Solicitors Regulation Authority

Upholding Professional Standards Annual Report 2022/23

20 December 2024

English Cymraeg [https://qltt.sra.org.uk/sra/research-publications/cynnal-safonau-proffesiynol-22-23/]

About this report

Fundamental to our mission of driving confidence and trust in legal services is making sure solicitors are working to high professional standards.

We set and uphold these standards and it is critical that we take swift and appropriate action where solicitors and firms fall short of them. Our enforcement work aims to protect the public, maintain public trust and confidence in legal services, and send a clear signal to those we regulate that they must meet the high standards expected of them.

Most solicitors and firms do that, but for those who do not, we have a range of powers to discipline solicitors and control their future practice. In the most serious cases, we will prosecute at the Solicitors Disciplinary Tribunal (SDT). The Tribunal is an independent body, with powers to suspend or strike solicitors off the roll and issue unlimited fines.

Through all our investigation and enforcement work, our focus is to make sure we are working in the public interest.

Key areas covered in this report

This report explains our approach to upholding professional standards through our investigation and enforcement work. It covers new data on our work in this area for the period November 2022 to October 2023*, set in the context of the previous six years. We also reference some data from the 2023/24 period, to offer timely updates on key areas of our enforcement work. It also includes a range of case studies to provide examples of our work and the cases we deal with.

The key areas covered in this report include:

- our approach to enforcement, including our range of powers
- an overview of the regulatory action we took and the SDT took in 2022/23
- key themes we have seen in our enforcement work and progress on high-profile investigations
- an overview of our investigation and enforcement processes
- referrals to the SDT and the sanctions it imposes

- the appeals process and information on appeals at different stages
- the costs of our investigation and enforcement work
- the resources available to support solicitors and firms.

This report does not focus on our operational performance in this area – detailed information is provided separately through regular updates to our Board through our Balanced Scorecard [https://qltt.sra.org.uk/sra/how-we-work/our-board/public-meetings/archive/] .

*Please note, our business year is 1 November to 31 October. Unless otherwise stated, references to 'this year' in the report relate to this period and figures relate to 31 October 2023 – the end of the reporting year.

This report also includes a glossary of terms. [#heading_f9fe]

Executive summary

Making sure solicitors are working to high professional standards is fundamental to confidence and trust in legal services. Most solicitors deliver to high standards, but when they fall short, we will step in and take appropriate action to protect the public.

This year, we received almost 11,000 reports about solicitors and law firms we regulate. This is a similar number to previous years. More than half (57%) of the reports we received this year came from the public.

We took regulatory action in 794 cases in 2022/23. Many of these cases will follow reports to us, while others will follow our proactive work to identify issues, such as through firms visits or desk-based reviews.

In 695 cases, we took action such as issuing a fine, sending a letter of warning or putting conditions on how someone can practise. We referred the remaining 99 cases to the Solicitors Disciplinary Tribunal (SDT), which has greater powers to sanction solicitors and firms in cases of serious misconduct.

Improving our approach

We have been progressing work to improve both the timeliness and quality of our investigation and enforcement work. A key priority has been reducing the number of longstanding investigations.

We have made good progress on this: in October 2022, we had 286 cases that were more than 24 months old. We reduced this to 59 such cases by August 2024.

Reforming our approach to fines

- Following two consultations, our new approach to financial penalties came into force in 2023. It saw two key changes. We introduced: Fixed penalties, enabling us to deal with non-complex, lower-level breaches of our rules more swiftly. In addition to acting as a deterrent for firms not complying with certain rules, this approach saves everyone time, cost and stress.
- Fining bands for both firms and individuals linked directly to percentages of income/turnover. We brought these in following changes in legislation in July 2022, which increased the level we can fine solicitors and traditional law firms from £2,000 to £25,000.

Since changes in legislation in July 2022, up until August 2024, we have issued 96 fines where the fine amount was more than £2,000. The total value of these fines was around £1.55m. Of this amount:

- 54 fines were issued to firms, with a total value of approximately £1m
- 42 fines were issued to individuals, with a total value of approximately £550,000.

