have money linked to an underlying legal service going through their client account. And, although we found no evidence that actual money laundering had happened, poor processes can significantly increase the risk that it could happen.

A fine was an appropriate sanction in this matter, given the serious breaches of the money laundering regulations and the potential to cause significant harm, among other factors. We did, however, take into account that there was a low risk of this happening again, particularly given that the firm had improved its IT systems since the incident. We also considered that there had been no lasting harm to the firm's clients or any other party, and the firm's cooperation in the matter. As well as the fine, the firm had to pay our investigation costs of £50,000.

### *Bringing cases to the Solicitors Disciplinary Tribunal*

We prosecute the most serious cases at the SDT. It is independent of us and can impose a wider range of sanctions than we can.

For example, it can impose unlimited fines, or suspend or strike a solicitor off the roll of solicitors, meaning they can no longer work as a solicitor. A full breakdown of the sanctions we impose and the sanctions the SDT imposes can be found at annex 1 [[#\\_Annex\\_1:\\_Action](#)].

When deciding whether to bring a case to the SDT, we consider whether:

- We have evidence that would support a realistic prospect of the SDT making a finding of misconduct.

- The SDT is likely to impose a sanction that we cannot.
- It is in the public interest to make the application.

The number of cases referred to the SDT in 2021/22 has decreased compared to 2020/21 and we have seen a general decrease over the past five years.

One of the factors in this may be the increase in complex and therefore lengthy cases that we have been dealing with. In 2022, our in-house fining powers increased, which means we can now resolve some cases without the need for a Tribunal referral. We will monitor whether this has an effect on the total number of referrals.

We also know we need to do more in improving the timeliness of our investigations and progressing the most serious matters. We are currently carrying out a continuous improvement project, to allow us to carry out investigations more swiftly.

|                        | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|------------------------|---------|---------|---------|---------|---------|
| Cases heard at the SDT | 134     | 125     | 112     | 101     | 76      |

### *Case study*

We prosecuted a solicitor at the SDT after they had taken money from their late client's estate and used it to develop and buy property. We learnt about the matter after the solicitor's employer reported a concern to us.

The solicitor was acting as a partner at a law firm at the time they transferred the late client's property into their own name. They then started work on converting their client's home into flats. They also used additional funds from the client's estate to buy their own property and then lived in it. The solicitor told us that they had planned to increase the value of their late client's estate by converting their home and investing in more property. They also transferred money from their client's estate into their own account.

The Tribunal found that such conduct failed to maintain the trust the public placed in the solicitor and in the provision of legal services. In its judgment, the SDT also said that: 'Members of the public would be horrified to know that [the solicitor] had misappropriated and misused estate monies for their own benefit.'

The SDT struck off the solicitor and ordered them to pay costs of £25,000.

### *Agreed outcomes*

If we refer a matter to the SDT and it says there is a case to answer, and the firm or individual admits to allegations, it may be appropriate to conclude the matter by an agreed outcome, rather than through a full hearing. In these circumstances, we agree an outcome and costs based on an agreed set of facts.

The SDT then considers the outcome and will decide whether to accept it, whether any changes should be made to it, or to order a full hearing for the case. Agreed outcomes are different to RSAs, which are agreements we come to with solicitors and firms in-house without the need to involve the SDT and when the matter is of a less serious nature. This is reflected in the sanction – for example, a fine for an RSA is capped at £25,000, whereas a fine subject to the SDT's review can be unlimited.

Agreed outcomes allow us to protect both consumers and the public interest swiftly, efficiently and at a proportionate cost.

We have seen a higher proportion of cases resolved by way of agreed outcome. One of the main drivers of this is changes to the SDT's rules in 2019. These changes included a new rule

that expressly allows either us or the respondent to propose that a case should be resolved by way of an agreed outcome.

This is encouraging more cases to be resolved by way of an agreed outcome and is likely why we have seen an increasing proportion of cases resolved this way.

|                                      | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|--------------------------------------|---------|---------|---------|---------|---------|
| Cases resolved by SDT agreed outcome | 37      | 33      | 42      | 40      | 39      |
| Cases resolved by SDT hearing        | 97      | 92      | 72      | 61      | 38      |

In some years there is a difference between the total number of cases concluded at the SDT when the total number of cases concluded by a hearing and those concluded by way of an agreed outcome are added together. This can happen when a case concerns more than one individual. For example, we may be able to reach an agreed outcome with one of the individuals in the case, but we are unable to reach one with another and a full hearing is required to resolve the matter.

#### *Outcomes in cases with an agreed outcome*

The agreed outcome cases in the table above resulted in the sanctions shown in the table below. Please note, one case can result in more than one sanction.

The glossary and Annex 1 have more information on what sanctions mean and the action the SDT takes.

|                            | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|----------------------------|---------|---------|---------|---------|---------|
| Cases with agreed outcomes | 37      | 33      | 42      | 40      | 39      |
| Strike off                 | 15      | 19      | 19      | 17      | 13      |
| Suspend                    | 6       | 4       | 10      | 5       | 6       |
| Fine                       | 43      | 12      | 21      | 21      | 25      |
| Section 43 order           | 1       | 0       | 1       | 2       | 1       |

#### *Case study*

We reached an agreed outcome with a solicitor who had wrongly advised their clients on the cost of ground rent they would pay on the leasehold properties they purchased. We became aware of the matter after one of the firm's clients reported a concern to us.

The solicitor incorrectly told 115 clients that the ground rent they would buy on their leasehold properties would double every 25 years. It would, in fact, double every 10 years. The mistake also led to some of the clients making claims against the firm's insurer and to our compensation fund.

In its judgment the SDT found that the solicitor had acted 'mistakenly as opposed to intentionally' but had 'placed too heavy a reliance upon what appeared to be bulk processing of conveyancing matters', which led to the mistake. The SDT fined the solicitor £15,000 and ordered them to pay our costs of £10,000.



An agreed outcome was appropriate in this case because the solicitor admitted to the allegations put to them and the facts of the case were clear, meaning a hearing would not be necessary.

### *The appeals process*

Firms and individuals have the right to appeal against decisions we make in-house and decisions the SDT makes. The right to appeal is fundamental to natural justice and to a fair legal process.

