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Compli | October update

As we move through the Autumn regulatory round of PII and PC renewals, conferences, and Christmas party 'Save the dates' landing in our inbox, the SRA, LSB and SDT continue to focus on governance, compliance oversight, competence and the practical effectiveness of firms' systems, with the FCA just 'round the corner' for firms within scope of MLR (the end of 2028 will come around very quickly!).

Stop press!

Last month we reported that the LSB had approved SRA rule changes affecting COLP and COFA arrangements, despite opposition and concerns being raised by practitioners, Law Societies etc in response to the SRA consultation on the proposals. The reforms required certain firms to separate management and compliance responsibilities where key decision-making powers are concentrated in the same individual, and implementation was to be introduced in phases from January 2027. Following further pressure from the Law Society and profession, including the newly formed SME & Boutique Law Firm Alliance, on 30 September the SRA announced a 'pause' to implementation and consult with stakeholders on potential options. If subsequent changes require approval by the LSB it's unlikely they will in place to be introduced by January 2027.

The focus on compliance officers sits within a wider regulatory context. The ongoing consequences of Axiom Ince, SSB Law and PM Law continue to influence regulatory policy and enforcement priorities. Those cases have raised difficult questions about client money, financial resilience, management information, risk escalation and the point at which concerns should be reported or acted upon.

The collapse of PM Law is now expected to result in around £30m being paid from the SRA Compensation Fund, contributing to a steep proposed increase in compensation fund contributions for the next practising year. That cost falls across the profession, including firms that have no connection with the failed practice. The lesson for firms is that financial stability, client money controls and governance are no longer background regulatory issues, they are central indicators of public protection risk.

The LSB's decision to initiate further enforcement action against the SRA is also significant. It reflects concern not merely about individual firm failures, but about whether regulatory systems are identifying risk early enough and translating new processes into better outcomes for clients. The inevitable consequence is that firms should expect similar scrutiny of their own arrangements. Where warning signs exist, the question will be who saw them, who had authority to act and why action was or was not taken.

Continuing competence: more than an annual declaration

In its annual assessment of continuing competence 2026, the SRA reported that most solicitors are undertaking learning and development and that many firms have robust systems in place. However, it remained concerned about the evidence showing why particular learning needs were identified and how they were addressed. Competence-related reports increased from 2,720 in 2024 to 4,038 in 2025 but remained stable at 23% as a proportion of all reports received.

For firms, the practical point is that continuing competence should not be treated as an annual tick-box exercise. A list of webinars attended may show activity, but it does not necessarily show reflection. Firms should be able to explain why particular training was needed, what risk it addressed and what changed as a result. Complaints, file reviews, claims, supervision concerns and client feedback should all feed into competence planning.

Ethics, client communication, costs information, timescales and explanation of options should also sit at the centre of competence arrangements. These are often the areas where client dissatisfaction and regulatory concern arise. Before practising certificate renewal, (which opened 1 October 2026 and runs to the end of the month) firms should check whether competence records evidence real reflection rather than simply attendance.

Legal Ombusman signals move towards fuller publication of decisions

The Legal Ombudsman has given a clear indication that it intends to move towards publishing ombudsman final decisions in full, although implementation is unlikely before 2027/28 and would be phased. The stated aim is greater transparency as published decisions would give consumers more than statistics and would allow the profession to learn from common service failures. For firms, this would represent a real shift in reputational risk. Even where complainants are anonymised and legal professional privilege protected, firms may be named. Complaints handling, file notes, client communication and evidence of remedial action will therefore matter not only to the individual outcome, but potentially to how the firm is publicly perceived.

New /updated Law Society practice notes

[Solicitors offering legal services to the public from unregulated entities | The Law Society](#)

[Outsourcing | The Law Society](#)

[What to do when the law firm you work for is closing down | The Law Society](#)

[Professional undertakings | The Law Society](#)

[What to do when a complaint goes to the Legal Ombudsman | The Law Society](#)

[Information on letterheads, emails and websites | The Law Society](#)

[Alternative business structures | The Law Society](#)

[Residual client balances](#) | [The Law Society](#)

[SRA Transparency Rules](#) | [The Law Society](#)

Recent disciplinary cases

Recent SDT and SRA decisions continue to show that many enforcement cases arise from familiar themes: dishonesty, poor record-keeping, failures in supervision, defective AML controls, misleading communications and attempts to conceal mistakes. The facts vary, but the message remains consistent – small problems become serious when they are hidden, repeated or allowed to drift.

Solicitor struck off for dishonesty

A solicitor was struck off after admitting that he had misled his employer about a paid second role with an online professional advice platform, totalling around £81,000 which he had falsely claimed related to work undertaken by a family member. The agreed outcome was approved, with costs ordered in the sum of almost £6,000.

Struck off for backdating correspondence and misleading employer.

A solicitor was struck off after backdating a letter, due, he said, to the fear of losing his job, to make it appear that an acknowledgement of service had been sent months earlier. The sanction was strike-off, with costs of £5,000.

Solicitor suspended for improper access to Home Office files

A now-qualified solicitor was suspended for 12 months after accessing Home Office records relating to clients, family members and another person known to him while also working as a trainee solicitor at an immigration firm. There was no evidence the information was disclosed to a third party, but the SDT found a potential conflict of interest and foreseeable risk of harm. He was suspended for 12 months and made subject to practice conditions for a further 12 months, with costs of over £41,000.

Reprimanded and barred from COFA role for multiple compliance failures

A senior solicitor and equity partner was reprimanded and prohibited from acting as COFA for one year (and only then after completing COFA training) after admitting a series of compliance failures, including inaccurate professional indemnity insurance proposal forms, residual balances and delayed qualified accountant's reports.

Firm fined for AML failures in relation to politically exposed person

A firm was fined after acting for a non-domestic PEP and associated companies on multiple residential property transactions without adequate systems to identify the PEP or establish source of funds and wealth. The SRA's fining guidance, based on turnover, indicated a penalty of almost £18,000, but this was reduced to £16,000 to reflect the firm's cooperation and remedial action.

Sole practitioner suspended for failing to maintain accounts

A sole practitioner was suspended after failing to maintain proper accounts, client ledgers and reconciliations, investigators identified a discrepancy of almost £600,000 between client liabilities and client account funds, and the SRA intervened into the practice. The SDT approved a nine-month suspension, with costs of almost £8000.

Registered foreign lawyer struck off

A registered foreign lawyer was struck off after being convicted of knowingly employing someone who was disqualified from employment by immigration status, and after using misleading AI-generated quotations and citations in documents filed in SDT proceedings. The tribunal said strike-off would have been justified on either basis.

Sole practitioner fined for multiple regulatory and client account breaches.

A sole practitioner was fined over £20,000 after the SRA found failures including non-compliance with an undertaking, failure to act in clients' best interests, improper transfer from client account, failure to keep books of account and failures to cooperate with the SRA and Legal Ombudsman. The SRA described the conduct as showing reckless disregard for regulatory obligations.

How Compli can help...

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

Watch our annual review

At the heart of everything we do is helping our clients achieve their goals and navigate challenges with confidence. Our latest Annual Review reflects on the progress we've made together, the innovations we've introduced, and the positive impact we've delivered for our clients, colleagues and communities over the past year.



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