Solicitors Regulation Authority

Palmer and Palmer Solicitors Limited
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Recognised body
613282

Agreement Date: 5 November 2025

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 5 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 Palmer and Palmer 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. it will pay a financial penalty in the sum of £5,681,
b. to the publication of this document, 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 a desk-based review (DBR) by our AML Proactive Supervision team.

2.2 Our investigation 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 [2019] and the SRA Code of Conduct for Firms [2019].

Firm-Wide Risk Assessment (FWRA)

2.3 Between 2 January 2021 and 9 January 2025, the firm failed to have in place an appropriate FWRA that identified and assessed the risks of money laundering to which it was subject taking into account all risk factors pursuant to Regulation 18(2) of the MLRs 2017.

2.4 The firm provided a copy of its FWRA. Upon review, the document was deemed non-compliant with Regulation 18 of the MLRs 2017. The document discussed general and operational risk rather than AML risks. The document also did not assess all five mandatory risk areas in accordance with Regulation 18(2)(b) of the MLRs 2017.

2.5 The firm was put on a compliance plan to draft and produce a compliant FWRA, which was received on 9 January 2025. Upon review of this document, it was clear that the firm had considered the guidance provided, and we are now satisfied that the firm has a compliant FWRA in place.

Client and matter risk assessments (CMRAs)

2.6 As part of the DBR, the firm was asked to provide its ‘template CMRA’. The firm did provide a document used to risk assess clients and matters. However, as part of the DBR we reviewed six live files, and on five of those files the CMRA was dated after the transaction had completed (and after notification of our inspection). Also, the overall risk rating in the ongoing monitoring sections on these matters was not completed.

2.7 The firm was put on a compliance plan to ensure all live files, within scope of the MLRs 2017, had a completed CMRA. The firm has confirmed this has happened.

2.8 The firm now uses electronic records to document its CMRA one each file, and therefore we are satisfied the firm is compliant.

2.9 Whilst the firm has commented that it was an issue with recording and documenting CMRA rather than not doing them until much later, as we were unable to see evidence of this, it is the case that on five out of the six files reviewed, the firm failed to conduct CMRAs at the outset of the matter, pursuant to Regulation 28(12) and Regulation 28(13) of the MLRs 2017.

Source of funds (SoF)

2.10 All six files reviewed did not have thorough documented SoF information. None had all the required documented evidence of the origin of the funds used in the transaction.

2.11 For example, three property purchase files were funded by a mixture of personal savings/gifts and mortgage finance. Although the

mortgage funds had been evidenced, there was no documented SoF enquiries or information regarding the monies coming from the clients themselves. Although, the firm has stated that the sufficient checks were carried out and that where Source of Wealth (SoW) evidence was required – the clients (and their financial position) were known personally to the firm, the extent of the firm's checks or financial knowledge of its clients could not be established by the DBR (desk-based review), and therefore the firm was unable demonstrate its compliance to its regulator.

2.12 Although the firm has commented that it was undertaking SoF checks, the firm did not have the correct documented evidence on file for any inspection to establish this. The firm has now implemented new systems and controls to rectify this, and as part of the firm's compliance plan it was required to provide all relevant employees with SoF training. The firm confirmed this had been completed, in an email dated 9 June 2025

2.13 It is therefore the case that on all six of the files reviewed by the AML Proactive Supervision team, the firm failed to effectively demonstrate that it carried out adequate source of funds checks, in accordance with 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 2017, the firm has breached:

a. 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.
b. 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.
c. 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 apporopraite 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), however there is no evidence that any money laundering (and/or terrorist financing) has taken place. However, the risk 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:

i. The agreed outcome is proportionate and 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.
ii. There has been no evidence of harm to consumers or third parties and there is now a low risk of repetition.
iii. The firm has assisted the SRA throughout the investigation and has shown remorse for its actions.
iv. 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 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, we and the firm agree that the nature of the misconduct was more serious (score of three). This is because the firm should have been aware of its obligation to have in place a compliant FWRA since June 2017. Furthermore, the firm demonstrated that it was not carrying out CMRAs on all files and correctly evidencing the SoF information on all files, where necessary.

5.3 In addition, a significant majority of the firm's work currently falls within scope of the MLRs 2017, therefore the firm should have been familiar with the obligations imposed by the regulations and should have implemented strict adherence.

5.4 The firm has failed to meet the requirements of the regulations for a number of years, while carrying a large proportion of work that falls within scope of the regulations. Although the firm now has compliant documents in place, which are in proper use, the firm was left vulnerable for a significant period of time, and the SRA considers that this amounts to a serious breach.

5.5 The impact of the harm or risk of harm is assessed as being low (score of two). This is because there is no evidence of any harm being caused, as a result of the firm's breaches. However, the nature of its work, in particular the amount of in-scope work the firm undertakes, suggests the firm had the potential to cause harm as a result of its conduct. The firm did have an AML control environment in place, and had not been oblivious to its obligations, but based on the limited number of files reviewed, it was clear that systems and processes were not being followed on all in-scope files, and core mandatory AML documents had not been updated and brought into compliance.

5.6 The 'nature' of the conduct and the 'impact of harm or risk of harm' added together give a score of five. This places the penalty in Band "B", as directed by the Guidance, which indicates a broad penalty bracket of between 0.4% to 1.2% of the firm's annual domestic turnover.

5.7 We recommend a basic penalty in 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. The firm should have been aware of its statutory obligations under the MLRs 2017, and the breaches spanned several years. However, the firm has now brought itself into compliance and therefore the ongoing risk is now low.

5.8 Based on the evidence the firm has provided of its annual domestic turnover this results in a basic penalty of £6,312.

5.9 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. Remedy harm – the firm took steps to rectify the non-compliant document and is now fully compliant with the MLRs 2017.
b. Cooperating with the investigation – the firm has cooperated with the SRA's AML Proactive and AML Investigation teams.

5.10 The adjusted penalty is therefore £5,681.

5.11 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 £5,681.

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 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.

7.2 Acting in a way which is inconsistent with this agreement may also constitute a separate breach of Principles 1, 2 and 5 of the SRA Principles.

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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