### *Appealing our decisions*

Firms and individuals subject to our conditions or sanctions have the right to appeal. Appeals against our decisions are considered in-house by our Adjudication team. If an adjudicator dealt with the initial decision, however, then the appeal is heard by a panel drawn from a pool of arms-length adjudicators. Parties have further rights of appeal to either the SDT (in the case of a fine, rebuke or section 43 order) or to the High Court.

### *Appealing SDT decisions*

A firm, solicitor or other person who has been the subject of an SDT decision may appeal if they believe the decision is wrong. We can also appeal SDT decisions in the courts.

To appeal an SDT decision, we or the respondent must apply to the High Court.

Appeals allow courts to correct any errors that may have been made and to clarify the interpretation of law.

In addition to the legal grounds, we will take into account a range of factors as to whether we appeal a decision the SDT makes. For example:

- Clarification on the law: we recognise that the SDT has a wide margin of discretion when considering the outcomes of the cases it hears. If, however, it makes a decision that appears to contradict or misinterpret a point of law, we will consider whether we should appeal. We think it is important that there is clarity and consistency in the way that the law applies to our role as a regulator and to the rights and obligations of the people we regulate.
- Acting in the public interest: we bring cases to the SDT to ensure public trust and confidence and to maintain standards in the profession. If there are grounds to suggest this has not been achieved, we will consider whether it is appropriate to appeal.
- Public protection: if we think the sanction the SDT imposed is too lenient and there are grounds to suggest that the public may, as a result, be at risk, we will consider whether an appeal is appropriate. For example, we may appeal a decision where we consider that a solicitor should have been struck off the roll, rather than suspended for a short period.

### *Appeals against internal decisions*

|                                     | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|-------------------------------------|---------|---------|---------|---------|---------|
| Successful appeals                  | 1       | 0       | 0       | 7       | 3       |
| Successful in part                  | 3       | 0       | 2       | 3       | 2       |
| Unsuccessful appeals                | 11      | 11      | 7       | 14      | 9       |
| Total appeals against our decisions | 15      | 11      | 9       | 24      | 14      |

These appeals cover the number of requests to review an outcome from respondents who go through our internal sanctions process. In 2021/22, there were 301 investigations which resulted in some form of sanction.

In 2020/21, we saw a rise in the number of appeals against our internal decisions, likely due to changes introduced through our Standards and Regulations, which we introduced in 2019. These changes included the removal of a £250 charge for an appeal. The number of internal appeals for 2021/22 is more in keeping with the average for the years 2017/18 to 2019/20 (11 per year). We will monitor the number of internal appeals to see if the introduction of our Standards and Regulations and removal of appeal fee has a lasting effect.

### *Appeals against SDT decisions*

The decisions in the chart below relate to appeals against decisions the SDT made. We did not bring any appeals in 2020/21 and 2021/22. This, along with the general decrease seen in appeals, is likely because of the number of cases resolved by way of an agreed outcome in recent years, as parties are less likely to bring an appeal.

The number of appeals respondents brought (nine) increased in 2021/22, compared with 2020/21 (six) and 2019/20 (three). There are many reasons why respondents bring an appeal, and the small numbers involved mean it is difficult to say whether this increase is indicative of a wider trend.

We will continue to monitor both the number of appeals we bring and those brought by respondents.

|   | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22                          |
|---|---------|---------|---------|---------|----------------------------------|
| Judgment reserved in respondents' appeals |         |         | 2       | 1       | 0                                |
| Respondents' successful appeals           | 2       | 1       | 1       | 0       | 3 (1 allowed, 2 allowed in part) |
| Respondents' unsuccessful appeals         | 10      | 13      | 2       | 6       | 6                                |
| SRA's unsuccessful appeals                | 2       | 0       | 0       | 0       | 0                                |
| SRA's successful appeals                  | 7       | 6       | 1       | 0       | 0                                |
| Total external appeal decisions           | 21      | 20      | 6       | 8       | 9                                |

### *Case study*

In 2022 the High Court heard an appeal from a solicitor against a decision of the SDT to strike them off.

The SDT had found that the solicitor had sent paperwork to the court which they knew to be misleading. This helped the solicitor to obtain a freezing order on assets of the opposing party in the case. The SDT found that the solicitor had acted dishonestly, resulting in their strike off.

In their appeal, the solicitor:

- believed the SDT had relied too heavily on one piece of evidence in its findings
- said the SDT had failed to take account of new evidence of their honesty and integrity
- argued that the SDT had not placed enough weight on the fact that they had relied on a barrister when dealing with the court in the initial matter.

And, because one of the five allegations against them had not been successful, the solicitor also appealed the decision that they had to pay our costs in full.

However, the High Court refused the solicitor's appeal. The judge acting in the case commented that: 'It seems to me that the case against the [solicitor] was very strong and it is unsurprising that the SDT upheld it.

The court also upheld the SDT's decision that the solicitor should pay the costs of the original proceedings (£43,000), and it also ordered the solicitor to pay costs of the appeal.

### *Our costs*

Every year we collect practising fees from solicitors and law firms in England and Wales, and from solicitors and law firms practising English and Welsh law overseas.

The practising fees we collect fully, or partly, fund six organisations, including us. In 2021/22 we collected £106m, of which £58m went towards the overall expenditure of the SRA.

In 2021/22, we spent £16.5m on our disciplinary processes, which are a fundamental part of our work to make sure high professional standards are maintained. This is more than we spent in 2020/21 (£14.5m) and 2019/20 (£15m). This is largely because we added more resources to our Investigation and Supervision team. 2020/21 was an unusually low year for disciplinary costs.

It is important to note that all fines, whether issued by the Tribunal or through our internal processes, are paid to the Treasury.

We constantly keep how we work under review. To keep costs under control in all cases, we work to key principles: to act quickly, fairly and proportionately.

### *High value cases*

Our enforcement work can be high profile and often relates to topical issues of wider public interest. This means there can be interest in how much it costs us to bring cases to the SDT and to make an appeal. Factors that affect this include the complexity and lifespan of a case, the number of parties and cooperation of those involved.

