

Hayes + Storr Limited (Hayes + Storr Solicitors)
31-33 Upper Market Place, Fakenham , NR21 9BX
Licensed body
567421

[Agreement Date: 11 December 2024](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 11 December 2024

Published date: 19 December 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Hayes + Storr Limited (the Firm), a licensed body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

- a. Hayes + Storr Limited will pay a financial penalty in the sum of £34,046, under Rule 3.1 (b) of the SRA Regulatory and Disciplinary Procedures Rules,
- b. to the publication of this agreement, under Rule 9.2 of the SRA Regulatory and Disciplinary Procedures rules; and
- c. Hayes + Storr Limited will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Rules.

2. Summary of Facts

2.1 Our Anti-Money Laundering (AML) Proactive Supervision team carried out an AML inspection at Hayes + Storr, 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). The firm did not have documented CMRAs on circa 13% of in-scope files. At the time of inspection, six files were checked, and it was identified that four out of the six were not compliant with the MLRs 2017. Two of the six did not contain a CMRA and the third had a CMRA which appeared to have been completed just prior to our request to review that file, and not at the start of the business relationship. The fourth file had some form of risk assessment documented, however there was insufficient scrutiny regarding the client's source of funds.

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

CMRAs

2.4 Between 26 June 2017 and 8 July 2024, the firm failed to adequately perform and record, and was therefore unable to demonstrate that the extent of the measures it had taken, in respect of client and matter risk assessments (CMRAs), pursuant to Regulation 28(12)(a)(ii) of the MLRs 2017, Regulation 28(13) of the MLRs 2017 and Regulation 28(16) of the MLRs 2017, on circa 13% of its in-scope matters (274 files).

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 7.5 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:



- 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 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.
- f. 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 always documenting a CMRA or having an inadequate CMRA are serious control failings, and the conduct had the potential to cause significant harm. The firm also undertakes almost half of its work is in the field of conveyancing, a high-risk area in relation to money laundering and terrorist financing.

4.3 It is a regulatory obligation for the firm to meet the requirements set out in the 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 inspection and subsequent investigation.
- d. The firm has cooperated fully with us, shown a robust response and had a positive attitude throughout the investigation, has admitted the breaches, shown remorse and remedied the breaches, and there is low risk or repetition.

4.5 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 less serious (score of one). This is because the firm was unable to evidence how it had determined the extent of customer due diligence measures on a risk-sensitive basis on all of its files. This would normally be assessed as more serious (score of three), but has been reduced on the basis of the firm having a defined process in place, carrying out the required risk assessments on the majority of its in-scope files, but then not documenting its assessment of risk on the other matters. The firm only became fully compliant with the MLRs 2017 because of our inspection and guidance we have provided. The breach has arisen as a result of recklessness and a failure to pay sufficient regard to money laundering regulations and published guidance.

5.3 The SRA considers that the impact 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 around half of its work in scope of the money laundering regulations, via 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 five, placing the conduct in penalty bracket Band 'B'. The Guidance indicates a broad penalty bracket of between 4% and 1.2% of the firm's annual domestic turnover is appropriate. In this instance, this will be 0.8% of the firm's annual domestic turnover.

5.5 The SRA and the firm agree a financial penalty in this banding. This is 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.

5.6 Based on the firm's annual domestic turnover, the fine results in a basic penalty of £45,395.

5.7 The SRA considers that the basic penalty should be reduced by 25%, in terms of mitigation discount, to £34,046. This reduction follows the following factors in the Guidance that apply to this case:

- a. The firm has implemented a new CMRA process, bringing itself back into compliance.

- b. It has admitted the breaches and remedied the harm caused by documenting an appropriate CMRA on all files.
- c. The firm has shown a positive attitude towards the investigation and has cooperated with the SRA's AML Proactive Supervision and Investigations teams.

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 £34,046.

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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