

Interim position - Financial Penalties: further developing our framework

May 2025

Introduction

The overwhelming majority of solicitors and law firms do a good job and meet the high standards we all expect. But when things go wrong, we can, and do, step in to make sure clients are properly protected. We believe financial penalties play an important role within our range of available enforcement measures to deter misconduct and to command public trust in solicitors and legal services.

In May 2023, we reformed our approach to financial penalties, introducing new fining frameworks for firms and individuals, enhancements to our decision-making procedures, and a new fixed penalty regime.

In March 2024, the Economic Crime and Corporate Transparency Act 2023 (ECCTA) came into force. ECCTA removes the cap on our fining powers in relation to certain breaches that involve economic crime. As a result of this legislation and our experience of operating the current fining framework, we proposed further reforms in our [2024 financial penalties consultation](#).

We received strong feedback in relation to some of our proposals and we are grateful to all those who took the time to respond. Having carefully considered the responses, we intend to revise our proposals. We are conducting further policy development work, as well as engaging with key stakeholders and intend to publish a further consultation later in the year. During this process, we and the Solicitors Disciplinary Tribunal (SDT) will explore potential opportunities for the alignment of our respective approaches financial penalties.

Economic Crime and Corporate Transparency Act 2023

In the interim, we intend to make some limited technical changes to our fining guidance relating to ECCTA this summer. These technical changes to our guidance will clarify how our existing framework will apply to those economic crime cases - as defined by ECCTA – where we have power to impose unlimited fines.

These changes will set out our fining powers and make clear the circumstances in which the ECCTA applies, including by providing illustrative case studies. Our decision-makers will continue to use our existing scoring framework to determine the appropriate indicative fine.

We are consulting with key stakeholders about these changes, including The Law Society, a number of local law societies including the City of London Law Society, and the SDT. We will then seek approval of the changes from the Legal Services Board.

Drink driving

In our 2024 consultation, we proposed that we would no longer impose a financial penalty for misconduct relating to convictions for drink driving. This is because in most cases where a sanction is required, a letter of warning or rebuke will be appropriate. Cases in which these are not appropriate are likely to be those that involved repeated criminal behaviour, or serious aggravating factors in addition to the offence. Such behaviour would raise serious concerns about integrity and public trust in the profession and as such, it would be appropriate to make a referral to the SDT to consider a suspension or strike off.

Our proposal received wide support. Two respondents were concerned that we should not fetter our discretion and another sought reassurance that all cases would be considered individually, and not all cases with aggravating factors would automatically be referred to the SDT. Other respondents queried why drug-related driving convictions and other motoring offences were not being addressed.

Given that our proposal received wide support and having carefully considered the various circumstances in which we would take regulatory action following a conviction for drink driving, we have decided that we will no longer issue financial penalties for this, save in exceptional circumstances. We recognise that our policy approach must not fetter the discretion of our decision makers who are able to impose any sanction within our powers.

We have therefore made a minor amendment to the draft topic guide on which we consulted to make it clear that in exceptional circumstances, a decision maker may impose a financial penalty. The topic guide is also clear that not all cases with aggravating factors would automatically be referred to the SDT. The guidance does focus on drink driving but explains that it may also be relevant to driving whilst under the influence of drugs. However, the guidance explains that in these cases there are additional considerations because taking illegal drugs is in itself against the law.

We do recognise that there may be other types of conduct for which a financial penalty may usually be inappropriate. We reviewed our approach to drink driving because of stakeholder feedback and because we had published specific guidance about our approach to determining the appropriate sanction in these cases. We will keep under review whether there are other types of misconduct for which it would be helpful to clarify our approach to determining the appropriate sanction.

We have [revised our drink driving topic guide to reflect our new approach](#) and also [made minor consequential changes to our enforcement strategy](#).

Using global turnover to set financial penalties for firms

Our current financial penalties guidance sets out that decision-makers will usually use a firm's annual domestic turnover to calculate an appropriate indicative financial penalty, but may use an alternative metric in exceptional circumstances. In our 2024 consultation, we proposed that we would provide case studies to illustrate the types of cases when this might be appropriate. We published a draft case study to illustrate when we might use a firm's global turnover as the basis for calculating an appropriate financial penalty.

A number of respondents to our consultation highlighted the complexity of this issue and the difficulty in providing illustrative examples which are properly representative of the rare cases in which decision-makers may need to look beyond a firm's domestic turnover when calculating penalties. We recognise the difficulties highlighted by the feedback provided to our consultation and therefore going forward, we will use domestic turnover as the basis of all firm fines where this is available. Global turnover will not be used due to the complexities involved. Decision makers will in all cases need to consider whether the indicative fine is sufficient to provide a credible deterrent and command public trust and confidence and may adjust the fine where necessary.

Further information

You can read more about our enforcement work in our [dedicated section](#), and we cover the detail annually through our [Upholding Professional Standards](#) reports. Any fines levied by us or the SDT go to HM Treasury.