#### *Cases costing £100,000 or more*

Of the 76 cases we brought to the SDT in 2021/22 and the nine appeals heard, there were five where our costs were approximately £100,000 or more. The costs in these cases will generally have accrued over a number of years.

The figures include the costs claimed (or agreed) for:

- bringing the case to the SDT
- bringing an appeal, if there was one
- costs awarded to the opposing party.

The costs of bringing a case generally cover:

- our work in investigating a case

- preparing for hearings before the SDT and the High Court, whether in-house or by instructing a panel firm
- advice from or instructing counsel when our internal legal team is handling a case.

In some of these cases, we were awarded some or all of our costs by the SDT. The SDT has wide discretion as to what costs to award, considering each case on its own facts.

#### *Cases costing more than £100,000 in 2021/22*

Please note that entries concerning Allanson and Hetherington appear in the 2020/21 Upholding Professional Standards report. Those figures do not include the cost of an appeal. The entries in the table below do.

| Parties involved   | Costs   | Nature of case and final outcome  |
|--|---|---|
| Solicitors and partners Margaret and Patrick Hetherington. We intervened into firm in 2018. Appeal heard at the High Court in this case.                                   | £148,797 across SDT (£113,797) and High Court (£35,000) hearings. SDT awarded us £98,000. The High Court awarded us costs of £35,000.                           | Allegations relating to the solicitors and their part in a dubious investment scheme. The SDT struck off the solicitors. The appeal brought by both Hetheringtons was dismissed.                                  |
| Roger Brian Allanson, solicitor and owner of Allansons. We intervened into the firm in 2019.   | £124,867 across SDT (£103,867) and High Court (£21,000). SDT awarded us our costs in full. The High Court awarded us our costs in full.                         | Allegations relate to a dubious investment scheme. The SDT struck off the solicitor. Appeal brought by Allanson was dismissed   |
| Three solicitors at County Solicitors: Edward Richard Foster, Robert James Newman and Rashpal Kaur. We intervened into the firm in 2019.                                   | £107,870 We were awarded costs of £88,000, split across the parties (£70,000 to be paid by Foster, £15,000 to be paid by Newman and £3,000 to be paid by Kaur). | Allegations relating to improper transfers from the client account, Accounts Rules breaches and dishonesty on the part of Foster. The SDT struck off Foster, suspended Newman for 3 months and fined Kaur £3,000. |
| Peter Gray, solicitor and former partner at law firm Gibson, Dunn & Crutcher. We did not take action against the firm. An appeal was heard at the High Court in this case. | £96,525 across the SDT (£42,525) and High Court (£54,000). The SDT awarded our costs in full. The High Court awarded us costs of £30,000.                       | Allegations relating to submitting misleading information to a court, dishonesty and recklessness. The SDT struck off the solicitor. Appeal brought by Gray was dismissed.  |
| Charles James Ete, solicitor and owner of law firms Charles Ete & Co   | £94,086 across SDT (£79,086) and High Court   | Allegations relating to improper payments bearing the hallmarks of fraud being made from the client account,  |



|  |  |   |
|--|--|---|
| and Pride Solicitors. We intervened into both firms in 2019. An appeal was heard at the High Court in this case. | (£15,000). SDT awarded us costs of £64,260. The High Court awarded us our costs in full. | client account being used as a banking facility, misleading insurers and failing to cooperate with us. SDT struck off the solicitor. Appeal brought by Ete was dismissed. |
|--|--|---|

### *Wellbeing in the legal profession*

We know that working in law can be challenging and stressful.

When this stress has a negative impact on the work of a solicitor or a firm, it can affect competence and lead to mistakes and, potentially, serious breaches of our standards, such as dishonesty. This can result in us taking action, which may be avoided if solicitors recognise the warning signs early on and seek the correct support and help.

### *Seeking support*

We understand that being part of an investigation can be a stressful and daunting time, particularly for people with health problems, or who are in a vulnerable situation. If this is the case, we encourage people to tell us, as there are actions we can take to make the process easier. Some examples of how we can offer support are:

- providing one point of contact
- allowing extra time to respond to us (where we are able to)
- putting an investigation on short-term hold.

This is not an exhaustive list and we approach each matter based on its circumstances. Members of the public and solicitors who raise concerns with us may also need support, particularly when they are in a vulnerable situation. We signpost people to a range of resources and organisations that can help, and all our staff have training on making reasonable adjustments.

To help solicitors and firms understand how we approach health issues and the medical evidence we might ask for during an investigation, we published our health issues and medical evidence guidance in August 2020 [[/solicitors/guidance/sra-investigations-health-issues-and-medical-evidence/](#)]. It has information on raising a health issue with us, medical reports, and health and ability to practise, among other related topics.

### *Our wider commitment to wellbeing in the profession*

Our Your Health, Your Career campaign [[/solicitors/resources/your-health-your-career/](#)] encourages solicitors to talk to us if they are having difficulties with their health or wellbeing that may be affecting their work. Solicitors can talk to us about this and ask any questions they may have about our regulations and the problems they are facing.

In 2023, we issued updated guidance to help law firms and those who work for them understand what new rules on health and wellbeing in the workplace mean for them [[/solicitors/guidance/workplace-environment/](#)]. This was following a consultation and a thematic review of workplace culture in 2022. [[/sra/research-publications/workplace-culture-thematic-review/](#)]

This guidance explains our approach where we consider that individuals and firms have failed to take appropriate steps to look after colleagues' wellbeing. It sets out the main standards that apply to solicitors, and to law firms and those responsible for their culture and the systems in place within them.

We are also mindful that the investigations process can be stressful and can exacerbate or trigger health issues. Our guidance can help people to understand the approach we take to

health issues [\[solicitors/guidance/sra-investigations-health-issues-and-medical-evidence/\]](#) that are raised by those we are investigating and what we look for when it comes to medical evidence.

### *Whistleblowing to the SRA*

If information is provided to us on a confidential basis, we will take appropriate steps to protect the reporter's identity and deal with the matter sensitively.

