Solicitors Regulation Authority

Charles Douglas Solicitors LLP
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Recognised body
560662

Agreement Date: 12 November 2025

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 12 November 2025

Published date: 20 November 2025

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Charles Douglas Solicitors LLP (the firm), a recognised body, agrees to the following outcome to the investigation of its conduct by the Solicitors Regulation Authority (SRA):

a. it is fined £23,588.
b. to the publication of this agreement.
c. it will pay the costs of the investigation of £1,350.

2. Summary of Facts

2.1 Between June 2021 and February 2024, the firm acted for a non-domestic politically exposed person (PEP), and their associated companies across 194 matters, consisting primarily of residential property purchase transactions (103 matters) and refinance matters (85 matters).

2.2 There were 94 abortive matters; however, at least 56 matters proceeded to completion.

2.3 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017) requires relevant persons to apply enhanced checks when acting for a PEP.

2.4 The measures set out in Regulation 35(5) of the MLRs 2017 require a relevant person, the firm, to:

a. have approval from senior management for establishing or continuing the business relationship with that person;
b. take adequate measures to establish the source of wealth (SoW) and source of funds (SoF) which are involved in the proposed business relationship or transactions with that person; and
c. where the business relationship is entered into, conduct enhanced ongoing monitoring of the business relationship with that person.

2.5 As part of an onsite SRA forensic investigation, we reviewed the information obtained by the firm in respect of the PEP and their finances. The SRA identified that:

a. The firm obtained substantial SoF information. The firm could not evidence that it had taken adequate measures to establish the SoF received from remitting parties representing less than 1% of the money received. The money received by the firm exceeded £10m, in a significant number of different transactions.
b. The firm had obtained substantial SoW information. However, at onboarding, the firm understood that at least some of the total wealth of the non-domestic PEP derived from their overseas business interests. While it is acknowledged that the firm completed checks, the financial statements of the overseas business interests provided (by qualified overseas accountants) raised concerns as to the scrutiny applied by the firm regarding the non-domestic PEP's wealth and further checks should have been completed. This is because those financial statements showed substantial revenue, minimal business expenditure and most of the net profit being paid out immediately as dividends. While no funds from these overseas business interests were remitted to the firm, it could not evidence that it took adequate measures to establish the SoW of the non-domestic PEP, as outlined in this paragraph.

3. Admissions

3.1 The firm makes the following admission which the SRA accepts:

While substantial information had been obtained and thorough checks had been conducted:

a. In respect of 2.5(a), its client, a non-domestic PEP, and matters linked to that client, the firm failed to take adequate measures to establish the source of wealth and/or source of funds involved in less than 1% of those transactions, where monies were sent by the

client's UK companies. It is recognised by the SRA that the firm had obtained source of wealth information for a large proportion of the 1%, but not source of funds.

b. In respect of 2.5(b), additional checks and scrutiny should have been conducted at the onboarding stage, with respect to the financial statements provided by professionally qualified accountants in the local jurisdiction.

3.2 Consequently, and limited to those matters in paragraph 3.1 above, the firm has breached Principle 2 of the SRA Principles – which states that you act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.

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

a. The obligation was on the firm to comply with the MLRs 2017. The firm is directly responsible for ensuring it meets its obligations and had direct responsibility for its own conduct.
b. It is in the public interest that firms ensure compliance with the MLRs 2017. A failure to do so has the potential to cause significant harm by exposing the firm to the risk that its services will be used to carry out money laundering or terrorist financing. Where thorough checks are conducted, this mitigates and manages the risk and ensures that the public can take comfort that firms are complying with their legal and regulatory obligations.
c. Any lesser sanction would not provide a credible deterrent to the firm and others.

4.3 A fine is appropriate to maintain professional standards and uphold public confidence in the solicitors' profession and in legal services provided by authorised persons. A financial penalty therefore meets the requirements of rule 4.1 of the Regulatory and Disciplinary Procedure Rules.

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, in line with the Guidance, the conduct formed part of a pattern of oversights with respect to the 1% of funds received by the client's UK companies. This was not the case for 99% of the funds sent to the firm.

5.3 The SRA and the firm agree that the harm or risk of harm is low (score of two). PEPs are high risk clients (holding positions of power and influence, making it easier to obtain funds via corruption or by stripping assets of their country of origin) and the requirements as set out in the MLRs 2017 (which reinforced the long-established requirements that had been in place since 2007, pursuant to the MLRs 2007), specifically have a section dedicated to PEPs requiring additional scrutiny to be applied to mitigate the increased risk.

5.4 The firm was aware that it was acting for a non-domestic PEP and applied enhanced measures as a result. Although enhanced measures were applied, these were not fully compliant with the requirements of the MLRs 2017, specifically with regards to the source of funds and source of wealth, but only as to less than 1% of the funds received. As the enhanced measures applied were generally adequate, the harm or risk of harm is assessed to be low overall.

5.5 The nature and impact scores add up to five (Band B). The Guidance indicates a broad penalty bracket of between 0.4% and 1.2% of the firm's annual domestic turnover.

5.6 Based on the firm's annual domestic turnover, this results in a basic penalty of £31,451.

5.7 The SRA considers that the basic penalty should be reduced to £23,588, to account for early admissions and full cooperation with our investigation.

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 required, and the amount of the fine is £23,588.

6. Publication

6.1 The SRA considers it appropriate that this agreement is published in the interests of transparency in the regulatory and disciplinary process. The firm agrees to the publication of this agreement.

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 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 £1,350. Such costs are due immediately following a statement of costs due being issued by the SRA.

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