High-profile cases and issues

There has been a range of high-profile cases that attracted significant public interest in the reporting year. As in all cases, we will take action against any solicitors or firms who have behaved unethically:

- Post Office Horizon Scandal – one of the biggest miscarriages of justice in British legal history, we are currently investigating more than 20 solicitors and firms who worked on behalf of the Post Office/Royal Mail Group. We expect to be in the best position to take action to get the right outcome after the full facts and all relevant issues have been aired through the public inquiry.
- Axiom Ince – in October 2023, we carried out our largest ever intervention, into the law firm Axiom Ince, where we had to step in and close down the firm to protect clients and the public. We uncovered a suspected fraud at the firm, with more than £60m of clients' money missing. We continue to make payments, through our compensation fund, to individuals who have lost money. We have been liaising with the Serious Fraud Office (SFO), who have arrested several individuals. We have agreed to pause our investigations until the SFO completes its investigation. We have protected the public by restricting the practice of key individuals who were working at the firm.
- SSB Group (SSB), Pure Legal and high-volume consumer claims – former clients of law firms SSB and Pure Legal have been unexpectedly asked to pay adverse legal costs in relation to their discontinued cavity wall insulation claims. These cases raise serious concerns about the solicitors and law firms involved, including how work was obtained and how claims were handled. We are

investigating, while also making sure people impacted have access to the right information on possible options for redress. The case also highlights wider questions about how the claims management market is working, including the role of insurance, claims management companies, litigation funders and legal services. We are exploring with other regulators and government whether changes are needed to better safeguard the public.
- False asylum cases – immigration and asylum are high-risk areas of law as clients are often vulnerable and the impacts of decisions are significant. In July 2023, we moved swiftly to investigate and close down three law firms. This was following allegations in the media that solicitors were encouraging false asylum and human rights claims and overcharging for work. We have referred these matters to the SDT.

There are other significant areas where we have been focusing our work for some time now, so that we drive high standards and tackle misconduct where we find it. These areas include:

- Sexual misconduct involving solicitors – these are some of the most serious matters we deal with. In 2022/23, we referred 11 such cases to the SDT and we saw the first ever striking off of a solicitor for sexual misconduct where there had been no criminal conviction.
- Non-disclosure agreements (NDAs) – we are concerned where NDAs seek to restrict disclosure of misconduct to a regulator or reporting a criminal offence to the police (even though such clauses will be unenforceable). In 2022/23, we investigated 24 cases related to NDAs. Of the 24, we closed 13 cases. Six of these were closed with no further action and seven were closed with letters of advice or a warning. At the end of 2022/23, we continued to investigate the remaining 11 cases.
- Strategic lawsuits against public participation (SLAPPs) – concerns about solicitors getting involved in abusive litigation aimed at silencing legitimate critics have increased significantly since the war in Ukraine. From May 2022 to September 2024, we received 82 reports of potential SLAPPs. As of September 2024, we had 44 open investigations and had referred two cases to the SDT.
- Money laundering – we proactively reviewed 250 firms to check compliance. Money laundering is not a victimless crime and firms must make sure they are addressing this issue and meeting their obligations. During the anti-money laundering (AML) reporting period of 6 April 2022 to 5 April 2023, we took regulatory action in 47 cases.
- Law firm transparency with potential customers – our Transparency Rules are there to help the public make informed decisions when choosing a legal service provider. We have carried out reviews of more than 1,000 firms as part of a project (running from mid-2023 to late 2024) to check firms' compliance with our rules. From May 2023 to August 2024, our work has seen us issue 439 firms with a

letter of warning and issue 36 fixed penalties. Seven of these fixed penalties fell in the period covered by this report.

Solicitors Disciplinary Tribunal referrals and appeals

We have seen a rise in the number of cases we referred to the SDT, from 76 in 2021/22 to 99 in 2022/23. One reason for this is our increased activity on reducing the number of longstanding investigations, some of which have resulted in a referral.

