

Sherwoods Solicitors limited (Sherwoods Solicitors limited)
The Little Globe, 153, Edward Street, Brighton , BN2 0JG
Recognised body
637825

[Agreement Date: 24 February 2025](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 24 February 2025

Published date: 25 March 2025

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Sherwood Solicitors Limited (the firm) a recognised body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

- a. Sherwood Solicitors Limited will pay a financial penalty in the sum of £8,100 under Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules;
- b. to the publication of this agreement, under Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules; and
- c. Sherwood Solicitors Limited will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Procedure Rules.

2. Summary of facts

2.1 We carried out an investigation into the firm following a desk-based review (DBR) by our AML Proactive Supervision team. The DBR 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 2019 and the SRA Code of Conduct for Firms 2019.

2.2 The firm did not have in place a documented firm-wide risk assessment (FWRA) between 26 June 2017 and October 2023, in breach of Regulation 18 of the MLRs 2017. The firm is required to have a FWRA, which includes details of the firm's assessment of risks in five key areas. The firm were unable to provide us with any such document as part of the DBR. On 16 October 2023, the firm provided us with a FWRA that is compliant with the MLRs 2017.

2.3 Furthermore, as part of the review, six of the firm's files were reviewed. None of these files contained a client and matter risk assessment (CMRA). As part of the documents sent to us prior to the inspection, the firm provided us with a form entitled, 'KYC risk assessment - Sherwood Solicitors Limited'. However, the form does not ask for an overall rating as to risk or the appropriate level of customer due diligence to be applied, according to the factors specific to the client and/or matter. The purpose of carrying out a CMRA is to identify which level of due diligence should be applied. On 16 October 2023, the firm provided us with a new risk assessment form and on 2 January 2024, confirmed that all open matters, within scope of the regulations, contained and client and matter risk assessments.

3. Admissions

3.1 The firm admits, and the SRA accepts, that by failing to comply with the MLRs 2017:

From 26 June 2017 to 24 November 2019 (when the SRA Handbook 2011 was in force), the firm has breached:

- 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 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 has 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 October 2023, the firm has 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 – 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 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:

- 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 a low risk of repetition.
- c. The firm has assisted the SRA throughout the investigation, admitted the breaches and has shown remorse for its actions.
- d. The firm did not financially benefit from the misconduct.

4.4 Rule 4.1 of the Regulatory and Disciplinary Procedure Rules states that a financial penalty may be 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 Rule 4.1 of the Regulatory and Disciplinary Rules and on that basis, a financial penalty is appropriate.

5. Amount of fine



5.1 The amount of the financial penalty has been calculated in line with our published guidance on the approach to setting an appropriate financial penalty (the Guidance).

5.2 Having regard to the Guidance, we and the firm agree that the nature of the misconduct was more serious (score of three). This is because the firm failed to ensure it had any form of FWRA from 26 June 2017 to October 2023, in breach of Regulations 18 of the MLRs 2017 and the firm failed to carry out CMRAs in accordance with Regulation 28 in the files we reviewed. The firm failed to ensure that it was fully compliant with its statutory obligations until 2023, over six years since the MLRs 2017 came into force. Although there was no direct loss to clients, there were failings which continued for several years, formed a pattern of misconduct, and continued after it was known to be improper. This showed a persistent disregard of the firm's regulatory obligations.

5.3 We and the firm agree that the impact of the harm or risk of harm is assessed as being medium (score of four). This is because the firm did not have in place a FWRA required by Regulations 18 and failed to carry out client and matter risk assessments required by Regulation 28 of the MLRs 2017, until October 2023. This left the firm vulnerable to the risk of harm of money laundering, particularly given that the entirety of the firm's work is in-scope of the regulations, with over 96% of its work being in the high-risk area of conveyancing. The firm left itself without effective arrangements in place to manage compliance with the MLRs 2017. The score reflects that, although there is no evidence of actual harm having occurred, it had the potential to cause significant loss or have significant impact.

5.4 The "nature" of the conduct and the "impact of harm or risk of harm" added together give a score of seven. This places the penalty in Band "C", as directed by the guidance, which indicates a broad penalty bracket of between 1.6% and 3.2% of the firm's annual domestic turnover.

5.5 We recommend a basic penalty at the middle of the bracket. This is because while there were failings identified which formed a pattern of misconduct, and which had the potential to cause significant loss or have significant impact, no evidence of actual harm was identified. This is because the firm should have been aware of its statutory obligations under the MLRs 2017, and the breaches spanned a significant amount of time. Furthermore, the majority of its work falls within scope of the MLRs 2017. However, the firm has now brought itself into compliance and therefore the ongoing risk is now low.

5.6 Based on the evidence the firm has provided of its annual domestic turnover; this results in a basic penalty of £9,000.

5.7 We have also considered mitigating factors and consider that the basic penalty should be discounted by ten percent. This is to take account of the following factors as indicated by the Guidance:



- a. Remedying any harm caused – the firm has put in place a complaint FWRA and has ensure all open in scope matter have a CMRA and therefore remedied the breaches.
- b. Cooperating with our investigation – the firm has fully cooperated with our investigation.

5.8 The adjusted penalty is therefore £8,100.

5.9 The firm does not appear to have made any financial gain or received any other benefit as a result of its conduct, that exceeds the level of basic penalty. Therefore, no adjustment is necessary, and the financial penalty is £8,100.

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 public interest in publication, and it is in the interest of transparency in the regulatory and disciplinary process.

7. Publication

7.1 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

7.2 Sherwood Solicitors Limited agrees that it will not act in any way which is inconsistent with this agreement, such as by denying responsibility for the conduct referred to above. This may result in a further disciplinary sanction.

8. Costs

8.1 Sherwood Solicitors Limited 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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