

Compli | March update

How can it be March already? It still feels as though the Christmas break was only a couple of weeks ago! Compli is back with our monthly update on regulatory matters, risk and compliance, and recent disciplinary decisions.

SRA requires firms to provide information on complaints handling procedure

On 30 January, the SRA wrote to 750 firms for information regarding how the firm identifies and handles any first-tier complaints. The questionnaire asks about the complaints procedure, how staff and clients are made aware of the process, ways in which the firm responds to complaints, outcomes etc. Responding to the questionnaire is a regulatory requirement, with the SRA taking disciplinary action for failure to respond. The deadline was 28 February, so if you have received one and not yet replied, do so asap!

Responses to SRA consultation on client money in legal services

We understand that a large number of responses were submitted to the SRA's consultation by various groups, firms and individuals, mainly expressing disapproval of the proposals, particularly the replacement of client accounts with third party management accounts (TMPAs) and removing the ability for firms to earn interest on client accounts, and suggesting that rather than introducing swingeing changes, the SRA focuses on improving its own internal processes, including strengthening the authorisation process, reintroducing the requirement for firms to submit annual accountant's reports and greater scrutiny on non-legal personnel, referencing the conclusions and criticisms of the SRA in the report into the Axiom Ince failure. While the consultation may have closed, and we wait for the SRA's response and any possible changes to be introduced, the debate is likely to continue, particularly as the report into the SSB debacle is still awaited.

SRA study on vulnerable clients

A recent study commissioned by the SRA found that the term 'vulnerability' can be thought too harmful or stigmatising, so there was a reluctance to disclose vulnerabilities, and proposed there should be a fundamental change, moving from an opt-in to opt-out approach, so all legal communication would change to using language that all could understand, rather than requiring individual adjustments. The report recommended policy changes by the SRA and guidance on 'universal practice' and the SRA are now considering the feasibility of introducing this.

SRA update on the investigation on the Post Office scandal

The SRA updated its June 2024 statement on 20 February 2025, the only change, so far as we can see, being the addition of a paragraph stating: 'Now that the inquiry has finished hearing evidence, we are liaising closely with it to collect all relevant evidence, and with the police to understand what, if any action they might take. We will, of course, take action as soon as we can, and while we can't confirm the exact timeline, we are hopeful that we can launch prosecution action in some cases in the summer of this year.' In its earlier statement it indicated that there are more than 20 live investigations, and that number appears unchanged. It is looking at a range of issues including solicitors' management and supervision of cases; the strategy and conduct of prosecutions and of litigation, duties relating to expert witnesses, disclosure obligations and improper application of privilege to protect communications from disclosure.

Disciplinary and regulatory decisions

Fines for AML breaches

The raft of fines we have seen imposed on firms and fee earners for AML breaches continues:

Four firms were fined between over £3,000 to £25,000 for breaches including failing to adequately conduct client risk assessments and not maintaining records of risk assessments,

COFA and firm fined for compliance failures

A law firm and its COFA have each been fined £25,000 as a result of multiple compliance failures, including AML and accounts rule breaches, including client account

shortfall of over £40,600 and residual balances totalling almost £288,000, and jointly ordered to pay £38,000 costs.

Firm and solicitor fined for AML breaches

A firm was fined £25,000 and ordered to pay £18,000 in an agreed outcome for using client account as a banking facility and failure to apply CDD, ongoing monitoring and carry out risk assessments in relation to a client. The partner with responsibility for the client was fined £3,500 and £6,500 costs.

Solicitor fined for ‘cavalier’ approach to regulations

A sole practitioner was fined £45,000 for breaching AML regulations, allowing the client account to be used as a banking facility and making false declarations to the SRA and insurers. The SDT found his false declarations to be reckless and lacking in integrity, as opposed to dishonest.

In addition to the fine and an order to pay costs of £60,000, conditions were placed on his practising certificate preventing him from being a partner, sole practitioner, holding client money, taking a compliance management role or being a signatory on any client account.

Partner struck off for misleading clients about state of claim

A partner who misled clients for two years regarding the progress of the claim was struck off and ordered to pay almost £20,000 costs.

Key contact



Andrea Cohen
Legal Director
[Email Andrea](#)