

TTS Legal Ltd (TTS Legal Ltd)
1-4 The Parade, Monarch Way, Ilford , IG2 7HT
Recognised body
624306

[Agreement Date: 12 December 2023](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 12 December 2023

Published date: 16 January 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 TTS Legal Ltd, now a recognised body (but a licensed body at the time when the breaches took place) authorised and regulated by the Solicitors Regulation Authority, agrees to the following outcome to the investigation:

- a. TTS Legal Ltd will pay a financial penalty in the sum of £23,216, pursuant to Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules
- b. to the publication of this agreement, pursuant to Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules
- c. TTS Legal Ltd will pay the costs of the investigation of £1,350, pursuant to Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Procedure Rules.

2. Summary of Facts

2.1 We carried out an onsite forensic investigation into TTS Legal Ltd (the firm) following a report, which raised concerns about three conveyancing transactions that took place between 2018 and 2020.



2.2 The firm was instructed in the purchase of three properties, financed through mortgage advances and the clients' own funds. One purchase did not proceed after the buyer was unable to secure a mortgage.

2.3 In the first and second matters, the firm was instructed by Client A.

2.4 In the third matter, the firm was instructed by Client B. Client B was understood to be a financial advisor to Client A but his identity had not been verified by the firm.

2.5 Our investigation 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, and the SRA Code of Conduct for Firms.

2.6 Between 26 June 2017 and January 2020, the firm did not have in place:

- a. a firm-wide risk assessment (FWRA), as required by Regulation 18 of the MLRs 2017,
- b. policies, controls, and procedures (PCPs), to mitigate and effectively manage the risks of money laundering and terrorist financing, as required by Regulation 19 of the MLRs 2017, and
- c. client and matter risk assessments (CMRA), to record its assessment of the level of risk arising in any particular case, as required by Regulations 28(12) and 28(13) of the MLRs 2017.

2.7 A review of the client files for the three conveyancing transactions revealed that:

- a. In all three matters, the firm failed to obtain and/or scrutinise source of funds documentation, to evidence how its clients' funds had been accumulated.
- b. In the second matter, the information the firm received from its client was inconsistent with the client's explanation of how they were funding the purchase.
The firm recorded that a deposit of £185,000 had previously been paid to the seller's solicitor by its client's former solicitor. The firm failed to undertake any enquiries to verify this payment. Our enquiries identified that the client's former solicitor had never been instructed in this matter and had never received a deposit. Had the firm scrutinised the information it received from its client, it would have identified that the client could not have funded the deposit and completion funds, in the manner it had described.
- c. In the third matter, the firm released £46,000 to the seller's solicitor on the instructions of Client B, who was not properly authorised to provide instructions on behalf of Client A. At the time it made these payments, the transaction appeared to have fallen through,



because of difficulties obtaining a mortgage, and there was no reason to have made this payment.

3. Admissions

3.1 The firm makes the following admissions, which the SRA accepts, that:

- by failing to comply with the MLRs 2017, and
- by acting on instructions it received from a third party, without obtaining its clients authorisation,

it has failed to

From 26 June 2017 to 25 November 2019 (when the SRA Handbook 2011 was in force)

- a. achieve Outcome 7.2 of the SRA Code of Conduct 2011, which states that 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.
- b. achieve Outcome 7.5 of the SRA Code of Conduct 2011 which states that you comply with legislation applicable to your business, including anti-money laundering and data protection legislation.
- c. behave in a way that maintains the trust the public places in you and in the provision of legal services in breach of Principle 6 of the SRA Principles 2011.
- d. run its business effectively and in accordance with proper governance and sound financial and risk management principles in breach of Principle 8 of the SRA Principles 2011.

From 25 November 2019 (when the SRA Standards and Regulations came into force)

- comply with all of the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements in breach of Paragraph 2.1(a) of the SRA Code of Conduct for Firms.
- keep up to date with and follow the law and regulation governing the way it works in breach of Paragraph 3.1 of the SRA Code of Conduct for Firms.
- act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons in breach of Principle 2 of the SRA Principles.

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 When considering the appropriate sanctions and controls in this matter, the SRA has taken into account the admissions made by the firm, and the following mitigation put forward:

- a. The firm took steps to rectify the non-compliant documents and is now compliant with the MLRs 2017.
- b. The firm has cooperated with the SRA's investigation teams.

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 now a lower risk of repetition, since the firm brought itself into compliance.
- c. the firm recognises that it failed in its basic duties regarding statutory money laundering regulations and regulatory compliance, as identified during our investigations.

4.4 A fine is 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 what is stated in Rule 4.1 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, the SRA and the firm agree that the nature of the misconduct was more serious (score of three). This is because:

- The firm was directly responsible for complying with the Money Laundering Regulations in place at the material times. The firm failed to have in place (and utilise) a FWRA, adequate PCPs and CMRAs until January 2020.
- The failure to have proper documentation in place, in respect of the firm's overall AML controls for a period of just over two and a half years, left it vulnerable and exposed to the risks of money laundering, particularly when acting in conveyancing transactions.
- Conveyancing is a high-risk area of work, as highlighted in our sectoral risk assessment, as property is an attractive asset for criminals because of the large amounts of money that can be laundered through a single transaction, and the fact that property



will tend to appreciate, and can be used to generate rental income or can be lived in.

5.3 The SRA considers that the impact of the misconduct was medium (score of four). This is because:

- The above failings meant that in three conveyancing matters, the firm failed to undertake, evidence or scrutinise source of funds, of significant amounts of money. The firm's enquiries were limited to the location of the funds, as opposed to identifying how and from where the client got the money for the transaction. This meant the firm was unable to satisfy itself that the funds were not the proceeds of crime.
- In one matter, the firm made two payments totalling £131,000 in the absence of any instructions being received from the client, with one payment of £46,000 made on the instructions of a third party. At the material time, the transaction appeared to have fallen through, because the client could not obtain a mortgage, and there was therefore no reason for these funds to be released.
- It is in the public interest that firms ensure compliance with the MLRs 2017. A failure to do so has the potential to cause significant harm, by exposing the firm to the risk that its services will be used to carry out money laundering or terrorist financing. Where properly compliant AML documentation and PCPs are in place, this mitigates and manages the risk and ensures that the public can take comfort that firms are complying with their legal and regulatory obligations.

5.4 The firm has an annual domestic turnover of £1,451,020. The nature and impact scores add up to seven (three plus four), placing the misconduct in the penalty bracket Band "C". Therefore, the Guidance recommends a broad penalty bracket equating to 1.6% to 3.2% of annual domestic turnover respectively.

5.5 We recommend a financial penalty in Band C2. This reflects the seriousness of the misconduct and overall risk of harm of facilitating money laundering, while taking into consideration the improvements made by the firm since.

5.6 Band C2 determines a basic penalty of 2% of annual gross income, equating to £29,020.

5.7 The SRA considers that the basic penalty should be reduced by 20% to £23,216. This is to take account of the firm's cooperation with the investigation, demonstrates the improvements made by the firm since these transactions took place and the appetite to bring the investigation to an end now with full and frank admissions.

5.8 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 £23,216.

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 interests of transparency in the regulatory and disciplinary process to do so.

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 £1,350. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

The date of this Agreement is 12 January 2024.

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