Individuals and firms who we regulate must report misconduct involving those we regulate or law firm employees to us. However, for someone who is regulated by us and is concerned about whether they may be investigated for their own part in any wrongdoing, reporting the issues and cooperating with us could constitute mitigation. This is particularly so where issues are reported to us at an early stage.

However, we would rather solicitors and others working in the legal sector provided information late than not at all. Although we cannot guarantee that we will not take any action against the reporter, bringing the information to us is likely to help their position, and we will take context into account, including, for example, fear of recrimination.

### *Supporting witnesses*

When we are investigating a solicitor or firm, it may be necessary to take a statement or interview witnesses. This will help us in our investigation and, possibly, to decide whether we need to refer the matter to the SDT.

We understand this can be stressful, so we do everything we can to support witnesses. For example, if English is not the witness's first language, we might be able to offer a translator or interpreter. If the witness is also the person who reported the concern to us, we will keep them up to date with how we are progressing with the matter. We also train our staff in how to support vulnerable and distressed individuals, for example, in cases concerning sexual harassment.

### *Diversity monitoring*

This is the fourth year where we have published findings on the diversity characteristics of people in our enforcement processes in this annual report. Previous reports are available for:

- 2018/19 [\[sra/research-publications/2018-19-review/upholding-professional-standardssupporting-report/\]](#)
- 2019/20 [\[sra/research-publications/upholding-professional-standards-supporting-report-2019-20/\]](#)
- 2020/21 [\[sra/research-publications/upholding-professional-standards-2020-21--diversity-monitoring-supporting-report/\]](#)

We will continue to report on our findings annually .

Monitoring the diversity of people in our enforcement processes and taking action on the findings is a vital part of embedding equality, diversity and inclusion (EDI) in the work we do. We not only do this because we have a public duty to do so, as set out under the Equality Act and Legal Services Act, but because it is the right thing to do. This work will also help us to evaluate the impact of our Enforcement Strategy and our Standards and Regulations.

We have taken the same approach as previously, the detail of which can be found in the next section, the scope of our analysis. This has allowed us to make comparisons and look at trends over the past four years, as set out in the key findings section. We have also noted the limitations in the data we hold or can publish, and the difficulties with drawing meaningful conclusions from the very small numbers in the later stages of the enforcement process.

We continue to see an overrepresentation of men and solicitors from Black, Asian and minority ethnic backgrounds in concerns raised with us and those we investigate. At these two stages of the enforcement processes, the differences are statistically significant and

reflect the patterns seen across many professions and regulators. To help us, and others, address these issues, in particular, for Black Asian and minority ethnic solicitors, we have built on earlier reviews by commissioning independent research from York, Lancaster and Cardiff universities, which will provide insight into the factors driving overrepresentation at these stages of the process.

We have published the findings from the literature review carried out by the universities. Experts found little existing research looking specifically at the legal sector. But they did identify a number of common themes from other sectors which may mean those from certain ethnic backgrounds are more likely to be reported to their regulator. These related to:

- Conscious and unconscious perceptions or expectations, among those making the complaints, which mean they are more likely to complain about an individual.
- Being more exposed to working environments, types of work or other case-related circumstances that by their very nature generate more complaints.

Based on the findings of the literature review, the universities are undertaking an objective and in-depth analysis of SRA datasets. They will also be exploring the experiences of solicitors and behaviours among legal service users.

A final report on the research is expected to be published in spring 2024.

### *Scope of our analysis*

We looked at the representation of sex, ethnicity, age and, in some areas where numbers were sufficient, the disability of individuals at the following stages of our enforcement process from 1 November 2021 to 31 October 2022:

- Stage 1 – individuals named on concerns reported to us.
- Stage 2 – individuals named on concerns which we took forward for an investigation.
- Stage 3 – individuals named on cases with an internal sanction and the types of sanctions we imposed (path A).
- Stage 4 – the cases which were concluded at the SDT by way of a hearing or an agreed outcome, and the types of sanctions the SDT imposed (path B).

### *How we have analysed the data*

Starting with a breakdown of the practising population, we have compared the proportions of each diversity group at the different stages of our enforcement process. For example, men make up:

- 47% of the practising population
- 63% of the individuals named on concerns reported to us (stage 1)
- 70% of the individuals taken forward for investigation (stage 2)
- 74% of the individuals named on cases with an internal sanction (stage 3, path A)
- 75% of the individuals named on cases concluded at the SDT (stage 4, path B).

The number of individuals gets smaller at each stage of the process, making it difficult to draw firm conclusions at stages 3 and 4. Overall, in 2021/22, there were:

- 6,991 individuals named on concerns reported to us (stage 1)
- 1,350 individuals taken forward for investigation (stage 2)
- 267 individuals named on cases with an internal sanction (stage 3)
- 84 individuals named on cases concluded at the SDT (stage 4).

We break ethnicity down into five main groups: White, Black, Asian, Mixed and Other ethnic group. Where the numbers in each group are large enough to report without the risk of identifying individuals, we will report data about each group separately. Where the numbers get too small (at stages 3 and 4), we will compare the White group (which includes minority White groups) to the other four groups, which we refer to as the Black, Asian and minority ethnic group. We no longer use the acronym 'BAME' to refer to this group.

Our analysis looks at the known population among those groups – that is, the people for whom we hold diversity information. This varies at each stage of the process, but, when we look at the practising population, we have information on:

- 88% of individuals' sex
- 9% of individuals' age (this is shown as 100% due to rounding)
- 72% of individuals' ethnicity.

We are using the data about the practising population that we hold in our mySRA systems as the starting point for our analysis. More information about the breakdown of the practising population can be found in the annex of the supporting report.

Because of the way we have collected disability data in the past, we can only identify the proportion of people who have declared a disability, which is 1% of the practising population.

We are not able to differentiate, with certainty, between people who have actively declared they do not have a disability and those who have simply not answered the question. We suspect there is significant underreporting of disability data within this data set.

A full set of the charts showing the data at each of the stages is in this report. We have also looked at how the cases at the SDT have been concluded, in particular, whether there is a difference by diversity characteristic in the use of agreed outcomes.

