

Compli | December update

Compli is back with our monthly update on regulatory matters, risk and compliance, and recent disciplinary decisions, together with a seasonal message 'The Year in Review: A Compliance Christmas'.

The Year in Review: A Compliance Christmas

'Twas the end of the year, and all through the firm,
Compliance was stirring, ensuring we'd learn.
Policies were updated with care and with speed,
To meet every standard the SRA decreed.

AML checks had been run with precision,
Each file reflecting a sound, wise decision.
Disciplinary hearings, though tough to endure,
Reminded us all to stay vigilant and pure.

The fines of the year—a sobering sight,
A beacon to guide us to do what is right.
For risk and compliance, the message is clear:
We must steer the ship with no room for fear.

But as 2024 winds gently to rest,
We look to the future and aim for our best.
With policies tightened and knowledge refined,
We'll greet 2025 with compliance aligned.

So here's to the teams who keep us in check,
Who face down the challenges and earn our respect.
As the year wraps up, we raise a toast,
To regulation done right—our professional boast!

For assistance or guidance, you know where to come,
The Compli team at Weightmans are second to none.
Advice is abundant, precise and robust,
Guiding each client with professional trust.

Advice provided with specialist eyes,
Ensuring compliance, no room for surprise.
With our expertise in regulatory care,
We'll tackle each challenge with skill and with flair.

As 2024 takes its final bow,
We reflect on the year and look forward now.
To 2025 and Compli, we raise a cheer,

For regulation and risk, all throughout the year!

Economic crime – AML, Sanctions, Fraud

The SRA published two reports, SRA AML Annual Report 2023–24 and AML Training – Thematic Review, setting out what good training looks like, including a training checklist and some statistics on compliance.

The Annual Report confirmed that proactive supervision (inspections, desk-based reviews, etc.) has doubled, with only 22% of firms being fully compliant, and enforcement increased by almost 50%, with over £1 million fines imposed by the SRA and SDT in relation to AML breaches. In addition, 343 firms had their sanctions controls assessed and there were 55 sanctions inspections. Amongst other measures this year there will be a rolling programme to check independent AML audits and an increase in proactive supervision.

The LSB launched a consultation on proposed draft guidance regarding how legal regulators can fight economic crime. This may lead to an increase in SRA inspections, investigations and enforcement. The consultation runs until 7 February 2025. Watch this space!

If you need assistance with any areas, including an independent AML audit, please get in touch.

Cybersecurity – A timely reminder

We mentioned the risk of cyber-attacks last month, and the SRA AML annual report also recognised this an emerging risk, not only the immediate risk of an attack on a firm's own IT systems but also the risk of an attack within the law firm's supply chain, which might have serious knock-on consequences to a firm's operations. One specific example given by the SRA was that "A recent cyber-attack affected users of a particular case management system which affected many firms' ability to provide a normal service to

This is the time to review your firm’s cyber security posture and to understand whether there is anything else you can be doing now to either prevent successful attacks on your IT infrastructure or, in the event that you do suffer a successful attack, put you in the best position possible to respond effectively and minimise any damage. We work with our CyXcel team to provide an integrated and holistic approach to cyber resilience, with experts from cybersecurity, legal, technical and regulatory fields. To find out how CyXcel can help you avoid the emerging risks flagged by the SRA, please get in touch info@cyxcel.com.

SRA consultation on consumer protection

The SRA has launched its consultation on consumer protection, covering a wide range of areas, including changes to the way firms hold client money, interest earned on client money, compensation fund changes, Accounts Rules changes etc. The consultation ends on 21 February. The Law Society and local law societies will be responding, and we would encourage solicitors and firms to review and respond to the consultation. As noted in relation to previous consultations, a low level of responses will result in the SRA introducing the changes it is proposing.

ECCTA – Government guidance

On 6 November, UK Government published guidance on the new corporate criminal offence of Failure to Prevent Fraud, providing advice on the requirement to develop and implement reasonable fraud prevention measures. Large organisations (having 2 out of 3 criteria, namely, 250 + staff, £36m annual turnover, £18m held assets) have until 1 September 2025 to develop and implement these measures. After this time, any organisation not having introduced reasonable anti-fraud procedures, could face investigation and prosecution and an unlimited fine.

The SRA’s decision on its proposals on financial penalties in light of its new powers to issue unlimited fines for certain breaches of its rules under the ECCTA, following the consultation that ended on 20 September, is still awaited.

New practice notes and guidance

SRA guidance

The SRA has published the following updated guidance since our previous update:

- [SRA | Legal professional privilege when working in-house – Guidance | Solicitors Regulation Authority](#)
- [SRA | Key points for governing boards, chief executives and senior officers in organisations employing in-house solicitors – Guidance | Solicitors Regulation Authority](#)
- [SRA | Reporting concerns about wrongdoing when working in-house – Case study | Solicitors Regulation Authority](#)
- [SRA | Identifying your client when working in-house – Guidance | Solicitors Regulation Authority](#)
- [SRA | Internal investigations – Guidance | Solicitors Regulation Authority](#)
- [SRA | Understanding in-house solicitors professional obligations employer – Guidance | Solicitors Regulation Authority](#)

Law Society practice notes

- [What to do when a complaint goes to the Legal Ombudsman | The Law Society](#)
- [SRA powers of investigation | The Law Society](#)
- [Handling complaints | The Law Society](#)

Disciplinary and regulatory decisions

There have been a number of decisions and judgments reported since our last update, including:

Fines for AML breaches

A raft of firms have been fined a total of £57,000 for AML breaches, including not having FWRAs or client and matter risk assessments in place, lack of appropriate source of funds checks, ongoing monitoring, CDD etc. with fines ranging from £2300 to £18,000, based on percentage of turnover.

In addition, a firm has been fined £12,000 because, while it produced fully compliant documents at an inspection in September 2023, it could not locate previous versions of its FWRA and PCPs and was found to have failed to maintain a record.

Fine for acting for lenders, family members and himself

In an agreed outcome with the SRA, approved by the SDT, a solicitor who acted for lenders in conveyancing transactions without telling them he was also acting for himself and family members has been fined £12,500 and ordered to pay almost £20,000 costs. The solicitor admitted acting in five conveyancing transactions where there was a conflict of interest or significant risk of one.


Struck off for abandoning firm

A sole practitioner who abandoned his firm, failed to notify clients, left the office premises owing £22,000 rent, and left confidential files unsecured in the office for at least five months, has been struck off and ordered to pay £21,000 costs.

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 compli@weightmans.com.

Key contact

 A portrait of Andrea Cohen, a woman with dark hair, wearing a black top and a colorful patterned scarf.	<p>Andrea Cohen Legal Director +44 (0)161 214 0651 Email Andrea</p>
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