

John Fletcher Solicitors Limited
31 King Street, Knutsford , WA16 6DW
Recognised body
464397

[Agreement Date: 19 February 2025](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 19 February 2025

Published date: 11 March 2025

Firm details

Firm or organisation at time of matters giving rise to outcome

Name: John Fletcher Solicitors Limited

Address(es): 31 King Street, Knutsford, WA16 6DW

Firm ID: 464397

Outcome details

This outcome was reached by agreement.

Decision details

Summary of Facts

2.1 Our Anti-Money Laundering (AML) Proactive Supervision team carried out an AML desk-based review at John Fletcher Solicitors Limited, to assess its compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulation 2017 (MLRs 2017).

2.2 We identified AML control failings in relation to Client and Matter Risk Assessments (CMRAs), a lack of policies and procedures (P&Ps), a lack of policies, controls and procedures (PCPs) and the lack of a firm-wide risk assessment (FWRA) prior to 2023.

2.3 This resulted in a referral to our AML Investigations Team.

CMRAs

2.4 Between 26 June 2017 and 10 July 2024, the firm failed to undertake a CMRA on seven in-scope files reviewed, as required by Regulation 28(12)(a)(ii) and Regulation 28(13) of the MLRs 2017. Therefore, the firm was unable to demonstrate that the extent of the measures it had taken to satisfy the requirements if Regulation 28 were appropriate, as required by Regulation 28(16) of the MLRs 2017.

PCPs

2.5 Between 6 October 2011 to 25 June 2017, the firm failed to establish and maintain appropriate and risk-sensitive policies and procedures (P&Ps), pursuant to Regulation 20(1) of the MLRs 2007.

2.6 Between 26 June 2017 to November 2023, the firm failed to maintain a record in writing of its policies, controls and procedures (PCPs) to mitigate and effectively manage the risks of money laundering and terrorist financing, identified in any risk assessment (FWRA), pursuant to Regulation 19(1)(a) of the MLRs 2017 and regularly review and update them pursuant to Regulation 19(1)(b) of the MLRs 2017.

2.7 Between November 2023 to 10 July 2024, the firm failed to maintain fully compliant PCPs, pursuant to Regulation 19(1)(a) of the MLRs 2017.

FWRA

2.8 Between 26 June 2017 to November 2023, failed to keep an up-to-date record in writing of its assessments of the risks of money laundering and terrorist financing to which its business was subject (a firm-wide risk assessment (FWRA)), pursuant to Regulation 18(1) and 18(4) of the MLRs 2017.

3. Admissions

3.1 The firm admits, and the SRA accepts, that by failing to comply with the MLRs 2017, it has breached: To the extent the conduct took place before 25 November 2019 (when the SRA Handbook 2011 was in force):

- a. Principle 6 of the SRA Principles 2011 – which states you must behave in a way that maintains the trust the public places in you and in the provision of legal services.
- b. Principle 8 of the SRA Principles 2011 – which states you must run in your business or carry out your role in the business effectively and in accordance with proper governance and sound financial risk management principles. And the firm failed to achieve:
- c. Outcome 7.2 of the SRA Code of Conduct 2011 – You have effective systems and controls in place to achieve and comply with all the Principles, rules and outcomes and other requirements of the Handbook, where applicable.



- d. Outcome 7.5 of the SRA Code of Conduct 2011 – which states you comply with legislation applicable to your business, including anti-money laundering and data protection legislation And from 25 November 2019 (when the SRA Standards and Regulations came into force) until March 2024, the firm breached:
- e. Principle 2 of the SRA Principles 2019 – which states you act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.
- f. Paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019 – which states you have effective governance structures, arrangements, systems and controls in place that ensure you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you.
- g. Paragraph 3.1 of the SRA Code of Conduct for Firms 2019 – which states that you keep up to date with and follow the law and regulation governing the way you work.

4. Why a fine is an appropriate outcome

4.1 The SRA's Enforcement Strategy sets out its approach to the use of its enforcement powers where there has been a failure to meet its standards or requirements.

