

**Carpenter & Co (Carpenter & Co)**  
**46 Woodcote Road, Wallington , SM6 0NW**  
**Recognised body**  
**044719**

[Agreement Date: 5 March 2024](#)

## **Decision - Agreement**

Outcome: Regulatory settlement agreement

Outcome date: 5 March 2024

Published date: 12 March 2024

## **Firm details**

### **Firm or organisation at date of publication**

Name: Carpenter & Co

Address(es): 46 Woodcote Road, Wallington, SM6 0NW

Firm ID: 44719

## **Outcome details**

This outcome was reached by agreement.

### **Decision details**

#### **1. Agreed outcome**

1.1 Carpenter & Co (the Firm), a recognised body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

- a. Carpenter & Co will pay a financial penalty in the sum of £12,772, under Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules;
- b. to the publication of this agreement, under Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules; and
- c. Carpenter & Co will pay the costs of the investigation of £1,350, under Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Procedure Rules.

### **Reasons/basis**

## **2. Summary of Facts**

2.1 We carried out an investigation into the firm following an inspection by our AML Proactive Supervision team. Our inspection identified areas of concern in relation to the firm's compliance with the Money Laundering, Terrorist Financing (Information on the Payer) Regulations 2017 (MLRs 2017), the SRA Principles 2011, the SRA Code of Conduct 2011, the SRA Principles 2019 and the SRA Code of Conduct for Firms 2019. Firm-wide risk assessment (FWRA)

2.2 The firm did not have in place a documented FWRA between 26 June 2017 and on or around December 2022, in breach of Regulation 18 of the MLRs 2017. Between December 2022 and May 2023, the firm failed to have in place an adequate FWRA.

2.3 The firm is required to have a FWRA which includes details of the firm's assessment of risks in five key areas. The firm failed to have in place a documented FWRA until December 2022. It is noted that the firm did have in place numerous policies and procedures in its office manual prior to that date, however, this did not include a documented FWRA.

2.4 The FWRA provided to our AML Officer dated December 2022 was not compliant with the MLRs 2017, as it had not been tailored to the firm.

2.5 On 10 May 2023, an updated FWRA was provided to us which is compliant with Regulation 18 of the MLRs 2017. Policies, controls and procedures (PCPs)

2.6 The firm did not have in place documented PCPs between 26 June 2017 and October 2018, in breach of Regulation 19 of the MLRs 2017. Between October 2018 and July 2023, the firm failed to have in place adequate PCPs.

2.7 The firm is required to have established and maintained PCPs, to mitigate and manage effectively the risks of money laundering and terrorist financing. The firm failed to have PCPs in place until October 2018. The PCPs provided to our AML Officer dated December 2022 were not compliant with the MLRs 2017, as they did not cover multiple mandatory areas set out in the regulations.

2.8 On 5 July 2023, the firm provided a copy of its updated AML policy, which is compliant with Regulation 19 of the MLRs 2017.

### **Source of Funds**

2.9 In one file, reviewed by our AML Officer, the firm failed to conduct adequate source of funds (SoF) checks as required by Regulation 28(11) (a) of the MLRs 2017.

## **3. Admissions**



3.1 The firm admits, and the SRA accepts, that by failing to comply with the MLRs 2017: From 26 June 2017 to 25 November 2019 (when the SRA Handbook 2011 was in force), the firm has breached:

- 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 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 has failed to achieve:
- c. 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 May / July 2023, the firm has breached:
- d. 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.
- e. Paragraph 2.1(a) of the SRA Code of Conduct for Firms - 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.

#### **4. Why a fine is an appropriate outcome**

4.1 The conduct showed a neglect towards statutory and regulatory obligations and had the potential to cause harm, by facilitating dubious transactions that could have led to money laundering (and/or terrorist financing). This could have been avoided had the firm established adequate AML documentation and controls.

4.2 It was incumbent on the firm to meet the requirements set out in the MLRs 2017. The firm failed to do so. The public would expect a firm of solicitors to comply with its legal and regulatory obligations, to protect against these risks as a bare minimum.

4.3 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 has been no evidence of harm to consumers or third parties and there is a low risk of repetition.
- c. The firm has assisted the SRA throughout the investigation and has shown remorse for its actions.

d. The firm did not financially benefit from the misconduct.

4.4 Rule 4.1 of the Regulatory and Disciplinary Procedure Rules states that a financial penalty may be appropriate to maintain professional standards and uphold public confidence in the solicitors' profession and in legal services provided by authorised persons. There is nothing within this Agreement which conflicts with Rule 4.1 of the Regulatory and Disciplinary Rules and on that basis, a financial penalty is appropriate.

## **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, we and the firm agree that the nature of the misconduct was more serious (score of three). This is because although there was no direct loss to clients, the firm's failure to ensure it had proper documentation in place, for at least six years since the MLRs 2017 came into force, put it at greater risk of being used to launder money, particularly when acting in conveyancing transactions. The nature of conveyancing is considered high-risk, owing to the risk of abuse of the system by criminals. This left the firm at risk of being used to launder money and in turn increased the risk of harm.

5.3 The harm or risk of harm is assessed as being medium (score of four) because the firm failed to ensure it had a fully compliant FWRA and PCPs in place on 26 June 2017, in breach of Regulations 18 and 19 of the MLRs 2017. The firm failed to ensure that it was fully compliant with its statutory obligations until at least May 2023 (and justifying an assessment of 'medium' as opposed to 'high') that some documents were in place earlier, albeit they were non-compliant.

5.4 The 'nature' of the conduct and the 'impact of harm or risk of harm' added together, give a score of seven (three plus four). This places the penalty in Band 'C', as directed by the Guidance.

5.5 We and the firm agree the financial penalty to be in Band C1, which determines a basic penalty of 1.6% of annual domestic turnover (firms).

5.6 The latest declared annual domestic turnover, to be used in the calculation of the financial penalty, is £997,861.

5.7 The basic penalty is therefore £15,965 (£997,861 x 1.6/100).

5.8 We have also considered mitigating factors and consider that the basic penalty should be discounted by 20%. This is to take account of the following factors as indicated by the Guidance:



- a. Remedying harm - the firm took urgent steps to rectify the non-compliant documents and is now fully compliant with the MLRs 2017.
- b. Cooperating with the investigation - the firm has cooperated with the SRA's AML Proactive and AML Investigations teams.

5.9 The adjusted penalty is therefore £12,772.

5.10 The firm does not appear to have made any financial gain or received any other benefit as a result of its conduct, that exceeds the level of the basic penalty. Therefore, no adjustment is necessary and the financial penalty is £12,772.

## **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 as there are no circumstances that outweigh the public interest in publication and it is in the interest of transparency in the regulatory and disciplinary process.

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

7.1 The firm agrees that it will not act in any way which is inconsistent with this agreement, such as by denying responsibility for the conduct referred to above. This may result in a further disciplinary sanction.

7.2 Acting in a way which is inconsistent with this agreement may also constitute a separate breach of Principles 1, 2 and 5 of the SRA Principles.

## **8. Costs**

8.1 Carpenter & Co agrees to pay the costs of the SRA's investigation in the sum of £1,350. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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