Solicitors Regulation Authority

Ratcliffes
22 Park Road, Sittingbourne , ME10 1DR
Recognised sole practitioner
301782

Agreement Date: 21 October 2024

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 21 October 2024

Published date: 6 November 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Ratcliffes (the Firm), a recognised sole practice, authorised and regulated by the Solicitors Regulation Authority (SRA) agrees to the following outcome to the investigation:

a. Ratcliffes will pay a financial penalty in the sum of £6,727, under Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules (the RDPRs),
b. to the publication of this agreement, under Rule 9.2 of the RDPRs, and
c. Ratcliffes will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the RDPRs.

Summary of Facts

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

2.2 Our inspection identified areas of concern in relation to the firm's compliance with the 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.

2.3 In his letter dated 17 May 2024, the AML Associate identified an AML control failing, that being the absence of client and matter risk assessments on client files.

2.4 This resulted in a referral to our AML Investigations team.

2.5 Before March 2024 the firm failed to maintain records of its risk assessment under Regulation 28 of the MLRs 2017. Therefore, it was unable to demonstrate that the extent of the measures it had taken to satisfy the requirements of Regulation 28 were appropriate, as required by Regulation 28(16) of the MLRs 2017.

Client and matter risk assessment

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:

a. Outcome 7.2 of the SRA Code of Conduct 2011 – which states 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. 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.

Why a fine is an appropriate outcome

4.1 The conduct showed a disregard for 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:

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.

a. There is no evidence of harm to consumers or third parties.
b. The firm recognises that it failed in its basic duties regarding statutory money laundering regulations and regulatory compliance, as identified during our inspection and subsequent investigation.
c. The firm has cooperated fully with us, admitted the breaches, shown remorse and remedied the breaches, and there is low risk or repetition.

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. A financial penalty therefore meets the requirements of rule 4.1 of the Regulatory and Disciplinary

Procedure Rules.

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) because the firm should have been aware of its obligations to record its risk assessments under Regulation 28 of the MLRs 2017. Over half of the firm's work is in scope of the MLRs 2017 which is a significant amount of work that was not adequately risk assessed. Our records indicate that the firm has been carrying out in scope work since before 2010, which is a significant period of time to be failing to properly record its assessment of client and matter risks.

5.3 The impact of the harm or risk of harm is assessed as being medium (score of four). This is because the nature of conveyancing is considered high-risk, owing to the risk of abuse of the system by criminals. Our records indicate over half of the firm's work is in scope of the MLRs 2017. Furthermore, the firm's failure to record appropriate risk assessments, on its in-scope clients and files, has continued over a significant period of years, which left it vulnerable and exposed to the risks of money laundering. There is no evidence of there being any direct loss to clients or actual harm caused as 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'. Therefore, 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 and the firm agree a financial penalty in Band C1. This reflects the seriousness of the misconduct and overall risk of harm of potentially facilitating money laundering, while taking into consideration the improvements made by the firm. Band C1 determines a basic penalty of 1.6% of annual domestic turnover.

5.6 The firm's annual domestic turnover for 2023/2024 is £525,529, this results in a basic penalty of £8,408.

5.7 The SRA considers that the basic penalty should be reduced by 20% to £6,727. This reduction reflects the following factors in the Guidance that apply to this case:

a. The firm was in compliance with its other obligations under the MLRs 2017.
b. The firm took steps to remedy the issue shortly before the SRA's inspection.
c. The firm has cooperated with the SRA's AML Proactive and AML Investigationteams.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 and the amount of the financial penalty is £6,727.

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.

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.

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.

Search again [https://www.sra.org.uk/consumers/solicitor-check/]