

Compli | September update

Welcome to Compli's monthly round-up of developments and updates from the regulatory sector, and an overview of recent disciplinary decisions.

It already feels like Autumn (and I'm writing this in August!), it's the start of a new school year (does anyone else still feel that way about September, even though it's decades since you left school, and with no school age children needing new uniform, regulation shoes, pencil cases etc?) and the start of a busy time (not that it's ever not busy) in the world of risk and compliance with new regulations, conference 'season', SRA declarations, PC and PII renewal etc.

SRA Declaration – High-volume claims

Just before August Bank Holiday, the SRA published the results of a thematic review into how firms handle high-volume consumer claims which has 'highlighted significant concerns over poor practice'. It also emailed the COLPs of firms which handle these claims with a mandatory declaration to be completed by the managing partner, CEO or equivalent by no later than Friday 3 October 2025. The information required is set out in a long and detailed questionnaire and includes, annual turnover; types of consumer claims work; number of legally qualified and non-legally-qualified fee earners etc. Depending on your arrangements, there may also be additional information forms to complete e.g. referrer information, ATE insurance provider information.

We strongly recommend that if you have received the declaration, you don't leave it until the last minute to complete, particularly as this is also the time for PII renewal and PC renewals, and the initial form runs to 121 questions over 16 pages, and the additional forms have between 6 and 25 questions.

The SRA estimates that if you have all the information to hand, it will take up to two hours to complete, but says it may (we anticipate it will) take longer if you have multiple types of consumer claims, referrers, ATE insurers etc. It is possible, depending on the size and structure of the firm, that as the scope of the questions are so wide-ranging, the person required to sign the declaration may not have detailed knowledge of the information so will need to verify it. Declarations will need to be carefully completed – firms are still being investigated by the SRA for declaring in 2017 that they had a compliant AML firm-wide risk assessment in place at that time.

PC Renewals 2025/26

Practising certificate and registration renewals will take place from 1 to 31 October 2025 (inclusive). You will be able to access the application form from 1 October. If you want to start preparing now, the questions in the form can be found [here](#).

Financial crime

Economic Crime and Corporate Transparency Act (ECCTA)

We've covered the subject on a regular basis, but we would remind you that from 1 September 2025 there's a new offence of failure to prevent fraud, which applies to 'large organisations', who will be guilty of the offence where: (i) an associated person commits a fraud offence intending to benefit that organisation, or any person to whom the associated person provides services on behalf of that organisation, or (ii) where an employee of an organisation commits a fraud offence intending to benefit that organisation, where that organisation's parent undertaking is a large organisation. Unless the organisation can prove it had taken reasonable steps to prevent fraud, it will be subject to an unlimited fine.

ECCTA removes the cap on the SRA's fining powers in relation to certain breaches that involve economic crime. The SRA indicated in May 2025 that it would be making 'interim limited technical updates' to its fining guidance in the summer relating to ECCTA which will enable it to impose unlimited fines on economic crime cases using the existing policy framework. At the date of writing, the updates have not been published.

From 18 November 2025, the identity verification requirement will become mandatory for all company directors and people with significant control (PSCs). The requirement will be phased in, so new directors must verify their identity when first appointed to a new or existing company, new PSCs must verify their ID within 14 days of being added to the Companies House Register, existing directors must verify their ID when filing the company's next annual Confirmation Statement after 18 November 2025, with existing PSCs who are not directors of that company having to verify their ID in the month of their birth from November 2025. Failing to comply with these requirements will be a criminal offence both for companies and individuals.

SRA Sectoral risk assessment – Anti-money laundering and terrorist financing

Following the publication of the UK Government National risk assessment that we reported on last month, on 31 July the SRA updated its [risk assessment](#).

Emerging risks include capital flight from high-risk countries, client account issues which could potentially facilitate money laundering, poor CDD scrutiny (where CDD has been

gathered but not reviewed), changing business models where consultants operating semi-independently bring additional challenges, technology and global economic uncertainty pressures. Vendor fraud, proliferation financing and supply chain risks have been moved from 'emerging' to reflect they are part of the risk landscape.

If your firm is within scope, your FWRA, PCPs etc should be updated to reflect the changes and the updated documents/a note about the changes, circulated.

Money Laundering Regulations (MLRs): consultation response

HM Treasury has now released its response to the 2024 consultation on the MLRs and there are a series of proposed amendments which aim to reduce regulatory burdens. The key proposed changes are:

- Changing an enhanced due diligence trigger from 'a transaction is complex or unusually large' to 'unusually complex or unusually large', allowing firms to take a risk-based approach on what is usual/ unusual for them.
- Restricting high-risk third countries to those on the FATF call to action list.
- Exploring the potential for guidance to include illustrative examples to clarify the requirement to undertake source of funds checks 'where necessary'.

