

## **SM Solicitors**

**Old Bank Buildings, Foregate Street, Chester , CH1 1JT**

**Recognised sole practitioner  
350663**

**[Agreement Date: 6 October 2025](#)**

### **Decision - Agreement**

Outcome: Regulatory settlement agreement

Outcome date: 6 October 2025

Published date: 21 October 2025

### **Firm details**

#### **Firm or organisation at date of publication and at time of matters giving rise to outcome**

Name: SM Solicitors

Address(es): Old Bank Buildings, Foregate Street, Chester, CH1 1JT

Firm ID: 350663

### **Outcome details**

This outcome was reached by agreement.

#### **Decision details**

##### **1. Agreed outcome**

1.1 SM Solicitors (the Firm), a Recognised Sole Practice, agrees to the following outcome to the investigation of its conduct by the Solicitors Regulation Authority (SRA):

- a. it is fined £3,264,
- b. to the publication of this agreement, and
- c. it will pay the costs of the investigation of £600.

##### **2. Summary of Facts**

2.1 We carried out an investigation into the firm following an inspection by our AML Proactive Supervision Team.



2.2 The inspection, and our subsequent investigation, identified areas of concern in relation to the firm's compliance with The Money Laundering Regulations 2007 (MLRs 2007), The Money Laundering, Terrorist Financing and Transfer of Funds (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].

#### **AML Policies & Procedures / Policies, Controls and Procedures**

2.3 Between 6 October 2011 and 25 June 2017, the firm failed to establish and maintain appropriate and risk-sensitive policies and procedures (P&Ps), to prevent activities related to money laundering and terrorist financing, pursuant to Regulation 20(1) of The Money Laundering Regulations 2007 (MLRs 2007).

2.4 Between 26 June 2017 and 1 April 2024, the firm failed to establish policies, controls, and procedures (PCPs) to mitigate and effectively manage the risks of money laundering and terrorist financing, identified in any risk assessment (FWRA), pursuant to Regulation 19(1)(a) of the MLRs 2017.

#### **Firm-wide risk assessment**

2.5 Between 26 June 2017 and 1 April 2024, the firm failed to have in place a documented firm-wide risk assessment (FWRA), pursuant to Regulations 18(1) and 18(4) of the MLRs 2017.

2.6 Between 1 April 2024 and 4 December 2024, failed to maintain a fully compliant FWRA, pursuant to Regulations 18(1) and 18(2) of the MLRs 2017.

#### **Client and matter risk assessments**

2.7 On all files reviewed, the firm failed to conduct client and matter risk assessments (CMRAs), as required by Regulation 28(12)(a)(ii) and Regulation 28(13) of the MLRs 2017.

#### **Customer due diligence**

2.8 On six files, the firm failed to conduct appropriate customer due diligence (CDD) measures, pursuant to Regulation 28(2) of the MLRs 2017.

#### **Source of funds**

2.9 On four files, the firm failed to conduct ongoing monitoring, including scrutiny of transactions (including, where necessary, the customer's



source of funds (SoF)), as required by Regulation 28(11)(a) of the MLRs 2017.

### **3. Admissions**

3.1 The firm admits, and the SRA accepts, that by failing to comply with the MLRs 2007 and the MLRs 2017 it has failed to achieve or breached:

To the extent that the conduct took place on or before 24 November 2019 (when the SRA Handbook 2011 was in force):

- a. Outcome 7.2 of the SRA Code of Conduct 2011 – which states that you must 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 must comply with legislation applicable to your business, including anti-money laundering and data protection legislation.
- c. 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.
- d. 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 and risk management principles.

To the extent that the conduct took place from 25 November 2019 onwards (when the SRA Standards and Regulations came into force):

- 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.

### **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 When considering the appropriate sanctions and controls in this matter, the SRA has considered the admissions made by the firm and the



following mitigation which it has put forward:

- a. the firm has taken steps to rectify its failings and reviewed and amended its AML control environment and, in doing so, is now compliant with the MLRs 2017,
- b. the firm has cooperated with the AML Proactive Supervision and AML Investigation teams, and
- c. the firm has admitted the breaches listed above at the earliest opportunity.

4.3 The SRA considers that a fine is the appropriate outcome because:

- d. the conduct showed a disregard towards statutory and regulatory obligations and had the potential to cause harm by failing to have a compliant AML control environment in place, which left the firm susceptible to money laundering (and/or terrorist financing),
- e. it was incumbent on the firm to meet the requirements set out in the MLRs 2007 and 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, and
- f. the agreed outcome is a proportionate outcome to the public interest because it creates a credible deterrent to others. The issuing of a sanction signifies the risk to the public, and the legal sector, that arises when solicitors do not comply with AML legislation and their professional regulatory rules.

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 the legal services provided by authorised persons. There is nothing within this Agreement with conflict with Rule 4.1 of the Regulatory and Disciplinary Rules and on that basis, a financial penalty is appropriate.

## **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 We have assessed the nature of conduct in this matter as more serious (score of three). This is because the firm's failure to ensure it had proper documentation in place, or to carry out CMRAs, CDD or SoF on client files, shows a persistent disregard of the firm's regulatory obligations.

5.3 We have assessed the impact of the harm or risk of harm is assessed as being medium (score of four). This is because failing to ensure it had a compliant FWRA and PCPs (formerly P&Ps) in place, or to conduct CMRAs, CDD and SoF on files, left the firm vulnerable to the risks of money laundering, particularly when providing high risk in-scope work such as



conveyancing. The firm left itself without effective arrangements in place to manage compliance with the MLRs 2007 and subsequently the MLRs 2017.

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.

5.5 We and the firm agree a financial penalty in the middle of the band. We acknowledge that the firm has taken measures to bring itself into compliance, for example by reviewing all live files in scope of the MLRs 2017 and ensuring CDD, SoF and a CMRA is in place. We also acknowledge the resources available to the firm as a recognised sole practice. However, the firm has breached multiple regulations under the MLRs 2017 (and previously the MLRs 2007), and these have persisted for significant periods of time.

5.6 Based on the evidence the firm has provided of its annual domestic turnover; this results in a basic penalty of £3,627.

5.7 The SRA considers that the basic penalty should be reduced to £3,264. This reduction reflects the mitigation set out in paragraph 4.2 above.

5.8 The firm does not appear to have made any financial gain or received any other benefit because of its conduct. Therefore, no adjustment is necessary, and the financial penalty is £3,264.

## **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 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.

## **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 Denying the admissions made or 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 7.3 of the Code of Conduct for Solicitors, RELs and RFLs.

## **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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