In recent years, we have increasingly used 'agreed outcomes' in cases referred to the SDT. If we refer a matter and the SDT says there is a case to answer, and the firm or individual admits to allegations, it may be appropriate to conclude the matter by an agreed outcome, rather than through a full hearing. In these circumstances, we agree an outcome and costs based on an agreed set of facts. Although they are only appropriate in certain circumstances, they can resolve cases in a swift, proportionate way. In 2022/23, they represented 43% of all SDT cases, compared to 28% in 2016/17.

There have been fewer appeals against SDT decisions in recent years. In 2017/18, there were 12 brought by respondents and nine brought by us – a total of 21. In 2022/23, there were five brought by respondents and three brought by us – a total of eight.

Our costs

We are committed to making sure we carry out our work effectively and efficiently. In 2022/23, we spent £19.3m on our investigation and enforcement processes. This is an increase on the previous year (£16.5m). The main reason for this is investment in our investigation resources to improve the timeliness and quality of our decision-making and services.

Of the 99 cases we brought to the SDT in 2022/23 and eight appeals heard, there were two cases where our costs were £100,000 or more.

The work on these cases was spread over several years. Both resulted in a solicitor being struck off, who then appealed to the High Court. Both appeals were dismissed and the SDT and High Court awarded us the majority of or all our costs sought.

Open all [#]

1.1: Our approach to enforcement

Our role

Through our enforcement work we aim to:

- Maintain and uphold standards of competence and ethical behaviour.
- Protect clients and the public – we control or limit the risk of harm by making sure individuals and firms are not able to offend again or are deterred from doing so in the future.
- Send a signal to the people we regulate more widely with the aim of preventing similar behaviour by others.
- Uphold public confidence in the provision of legal services.

Monitoring professional standards and taking action

We monitor standards across the profession through assessing and investigating reports of concerns made to us about the conduct of firms, solicitors and other individuals we regulate. This year, we received around 11,000 reports of concerns. This is comparable with previous years.

We took regulatory action in 794 cases. This action can range from sending a letter of advice to issuing a fine or referring a case to the Solicitors Disciplinary Tribunal (SDT). We have set out below the range of action we can take and sanctions we can impose. We assess all reports we receive, and where necessary investigate and take action.

We also carry out proactive work to make sure firms and solicitors are compliant. Areas where we have particularly focused our proactive work this year include anti-money laundering (AML) regulations and our Transparency Rules.

Our Enforcement Strategy

Our Enforcement Strategy [https://qltt.sra.org.uk/sra/corporate-strategy/sra-enforcement-strategy/] sets out how we will use our enforcement powers when we find a firm, solicitor or other individual we regulate has not met the standards we expect. It provides clarity on how and when we will use our enforcement powers and what we take into account when assessing the seriousness of misconduct and the action to take.

Our powers as a regulator

Letters of advice and warning and rebukes

Following looking into a concern, we may send a firm or a solicitor a letter of advice or letter of warning. We may find a breach in the matter, but that does not necessarily mean we will impose a sanction. We will take into account all the circumstances, including any aggravating and mitigating factors, while making sure that the wider public interest (including the protection of the public) is upheld. We will typically send these letters where there has been a breach of our rules, but

circumstances indicate there is no underlying concern in terms of the public interest:

- Letter of advice – given to help an individual/firm understand our regulatory arrangements and the behaviours that demonstrate a risk. This is intended to help them comply in the future and prevent inadvertent repetition.
- Letter of warning – given to make an individual/firm aware that they came close to a disciplinary sanction or control order and we are likely to take action if the breach continues or is repeated.

If a case is moderately serious, we may want to rebuke the firm, solicitor or individual involved. Unlike letters of advice and warning, details of a rebuke are published, although there are some instances when publication may not take place as it is not in the public interest. Our publishing regulatory and disciplinary decisions guidance has more information [https://qltt.sra.org.uk/solicitors/guidance/disciplinary-publishing-regulatory-disciplinary-decisions/]).