## Key findings

In this section we have set out an overview of the key findings for sex and ethnicity at all four stages of the enforcement process (where there was sufficient data to allow us to do this). We have the data from earlier years so we can highlight any trends.

### Low numbers at stages 3 and 4

Due to the low numbers involved, we cannot confirm with confidence if the diversity breakdowns seen in stages 3 and 4 are statistically significant, or whether they are a result of chance. This is because the numbers are too small for statistical tests to reliably establish differences between groups. Any differences between groups should, therefore, be treated with caution.

## Sex

| Sex                              |       | 2018/19         | 2019/20         | 2020/21         | 2021/22         |
|----------------------------------|-------|-----------------|-----------------|-----------------|-----------------|
| Practising population            | Men   | 49%<br>(74,657) | 48%<br>(71,933) | 48%<br>(70,928) | 47%<br>(69,512) |
|                                  | Women | 51%<br>(77,539) | 52%<br>(77,769) | 52%<br>(78,011) | 53%<br>(76,987) |
| Stage 1: Concerns reported to us | Men   | 67%<br>(4,440)  | 65%<br>(3,959)  | 62%<br>(3,913)  | 63%<br>(3,894)  |
|                                  | Women | 33%<br>(2,161)  | 35%<br>(2,088)  | 38%<br>(2,365)  | 37%<br>(2,336)  |
|                                  |       |                 |                 |                 |                 |



|   |       |                |                |              |              |
|---|-------|----------------|----------------|--------------|--------------|
| Stage 2:<br>Investigation                                     | Men   | 73%<br>(1,800) | 75%<br>(1,166) | 68%<br>(820) | 70%<br>(804) |
|   | Women | 27%<br>(661)   | 25%<br>(380)   | 32%<br>(393) | 30%<br>(352) |
| Stage 3<br>(path A):<br>Cases with<br>an internal<br>sanction | Men   | 70%<br>(159)   | 73%<br>(144)   | 66%<br>(105) | 74%<br>(139) |
|   | Women | 30%<br>(67)    | 27%<br>(53)    | 34%<br>(55)  | 26%<br>(49)  |
| Stage 4<br>(path B):<br>Cases<br><br>concluded<br>at the SDT  | Men   | 85%<br>(119)   | 80%<br>(99)    | 73%<br>(75)  | 75%<br>(61)  |
|   | Women | 15%<br>(21)    | 20%<br>(25)    | 27%<br>(28)  | 25%<br>(20)  |

For all four years men are significantly overrepresented in the concerns we receive (stage 1) compared to their representation in the practising population. This increases further at stage 2, when we decide which cases to take forward for investigation. Looking at what happens to reports received about men, 21% of reports were taken forward for investigation compared to 15% of women.

As in previous years, the proportion of men in cases concluded at the SDT increases compared to the investigation stage. Men make up 70% of those investigated in 2021/22, and 75% of those whose cases were concluded at the SDT.

For cases concluded internally, in previous years, the proportion of men has decreased compared to the investigation stage. However, in 2021/22, men made up 70% of those investigated and 74% of those whose cases were concluded internally.

Please note, the data used in this report is based on a self-reported response to the following question: 'What is your sex: male, female, other preferred description or prefer not to say'. Solicitors answering this question are not required to answer in accordance with their legal sex.

## *Ethnicity*

We break ethnicity down into five main groups: White, Black, Asian, Mixed or Other ethnic group. Where the numbers in each group are large enough to report without the risk of identifying individuals, we will report data about each group separately. If the numbers are too small, while the experience of people making up the Black, Asian, Mixed or Other ethnic group will not be the same, we will report these groups together, alongside the White group.

In this section, we have set out data for the White and the Black, Asian and minority ethnic groups to allow comparison across all stages. A more detailed analysis across all five ethnic groups can be seen in the section covering stages 1 and 2 in the supporting report. The approach is not possible for stages 3 and 4 because of the small number of people involved.

### *Ethnicity breakdown of practising population and at stages 1 - 4 of our enforcement process*

|   | Ethnicity                        | 2018/19         | 2019/20         | 2020/21         | 2021/22         |  |
|---|----------------------------------|-----------------|-----------------|-----------------|-----------------|--|
| Practising population                             | White                            | 82%<br>(99,098) | 82%<br>(96,835) | 82%<br>(99,078) | 81%<br>(97,326) |  |
|   | Black, Asian and minority ethnic | 18%<br>(21,085) | 18%<br>(20,930) | 18%<br>(22,223) | 19%<br>(22,266) |  |
| Stage 1: Concerns reported to us                  | White                            | 74%<br>(4,273)  | 74%<br>(3,864)  | 75%<br>(4,138)  | 76%<br>(4,172)  |  |
|   | Black, Asian and minority ethnic | 26%<br>(1,486)  | 26%<br>(1,327)  | 25%<br>(1,376)  | 24%<br>(1,307)  |  |
| Stage 2: Investigation                            | White                            | 68%<br>(1,441)  | 65%<br>(870)    | 67%<br>(722)    | 71%<br>(727)    |  |
|   | Black, Asian and minority ethnic | 32%<br>(691)    | 35%<br>(460)    | 33%<br>(356)    | 29%<br>(295)    |  |
| Stage 3 (path A): Cases with an internal sanction | White                            | 65%<br>(129)    | 71%<br>(114)    | 64%<br>(90)     | 69%<br>(116)    |  |
|   | Black, Asian and minority ethnic | 35%<br>(68)     | 29%<br>(46)     | 36%<br>(51)     | 31%<br>(52)     |  |
| Stage 4 (path B): Cases concluded at the SDT      | White                            | 65%<br>(81)     | 72%<br>(81)     | 66%<br>(59)     | 64%<br>(47)     |  |
|   | Black, Asian                     | 35%<br>(43)     | 28%<br>(31)     | 34%<br>(31)     | 36%<br>(26)     |  |

|  |                           |  |  |  |  |
|--|---------------------------|--|--|--|--|
|  | and<br>minority<br>ethnic |  |  |  |  |
|--|---------------------------|--|--|--|--|

For all four years, people from a Black, Asian and minority ethnic origin are overrepresented in the concerns we receive (stage 1) compared to their representation in the practising population. The extent of this overrepresentation has fallen slightly between 2018/19 and 2021/22.