A draft statutory instrument will be circulated which HM Treasury hopes to lay before Parliament before the end of 2025. LSAG guidance will need to be updated in accordance with any changes, as will FWRAs and PCPs. Watch this space!

SRA training requirements

The SRA has said it will consult later this year on proposals to strengthen its continuing competence requirements, with a focus on reflection and maintaining professional ethics obligations. There is concern that while solicitors are completing learning and development activities to maintain competence, there was limited evidence to suggest regular learning and development to keep understanding of ethical and professional obligations up to date, and not 'making time to reflect effectively or not reflecting on all aspects of their practice'

Motor Finance Commission Claims – what the SRA expects from law firms

Following the UK Supreme Court judgment of 1 August 2025 on the motor finance commission claims, the SRA has published a statement setting out what it expects from law

firms who have prospective or existing clients that this judgment may impact. The expectations include: an understanding of the judgment and its impact on clients; informing clients what the judgment means for them; Informing clients of the prospect of the FCA redress scheme – due to start by October; taking steps to ensure Claims Management Companies you deal with are compliant with FCA regulations, and ensuring any publicity in relation to your firm's practice is accurate and not misleading

Evidence of non-compliance will be met with action by the SRA.

New practice notes and guidance

SRA guidance/news

- [SRA | The scope of the money laundering regulations | Solicitors Regulation Authority](#)
- [SRA | Guidance on desk-based reviews | Solicitors Regulation Authority](#)

Law Society practice notes

- [Preparing a will when your client is leaving a gift for you, your family or colleagues | The Law Society](#)
- [Handling complaints | The Law Society](#)
- [What to do when a complaint goes to the Legal Ombudsman | The Law Society](#)
- [Fiduciary roles and retirement or departure from practice by a private client practitioner | The Law Society](#)
- [How to use lawtech in your practice | The Law Society](#)

Disciplinary and regulatory decisions

A number of decisions and judgments have been reported since our last publication, including:

AML fines

Firm fined £58,000 for failing to meet AML regulations for over six years

A law firm has been fined £58,000 and ordered to pay £20,000 in costs owing to a failure to have an AML risk assessment and policies, controls and procedures in place, and had not had an independent audit until January 2024, even though 80% of the firm's work fell within the scope of the MLRs. The tribunal found that there was no good reason for this to have been the case, and it was sheer luck that criminals had not exploited this failure.

Manager fined £32,500 for AML breaches

A director whose client was a PEP but had failed to take adequate measures to establish source of wealth and funds, and who used the client account as a banking facility for the client and himself has been fined £32,500 and had restrictions placed on his practice for five years, including not being able to practice as a sole practitioner or manager of a law firm or be COLP or MLCO, and was also ordered to pay £50,000 costs.

£173,000 for inadequate checks on non-domestic PEP

A firm which failed to identify the client as a PEP until two months after completion of the purchase and had previously given inaccurate information to another firm involved in the transaction when it said the identity of the buyer had been verified, has been fined £173,000.

Solicitor struck off for misleading Employment Tribunal and clients

An employment solicitor has been struck off after claiming IT problems had prevented her from receiving an email from the opponent's solicitors setting out the defendant's position, or a draft list of issues. She said that she had made several requests for assistance with the IT department of the firm and had been informed that the security system had been partially disabled on her account which resulted in a number of emails being kept "on hold", but there was no internal record of her raising the issue. At the SDT, she admitted she provided misleading information to the ET, agreeing to a settlement offer without client's instructions and misleading two other clients.

The SDT said the misconduct involved 'serious, deliberate, and repeated acts of dishonesty'.

"Overwhelm" not enough for partner who failed to inform client a deadline had been missed

A former partner has been struck off for failing to inform his client that he had missed a deadline in respect of a default costs certificate. He told the tribunal that he was facing an "intense and unsustainable workload" and described his job as "firefighting". The tribunal, however, found that due to being a partner and a senior figure in the firm, it was at his discretion to effectively delegate his workload, and that it was "unacceptable" to blame a lack of time or capacity for his failure to notify his client of the document.

How Compli can help...

The Compli Solicitor Regulatory and Professional Discipline Team can provide expertise and advice on risk and compliance, AML, disciplinary assistance etc. If we can help in any way, please get in touch at compl@weightmans.com.