Fining powers

We can fine firms, solicitors, or other individuals we regulate for breaches of our rules. Our fining powers are varied and include:

- Fixed financial penalties: since mid-2023, we started to issue fixed penalties for specified breaches of our rules, for example, non-compliance with our Transparency Rules or failing to respond to our requests. We can issue fixed financial penalties of £750 for a first breach and £1,500 for a subsequent breach within three years. Fixed penalties allow us to deal with non-complex breaches of our rules more swiftly. This saves everyone time, cost and stress.
- Fines of up to £25,000: following a change to legislation in July 2022, our fining powers increased from a limit of £2,000 to £25,000 for solicitors and traditional law firms.
- Fines of up to £250m: we have higher fining powers in relation to an alternative business structure (ABS), also known as a licensed body, which will have non-lawyer ownership or control of the business. We can impose a fine of up to £250m on the firm and up to £50m on its managers and employees.
- Unlimited fines: the Economic Crime and Corporate Transparency Act 2023 gives us unlimited fining powers to sanction certain breaches that involve economic crime. This came into force in March 2024, and we consulted on developing our financial penalties framework in light of this. [https://qltt.sra.org.uk/sra/consultations/consultation-listing/financial-penalties-further-developing-framework/] We will only be able to issue these types of fines for breaches of our rules which took place after the Act came into being.

More detail on the fines we make and our wider fining policy can be found at section 2.5: Concluding an investigation – regulatory settlement agreements and fines. [#heading_1624] It is important to note that all fines, whether issued by the SDT or through our internal processes, are paid to the Treasury.

Imposing conditions and controls

To protect the public, we can, in some circumstances, impose conditions or controls to restrict the practice on:

- the practising certificate of a solicitor, or on the practising certificates of registered European lawyers (REL) and registered foreign lawyers (RFL)
- other individuals who work in law firms
- a firm's authorisation certificate.

We can do this:

- during an investigation, if we consider we need to minimise the risk to the public as part of our ongoing work
- at the end of an investigation, if we consider it an appropriate outcome
- when we come to renew a solicitor's, REL's or RFL's practising certificate annually, we can keep a pre-existing condition imposed on the certificate
- if the SDT decides practising conditions are necessary following a disciplinary hearing.

Interventions

We intervene into a firm to protect clients. It involves us taking away client money and files from a firm's or a solicitor's practice to keep the money and files safe. This will effectively close down the firm or solicitor's practice. We call this an intervention. We will do this if we consider that people are at risk of receiving legal services from a dishonest solicitor, or it is otherwise necessary to protect the interests of clients.

More information on interventions can be found in our Client Protection report [https://qltt.sra.org.uk/sra/research-publications/client-protection-2022-23/] .

Referral to the Solicitors Disciplinary Tribunal

We are not able to strike off or suspend a solicitor. If we think such action is necessary, or if we think a fine beyond our powers is appropriate, we must take the case to the SDT. In addition to suspensions and strike offs, the SDT can impose unlimited fines in relation to any breach of our rules.

More information can be found in section 2.6: Concluding cases by referring them to the SDT [#heading_5d9d].

A table of actions we and the SDT take can be found at annex 1 [#heading_76b3].

1.2 Overview – SRA regulatory action and Solicitors Disciplinary Tribunal outcomes in 2022/23

Regulatory action we took in 2022/23

The table below shows the number of cases where we took regulatory action in 2022/23. Please note, one case can result in more than one type of regulatory action. The table below shows action we took as a result of reports of concerns made to us and our proactive work to monitor standards.

This is the first year where we have reported on cases where we imposed practising conditions on practising certificates. Because of this, the overall figure of regulatory action we took in 2022/23 is not directly comparable to the ones we reported in Upholding Professional Standards 2021/22. Going forward, we will report annually on the number of practising conditions we impose each year.