In 2021/22, Black, Asian and minority ethnic people made up 19% of the practising population and 24% of reports received – a difference of five percentage points. In 2018/19, they made up 18% of the practising population and 26% of reports received – a difference of eight percentage points. We will continue to monitor this fall to see if it is indicative of a trend.

The overrepresentation increases at stage 2, when we decide which cases to take forward for investigation. This is the pattern seen for all four years, although the extent of the overrepresentation is the lowest we have seen in the four years we have reported this information. This group makes up 24% of those reported to us and 29% of those taken forward for investigation in 2021/22. Given the number of individuals at this stage, this is a statistically significant decrease. However, as with the drop in overrepresentation in the number of reports received, we will need to monitor to see if these numbers are indicative of an ongoing trend.

Looking at what happens to reports received about Black, Asian and minority ethnic people, 23% of reports were taken forward for investigation compared to 17% of White people. Both Asian and Black groups are overrepresented in reports received, and the rate at which they are taken forward for investigation is similar (23% for the Asian group and 22% for the Black group). Please note that these figures are not in the table above but are instead calculated as

a percentage of the total investigated from the total reported. The numbers can be found in stages 1 and 2 section of the supporting report.

Looking at the proportion of Black, Asian and minority ethnic people in cases which were upheld, compared to the proportion whose cases were investigated, the proportion is higher in 2018/19, 2020/21 and 2021/22 for both cases concluded internally and for cases concluded at the SDT. This group makes up 29% of those investigated in 2021/22, 31% of internal cases concluded and 36% of cases concluded at the SDT.

The position in 2019/20 was different, where the proportion of Black, Asian and minority ethnic people in both internal and SDT outcomes was lower than at the investigation stage. It is worth bearing in mind, however, that the number of cases heard at the SDT, in particular, is quite low each year. Therefore, small changes in numbers can lead to larger changes in percentage figures, and so caution must be taken when considering them.

## Age

Because of low numbers, we have combined the two youngest age groups, showing data at each stage for people aged 16 to 34.

### *Age breakdown of practising population and at stages 1–4 of our enforcement process*

|                                  | Age   | 2018/19         | 2019/20         | 2020/21         | 2021/22         |
|----------------------------------|-------|-----------------|-----------------|-----------------|-----------------|
| Practising population            | 16-34 | 25%<br>(39,593) | 24%<br>(39,016) | 24%<br>(38,927) | 23%<br>(38,997) |
|                                  | 35-44 | 32%<br>(50,885) | 33%<br>(52,124) | 33%<br>(53,371) | 33%<br>(54,372) |
|                                  | 45-54 | 24%<br>(38,033) | 24%<br>(39,146) | 24%<br>(39,788) | 25%<br>(41,220) |
|                                  | 55-64 | 14%<br>(21,378) | 14%<br>(22,284) | 14%<br>(22,787) | 14%<br>(23,698) |
|                                  | 65+   | 5%<br>(7,280)   | 5%<br>(7,736)   | 5%<br>(8,001)   | 5%<br>(8,485)   |
| Stage 1: Concerns reported to us | 16-34 | 12%<br>(4,440)  | 13%<br>(3,959)  | 14%<br>(3,913)  | 14%<br>(3,894)  |
|                                  | 35-44 | 26%<br>(2,161)  | 27%<br>(2,088)  | 26%<br>(2,365)  | 26%<br>(2,336)  |
|                                  | 45-54 | 30%<br>(1,992)  | 28%<br>(1,754)  | 28%<br>(1,915)  | 27%<br>(1,864)  |
|                                  | 55-64 | 22%<br>(1,501)  | 22%<br>(1,403)  | 21%<br>(1,420)  | 21%<br>(1,439)  |
|                                  | 65+   | 10%<br>(250)    | 10%<br>(616)    | 11%<br>(717)    | 13%<br>(867)    |
| Stage 2: Investigation           | 16-34 | 11%<br>(283)    | 12%<br>(190)    | 10%<br>(137)    | 12%<br>(165)    |
|                                  | 35-44 | 26%<br>(659)    | 29%<br>(479)    | 25%<br>(335)    | 26%<br>(337)    |
|                                  | 45-54 | 30%<br>(751)    | 28%<br>(447)    | 29%<br>(386)    | 27%<br>(349)    |
|                                  | 55-64 | 23%<br>(567)    | 22%<br>(358)    | 23%<br>(304)    | 21%<br>(275)    |

|   |       |              |             |              |              |
|---|-------|--------------|-------------|--------------|--------------|
|   | 65+   | 10%<br>(250) | 9%<br>(150) | 12%<br>(162) | 12%<br>(187) |
| Stage 3 (path A): Cases with an internal sanction | 16-34 | 13%<br>(34)  | 14%<br>(34) | 19%<br>(44)  | 12%<br>(28)  |
|   | 35-44 | 25%<br>(64)  | 28%<br>(66) | 26%<br>(60)  | 22%<br>(51)  |
|   | 45-54 | 27%<br>(69)  | 24%<br>(56) | 25%<br>(58)  | 32%<br>(73)  |
|   | 55-64 | 22%<br>(55)  | 20%<br>(48) | 18%<br>(43)  | 16%<br>(36)  |
|   | 65+   | 13%<br>(33)  | 14%<br>(34) | 13%<br>(30)  | 18%<br>(41)  |
| Stage 4 (path B): Cases concluded at the SDT      | 16-34 | 9% (13)      | 5% (6)      | 7% (8)       | 2% (2)       |
|   | 35-44 | 27%<br>(38)  | 25%<br>(31) | 19%<br>(21)  | 23%<br>(19)  |
|   | 45-54 | 31%<br>(44)  | 30%<br>(38) | 31%<br>(34)  | 33%<br>(28)  |
|   | 55-64 | 20%<br>(28)  | 25%<br>(31) | 28%<br>(31)  | 20%<br>(20)  |
|   | 65+   | 13%<br>(18)  | 16%<br>(20) | 14%<br>(15)  | 18%<br>(15)  |

Note: numbers may not add up to 100% due to rounding.