4.2 The issues identified around not carrying out CMRAs, lacking P&Ps, PCPs and a FWRA are serious AML control environment failings, and the conduct had the potential to cause significant harm. This also demonstrates a general culture at the firm of not assessing risk adequately. The firm undertakes all of its work in scope of the MLRs 2017, including over three quarters in the field of conveyancing, a high-risk area in relation to money laundering and terrorist financing. This had the potential to open up the firm to an increased risk of being exploited by criminals.

4.3 It is a regulatory obligation for the firm to meet the requirements set out in the MLRs 2007 and MLRs 2017, which the firm failed to do.

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

- a. The agreed outcome is a proportionate outcome in the public interest because it creates a credible deterrent to others and the issuing of such a sanction signifies the risk to the public, and the legal sector, that arises when solicitors do not comply with anti-money laundering legislation and their professional regulatory rules.
- b. There is no evidence of harm to consumers or third parties.
- c. The firm recognises that it failed in its basic duties regarding statutory money laundering regulations and regulatory compliance, as identified during our desk-based review and subsequent investigation.

4.5 The firm has cooperated fully, has admitted the breaches, shown remorse and remedied the breaches, and there is low risk or repetition.

4.6 A fine is appropriate to maintain professional standards and uphold public confidence in the solicitors' profession and in legal services provided by authorised persons. A financial penalty therefore meets the requirements of rule 4.1 of the Regulatory and Disciplinary Procedure Rules.

5. Amount of the fine

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

5.2 Having regard to the Guidance, the SRA and the firm agree that the nature of the misconduct was more serious (score of three). This is because it failed to conduct CMRAs on seven files between 26 June 2017 and 10 July 2024, in breach of Regulation 28 of the MLRs 2017. Between 6 October 2011 to 25 June 2017, the firm failed to establish and maintain risk-sensitive policies and procedures (P&Ps), in breach of Regulation 20 of the MLRs 2007. Following on from this, between 26 June 2017 and November 2023 the firm failed to maintain a record in writing of its policies, controls and procedures (PCPs) and regularly review and update them, in breach of Regulation 19 of the MLRs 2017. The firm had PCPs from November 2023 to 10 July 2024, however they were non-compliant, once again causing a breach of Regulation 19 of the MLRs 2017. Finally, the firm failed to have a documented FWRA between 26 June 2017 and November 2023, causing a breach of Regulation 18 of the MLRs 2017.

5.3 The SRA considers the of the misconduct was medium (score of four). The nature of conveyancing is considered high-risk, owing to the risk of abuse of the system by criminals. We note the firm undertakes all of its work in scope of the money laundering regulations, with the majority being in the field of conveyancing. This puts it at a greater risk of being used to launder money. There is no evidence of there being any direct loss to clients or actual harm caused as a result of the firm's failure to ensure it had proper documentation in place.

5.4 The nature and impact scores add up to seven, placing the conduct in penalty bracket Band 'C'. The Guidance indicates a broad penalty bracket of between 1.6% and 3.2% of the firm's annual domestic turnover is appropriate.

5.5 The SRA agree a fine in this bracket because the firm should have been aware of its statutory obligations under the MLRs 2017, with the aggravating factor that it performs a significant amount of work in conveyancing, but there is no evidence of any harm being caused or of

an unwillingness to improve. Based on the firm's annual domestic turnover, the fine results in a basic penalty of £15,813.

5.6 The SRA considers that the basic penalty should be reduced by 25%, in terms of mitigation discount, to £11,860. This reduction follows the following factors in the Guidance that apply to this case: a) The firm has taken steps to rectify its failures, by documenting CMRAs (including historically), undertaking relevant CMRA and source of funds training and also producing compliant PCPs and a FWRA. b) The firm has shown a positive attitude towards the investigation and has cooperated with the SRA's AML Proactive Supervision and Investigations teams.

5.7 The firm does not appear to have made any financial gain or received any other benefit as a result of its conduct. Therefore, no adjustment is necessary to remove this and the amount of the fine is £11,860.

6. Publication

6.1 Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules states that any decision under Rule 3.1 or 3.2, including a Financial Penalty, shall be published unless the particular circumstances outweigh the public interest in publication.

6.2 The SRA considers it appropriate that this agreement is published in the interests of transparency in the regulatory and disciplinary process. The firm agrees to the publication of this agreement.

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

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

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

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

8. Costs

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

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