

Proposal from the SRA to increase fining powers to £25,000

The
Strategic
Partner

Date

Only

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Introduction

The SRA has published a consultation paper in which it proposes increasing its fining threshold to £25,000. The regulator believes that doing so, will allow it to deal with a broader range of disciplinary matters without having to refer them to the Solicitors Disciplinary Tribunal (SDT).

The consultation paper sets out the regulator's proposals to:

- Increase the maximum fine the SRA can issue to £25,000
- Take into account the turnover or income of firms and individuals when setting fines. For example, allow different penalty levels to be issued to a low earning junior solicitor compared to a senior equity partner for similar offences.
- Introduce a schedule of 'fixed penalties' of £800 or less for a first offence and up to £1500 for any subsequent offence, so that less serious concerns can be dealt with more efficiently for all concerned.

The SRA have stated "Under our current framework, we are only able to find traditional law firms and individuals up to £2000, which means that cases involving even low-level fines need to be referred to the SDT, incurring delays and further costs. Increasing this threshold would bring a range of benefits."

"...cases could be dealt with more quickly in a resource effective way, reducing the inevitable stress. It would also free up the SDT to progress the most serious cases, again cutting delays and stress for those involved."

"We think that it is time to review and reform our current fining framework, in order to provide a more robust and up to date approach that delivers greater consistency and a more effective deterrent effect, while being more cost-effective and efficient."

The consultation period runs until 11 February 2022.

SRA Investigations and Interventions

Whatever the outcome of the consultation, firms should have strict risk management and review processes in place to ensure they are compliant and therefore avoid rule breaches that can lead to an investigation and action being taken. Whether innocent, deliberate or through a lack of understanding, a breach may result in an investigation and the cost of a serious breach and prosecution is about to become more expensive if this proposal is carried forward. In addition, the firm faces the internal stress and cost of dealing with that investigation is likely to be a time consuming and expensive process.

Receiving an enquiry from the Solicitors Regulation Authority or an investigation being commenced is a very worrying time for law firms, their owners, and their staff. Seeking expert advice from an independent consultant can prove invaluable in a firm or individual making the right decision to acknowledge and accept a breach or successfully defend incorrect allegations.

Building a robust compliance structure will help to ensure that the firm and its staff are compliant and in the event of a breach that appropriate and measured action is taken quickly and efficiently. Prevention is better than investigation and firms must work hard to ensure their process controls and procedures (PCP's) protect them.



SRA Investigations and Interventions

The Strategic Partner has a team of experienced and knowledgeable Compliance Managers who operate outsource compliance functions and provide law firms with expert advice and guidance to ensure, where possible, the firm and individuals involved are protected, and the correct action is taken on an ongoing basis to prevent breaches. If a breach occurs and a report is necessary to the SRA with a potential investigation we will work with the firm to handle that enquiry or investigation.

Some useful links to help understand an SRA investigation and the process are as follows:

- [Making Decisions to Investigate Concerns](#)
- [Investigating Concerns - What to expect.](#)
- [Prosecution before the Solicitors Disciplinary Tribunal](#)



Effective Compliance Solutions

We work with firms to avoid SRA Investigations, or referrals to the SDT, wherever possible, through our Risk, Compliance, AML Guidance Service and our Compliance Administration Service. Our focus is to ensure each firm that works with us operates in a fully compliant environment and stays there. Through achieving this, the compliance officers in the business can be assured and confident that their obligations are being met, enabling them to focus on other areas of the firm.

If you believe your firm may be at risk or wish to confirm your firm is achieving the required standard, at The Strategic Partner, we offer a range of solutions which include: –

Review – A review of the firm’s approach to regulation and compliance to include AML procedures. The output of which provides the firm with a written gap analysis and solutions to remedy any issues.

Training – to include: –

- AML Training for ALL staff to meet the firm’s obligation to provide annual training.
- 1-2-1 training for the MLRO and MLCO on their obligations and requirements.
- Practical training for those involved in client onboarding to ensure their ID and AML checks are completed properly.

Auditing – Procedural, staff, systems, and files to ensure the procedures are up to the required standard and being implemented at case level with a report of the outcome.

Solutions – Implementation of robust solutions to ensure the firm achieves compliance and then maintains compliance through the provision of ongoing support and assistance: –

[·Risk, Regulation and Compliance Service including AML](#)

[·Risk, Compliance, AML Guidance and Register Administration Service](#)



Get in touch with our SRA Investigations Team

The Strategic Partner provides essential support to law firms. We offer a range of services and consultancy tailored to the Legal sector including guidance and services for regulation and compliance. We have gained a wealth of knowledge and experience in the overall management of law firms and work with them to achieve profitability, stability, and efficiency.

Our goal is to become a valued and respected partner to our member law firms providing high-quality services and solutions at all times.

If your firm wishes to review or strengthen its approach to risk, compliance and regulation, you can;

call us on [0203 911 9710](tel:02039119710)

email us info@thestrategicpartner.co.uk

or make an [online enquiry](#).



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