For all four years there is underrepresentation of the two younger age categories (people who are aged 44 and under) in concerns reported to us compared with their representation in the practising population. The opposite is true for those in the older age categories (45 and over) who are overrepresented in concerns reported to us when compared with the practising population. This overrepresentation becomes more pronounced as the age increases.

When looking at cases involving individuals taken forward for investigation, compared to the proportion who were reported, there is a similar pattern for 2018/19, 2020/21 and 2021/22. It shows that the rate at which people were taken forward for investigation increases with age. In 2021/22, 17% of those reported aged 16-34 were investigated, 19% of the next three categories and 22% of those aged 65+. Please note that these figures are not in the table above, but they are instead calculated as a percentage of the total investigated from the total reported.

It is difficult to identify any clear patterns in the cases concluded internally or at the SDT over the four years due to the small numbers involved.

### *Disability*

Because of the very small numbers involved there are limitations in what we can report – the table is marked with an asterisk where the numbers are too small to report for that year.

#### *Disability breakdown of practising population and at stages 1-4 of our enforcement process*

|                                  | Disability             | 2018/19       | 2019/20       | 2020/21       | 2021/22       |
|----------------------------------|------------------------|---------------|---------------|---------------|---------------|
| Practising population            | No disability recorded | 99% (155,686) | 99% (158,835) | 99% (160,662) | 99% (164,480) |
|                                  | Disability recorded    | 1% (1,673)    | 1% (1,663)    | 1% (2,293)    | 1% (2,362)    |
| Stage 1: Concerns reported to us | No disability recorded | 99% (6,719)   | 98% (6,187)   | 99% (6,622)   | 98% (6,842)   |
|                                  | Disability recorded    | 2% (141)      | 2% (106)      | 1% (181)      | 2% (149)      |
| Stage 2: Investigation           | No disability recorded | 98% (2,517)   | 98% (1,609)   | 97% (1,320)   | 97% (1,316)   |
|                                  | Disability recorded    | 2% (62)       | 2% (38)       | 3% (37)       | 3% (34)       |

|   |                           |   |           |           |           |
|---|---------------------------|---|-----------|-----------|-----------|
| Stage 3<br>(path A):<br>Cases with<br>an internal<br>sanction | No disability<br>recorded | * | *         | 97% (251) | 98% (262) |
|   | Disability<br>recorded    | * | *         | 3% (7)    | 2% (5)    |
| Stage 4<br>(path B):<br>Cases<br>concluded<br>at the SDT      | No disability<br>recorded | * | 95% (123) | *         | *         |
|   | Disability<br>recorded    | * | 5% (6)    | *         | *         |

Although the numbers are too small to draw any firm conclusions there is an overrepresentation of disabled people in reports made to us, at the investigation stage and cases with an internal outcome for 2021/22.

In 2021/22, 23% of disabled people reported to us were taken forward for investigation. This is broadly in line with the number of concerns we took forward as a percentage of those reported to us (19%). However, it is important to note that the number of disabled individuals we refer for an investigation is low and any small change in numbers could result in a larger change in percentage.

#### *Further work and research*

Since the publication of our 2018/19 report in December 2020, the findings of which have been similar in subsequent years, we have made progress in our work to better understand why we see overrepresentation of some groups in our enforcement processes.

#### *What we are doing to address the issues raised*

##### *Commitment*

We will commission independent research into the factors that drive the reporting of concerns about Black, Asian and minority ethnic solicitors to us, to identify what we can do about this and where we can work with others to make a difference.

This research will include a review of decision making in our assessment and early resolution process where the decision to refer a matter for investigation is made (referred to as stage 2 in this report)

##### *Actions taken*

We have commissioned the University of York, Lancaster University and Cardiff University to take forward this research and they are making good progress. We have published their literature review which highlights a range of factors from existing research which may explain why Black, Asian and minority ethnic solicitors are more likely to be reported to us. The research is ongoing and we will publish the findings in spring 2024.

##### *Commitment*

We will work to increase the number of individuals who disclose information concerning their diversity characteristics to us.

##### *Actions taken*

We are upgrading the platform which hosts our individual diversity questionnaire on mySRA to improve its functionality and will resume our campaign to encourage disclosure later this year. In the meantime, we are also looking at ways we can communicate directly with aspiring solicitors as they progress through the authorisation process. This will draw their attention to the diversity questions, explain how the data helps them and the profession and encourage disclosure.

##### *Commitment*

We will evaluate the changes we have made through our regulatory reform programme, with understanding the impacts on EDI forming a key part of the work.

##### *Actions taken*

We have a programme of work to evaluate the impact of our new Enforcement Strategy and new Standards and Regulations introduced in November 2019. Our year-one evaluation of our Standards and Regulations was published in December 2021 and the work is ongoing.

[\[sra/research-publications/year-one-evaluation-standards-regulations/\]](#) Our three-year review of our Standards and Regulations will be published in late 2023, and we will look into any EDI impacts as part of this review.

##### *Commitment*

We will continue to build on our wider work to promote and support diversity in the profession and our ongoing work to support small firm compliance.

##### *Actions taken*

A review of our EDI work in 2021/22 [\[sra/research-publications/edi-work-2021-22/\]](#) was published in January 2023, including our work to support small firm compliance, through a series of targeted workshops and resources.

