

Mears Hobbs & Durrant
Somerset House, 26 Gordon Road, Lowestoft , NR32 1NL
Recognised body
053018

[Agreement Date: 1 April 2025](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 1 April 2025

Published date: 16 April 2025

Firm details

Firm or organisation at time of matters giving rise to outcome

Name: Mears Hobbs & Durrant

Address(es): Somerset House, 26 Gordon Road, Lowestoft, NR32 1NL

Firm ID: 053018

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Mears Hobbs & Durrant (the Firm), a recognised body authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation: Mears Hobbs & Durrant is fined £10,670, to the publication of this agreement, and Mears Hobbs & Durrant will pay the costs of the investigation of £600.

2. Summary of Facts

2.1 We carried out an investigation into the firm following a desk-based review by our AML Proactive Supervision team.

2.2 Our review 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.

Firm-wide risk assessment (FWRA)

2.3 The firm did not have in place a documented FWRA between 26 June 2017 and 30 October 2024, in breach of Regulation 18(1) and 18(4) of the MLRs 2017.

2.4 At the outset of the desk-based review, the firm was asked to provide its FWRA along with other AML documents. The firm's initial response did not include a FWRA.

2.5 On 15 August 2024, our AML Associate made the firm aware that we had not been provided with its FWRA.

2.6 On 22 August 2024 the firm responded and attached a document that did not constitute a FWRA.

2.7 The AML Associate made the firm aware, in her letter of 30 August 2024, that we are of the view that the firm did not have a FWRA in place. This letter provided the firm with guidance on how to produce a compliant FWRA and required the firm to produce one before 1 November 2024.

2.8 The firm produced the SRA with a compliant FWRA on 30 October 2024.

Source of funds (SoF) checks

2.9 In three of the six files that were reviewed as part of the desk-based review, the firm failed to conduct ongoing monitoring, including scrutiny of transactions (including, where necessary, the customer's source of funds), as required by Regulation 28(11)(a) of the MLRs 2017.

2.10 In these three cases, the firm failed to carry out source of funds checks to evidence where the monies were arriving from and the legitimacy of those funds. No enquiries were either made or evidenced to establish how these funds had been accumulated.

Client and matter risk assessments (CMRAs)

2.11 In five of the six files reviewed, as part of the desk-based review, the firm failed to maintain records of its risk assessment under Regulation 28 of the MLRs 2017. Therefore, the firm was unable to demonstrate that the extent of the measures it had taken to satisfy the requirements of Regulation 28 were appropriate, as required by Regulation 28(16) of the MLRs 2017.



2.12 On 31 October the firm provided the SRA with its revised CMRA process, which was compliant. On 6 December 2024, the firm confirmed that the new CMRA process had been implemented on all files. The firm is now compliant with Regulations 28(12) and 28(13) of the MLRs 2017, with respect to CMRAs.

3. Admissions

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

- a. From 26 June 2017 to 24 November 2019 (when the SRA Handbook 2011 was in force) the firm breached:
- b. 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 provisions of legal services.
- c. 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:

- d. Outcome 7.2 of the SRA Code of Conduct 2011 – which states you 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.
- e. 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.
- f. And from 25 November 2019 (when the SRA Standards and Regulations came into force) until 31 October 2024, the firm breached:
- g. 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.
- h. 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.
- i. 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 taken into account the admissions made by the firm and the following mitigation:

- a. We have not established, during the course of our investigation, evidence of harm to consumers or third parties and our view is that the risk of repetition is low.
- b. The firm has taken steps to rectify the failures we identified by creating new documents and processes to ensure compliance with the MLRs 2017.
- c. The firm has cooperated with the SRA's AML Proactive Supervision and AML Investigation teams.
- d. The firm has admitted the breaches.

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

- a. 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). The AML control failings identified as part of this investigation are necessary requirements to help mitigate against these risks.
- b. 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.
- c. 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

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 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 more serious (score of three). This is because the firm was directly responsible for complying with the MLRs



2017. The firm failed to have in place a FWRA until October 2024, failed to consistently carry out CMRAs and failed to sufficiently scrutinise transactions with respect to source of funds. All of which would have seriously impacted upon the firm's ability to identify and mitigate against the risks that it could have been subject to.

5.3 The SRA considers that the impact of the misconduct was medium (score of four) because our records indicate that the firm carries out a high percentage of work in-scope of the MLRs 2017, with the majority coming from conveyancing and probate. This puts it at a higher risk of being used to launder money. Furthermore, the firm's failure to have proper documentation in place, in respect of the firm's overall AML control environment, for a period of over six years, left it vulnerable and exposed to the risks of money laundering, particularly when acting in conveyancing transactions. There is no evidence of there being any direct loss to clients or actual harm caused as result of the firm's failure to ensure it had proper documentation in place.

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 The SRA and the firm agree that a basic penalty towards the higher end of the bracket to be appropriate.

5.6 Based on the evidence the firm has provided of its annual domestic turnover for the most recent tax year, this results in a basic penalty of £13,338.

5.7 The SRA considers that the basic penalty should be reduced to £10,670. 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 as a result of its conduct. Therefore, no adjustment is necessary, and the financial penalty is £10,670.

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 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 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. The date of this Agreement is 1 April 2025.

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