#### *Annex 1: Actions we take and actions the SDT takes*

|  |
|--|
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| Action taken and in what circumstances  | Level of misconduct  | Our sanction        | SDT sanction                               |
|---|--|---------------------|--|
| <b>Letter of advice:</b> we remind the individual or firm in writing of their regulatory responsibilities.  | Minor or where there has been appropriate firm management of an issue  | Yes                 | No   |
| <b>Issue a warning:</b> to warn a person or firm that, should the conduct or behaviour be repeated, or the situation continue, we will likely take more serious action. The warning may be taken into account in any future proceedings.                                  | Minor or where there has been appropriate firm management of an issue  | Yes                 | No   |
| <b>Rebuke:</b> we rebuke an individual or a firm where there has been a moderately serious breach of our requirements or standards.   | Moderate   | Yes                 | No   |
| <b>Fine:</b> where there has been a serious breach of our requirements or standards and where, for example, the regulated person or firm could have financially benefited from the misconduct, and it is appropriate to remove or reduce their financial gain.            | Serious or a series of incidents which together are serious.   | Yes. Up to £25,000* | Yes. Unlimited                             |
| <b>Practising conditions placed on a solicitor or other person we regulate:</b> we restrict or prevent the involvement of a solicitor or individual in certain activities or engaging in certain business agreements/associations or practising arrangements.             | Serious or a series of incidents which together are serious, and when it is necessary to deal with the risk posed. | Yes                 | Yes. Referred to as a 'restriction order'. |
| <b>Practising conditions placed on a firm:</b> we restrict or prevent a firm, or one of its managers, employees, or interest holders, from undertaking certain activities. This can also help us to effectively monitor the firm or individual through regular reporting. | Serious or a series of incidents which together are serious, and when it is in the public interest to do so        | Yes.                | Yes. Referred to as a 'restriction order'. |
| <b>Reprimand:</b> the SDT sanctions the regulated person for a breach of our requirements and/or standards. It is the SDT's equivalent of our rebuke.   | Serious or a series of incidents which together are serious, and when it is in the public interest to do so        | No                  | Yes  |
| <b>Section 43 order</b> (for non-   | Moderate   | Yes                 | Yes  |



|  |   |     |     |
|--|---|-----|-----|
| lawyers working in the profession, eg non-lawyer managers and employees such as legal secretaries): we restrict individuals from working in a law firm without our permission.   | seriousness, or a series of incidents which together are moderately serious |     |     |
| <b>Suspension or revocation of a firm's authorisation/ recognition:</b> we remove a firm's authorisation either permanently or temporarily.  | Serious or a series of incidents which together are serious                 | Yes | Yes |
| <b>Suspension:</b> the SDT suspends a solicitor from practising either for a fixed term or for an indefinite period. The SDT can also suspend a period of suspension, so long as a restriction order remains in place. | Serious or a series of incidents which together are serious                 | No  | Yes |
| <b>Strike off:</b> the SDT stops a solicitor from practising entirely. The solicitor's name is removed from the roll.  | Serious or a series of incidents which together are serious                 | No  | Yes |

\* However, we can impose a fine of up to £250m on an ABS and a fine of up to £50m on managers and employees of an ABS.

## Glossary

### *Agreed outcome*

An alternative to having a case heard at the SDT. Where appropriate, it is a cost-effective, swift and proportionate way of resolving a matter. Agreed outcomes have to be approved by the SDT.

### *Alternative business structure (ABS)*

Also known as a licensed body, ABSs allow non-lawyers to own or invest in law firms, opening up what was previously a closed market.

### *Finding/finding and warning*

An outcome for more significant but one-off misconduct. The finding/finding and warning can be taken into account in the outcome of any future investigation.

### *Fine*

A monetary sanction. We are able to issue a fine up to the value of £2,000 for firms, solicitors and other individuals we regulate. We can fine an ABS up to £250m and up to £50m for manager and employees of an ABS we regulate. The SDT can impose unlimited fines on individuals and firms.

### *Intervene*

An action we take if we consider that people are at risk of receiving legal services from a dishonest solicitor, or it is otherwise necessary to protect the interests of clients. Generally, this will involve closing down the firm and taking away client money and files to keep safe.

### *Legal Ombudsman (LeO)*

An organisation which handles complaints about the standards of service people receive from their lawyer.

#### *Letter of advice*

A letter we send to remind an individual or firm in writing of their regulatory responsibilities.

#### *No order*

In the context of an outcome at the SDT, no order can mean that the SDT finds in our favour but decides that it is not necessary or appropriate to impose a sanction or control. It can also mean that it does not find in our favour.

#### *Other decision*

In the context of an outcome at the SDT, other can mean, for example, a reprimand or section 43 order.

#### *Rebuke*

We rebuke an individual or a firm to show disapproval where there has been a moderately serious breach of our requirements or standards.

#### *Practising condition*

A sanction both we and the SDT are able to impose on solicitors, firms and other people we regulate. It restricts or prevents them from certain activity, and can help us to effectively monitor the firm or individual through regular reporting.

#### *Regulatory settlement agreement (RSA)*

Similar to agreed outcomes, RSAs allow us to agree appropriate outcomes with individuals and firms swiftly, efficiently and at a proportionate cost. Unlike agreed outcomes, they are handled in-house and generally take place before any decision has been made to refer the matter to the SDT.

#### *Reprimand*

The SDT reprimands an individual where they have breached our regulations. It is the SDT's equivalent of our rebuke.

#### *Respondent*

The respondent is the firm, solicitor or other person against which or whom we take enforcement action.

#### *Roll of solicitors*

This is a record of solicitors that we have authorised to practise English and Welsh law. Not all solicitors on the roll will actively be practising as a solicitor.

#### *Sanctions*

Actions taken to discipline firms, solicitors or other people we regulate to prevent similar behaviour by them or others in the future, and to maintain standards and uphold public confidence in the profession.

#### *Section 43 order*

A sanction we issue to non-lawyers working in the profession, eg non-lawyer managers and employees such as legal secretaries. We restrict them from working in a law firm without our permission.

#### *Section 47 (2) (g)*

An order the SDT imposes preventing a former solicitor who has been removed from the roll from being restored without its permission.

#### *Section 99 order*

A sanction we issue to non-lawyers working in the profession, disqualifying them from being an employee or from taking up certain activities, such as acting as a manager, the head of legal practice or the head of finance and administration.

*Solicitors Disciplinary Tribunal (SDT)*

An independent tribunal where we bring prosecutions against firms, solicitors and other people we regulate. It has powers which we do not, eg imposing unlimited fines or striking solicitors off the roll.

*Strike off*

Sanction where the SDT stops a solicitor from practising and their name is removed from the roll.

*Suspension*

A sanction we can impose to suspend a firm's authorisation either permanently or temporarily. The SDT is able to suspend a solicitor from practising either for a fixed term or for an indefinite period. The SDT can also suspend a period of suspension, so long as a restriction order remains in place.