We took action in 794 cases in 2022/23, including 205 cases where we imposed practising conditions. Setting aside cases where we imposed practising conditions, there has still been an increase in cases where we took regulatory actions this year compared to 2021/22 (377). There are two areas where there has been a notable increase in the regulatory action we have taken compared to the previous year:

- Referrals to the Solicitors Disciplinary Tribunal (SDT): the number of cases we heard at the SDT in 2022/23 increased to 99 from 76 in 2021/22. We have been progressing work to improve both the timeliness and quality of our investigation and enforcement work. A key priority has been reducing the number of longstanding investigations. This could be one factor that has driven this year's increase in cases heard at the SDT. We will have referred more cases in 2023/24. Because of this, we will likely see the number of cases heard at the SDT increase in the coming years. Please note, it typically takes longer than one year to refer a case to the SDT and for it to be heard.
- Letters of warning: we closed 217 cases with a letter of warning in 2022/23 compared to 44 in 2021/22. This four-fold increase was mainly driven by our proactive work to check compliance with our Transparency Rules, accounting for 120 of such cases.

We also carried out 65 interventions, where we take away client money and files from a firm's or a solicitor's practice, leaving them no longer

able to operate. This was a significant increase on the previous year. More information can be found in our Client Protection report [https://qltt.sra.org.uk/sra/research-publications/client-protection-2022-23/] . For guidance on the terms used in the tables below, please see:

- a glossary of terms [#heading_f9fe]
- an annex on the actions we take as a regulator [#heading_76b3] .

Number of cases where we took regulatory action in 2022/23

Please note, these cases relate to those we closed in 2022/23 and the types of regulatory action recorded on each case. One case can result in more than one type of regulatory action.

These figures do not include cases where we carried out an intervention into a firm or an individual's practice. We carried out 65 interventions in 2022/23. More information on this work can be found in our Client Protection report [https://qltt.sra.org.uk/sra/research-publications/client-protection-2022-23/] .

Number of cases where we took regulatory action	794
Letter of advice	73
Letter of warning *	217
Rebuke	34
Fine (including fixed financial penalties)	73
Section 43 order	33
Conditions on a firm’s authorisation certificate	4
Conditions on practising certificate	205
Removal from the roll by way of a regulatory settlement agreement	3
Section 99 order	8
Cases referred to the SDT	99

* Please note, this category used to be named 'finding/finding and letter of warning'. We have now updated the name in line with changes to our revised Enforcement Strategy and Standards and Regulations.

Solicitors Disciplinary Tribunal cases and outcomes in 2022/23

Please note that we decide whether to bring a case to the SDT for a hearing. It then makes a decision on the outcome. One case can result in more than one sanction.

SDT cases and outcomes 2022/23

Number of cases we referred	99
Fine	23
Suspension	13
Strike off	63
Other decision	6
Conditions on a firm's authorisation certificate	0
Conditions on practising certificate	9*
No order	6

* Please note, one of these conditions was applied as a result of a successful restoration to the roll application. The case that this relates to is not included in the 99 cases we referred, as it was brought by an individual and not by us.

Solicitors Disciplinary Tribunal cases where a condition was imposed following a hearing in previous years

In addition to the cases reflected in the table above, there is a further category of outcomes, where the SDT has imposed conditions following a period of suspension coming to an end. While the conditions were added in 2022/23, the original suspension will have been recorded in data related to the year in which it began.

Conditions imposed on practising certificates following a period of suspension	9

1.3: Key enforcement themes

We regulate more than 200,000 solicitors – approximately 166,000 are practising solicitors – and around 9,300 law firms. We received around 11,000 reports of concerns in 2022/23.

Our work to protect the public, drive professional standards and take action when things have gone wrong plays an important role in maintaining confidence and trust in legal services.

The majority of concerns do not result in us taking regulatory action. In many cases we find that there has not been a breach of our rules. In others, we engage with firms to put things right and to make sure they are meeting our requirements. However, we will take action where necessary in the public interest.

There are some issues that are reported to us more commonly than others – such as issues of confidentiality, misleading the court, or taking advantage of a third party. Some areas of legal practice, such as conveyancing and probate, also attract more complaints, reflecting the high volume of work and transactions in these areas.

Each case is unique, and many are complex, with a mixture of potential breaches of our regulations.

We worked on a number of high-profile cases in 2022/23 – some of which are ongoing. These include our intervention into the law firm Axiom Ince, the Post Office Horizon IT scandal, issues with SSB and Pure Legal, and false asylum claims. There are also areas where we have focused our work for some time – such as sexual misconduct, the use of non-disclosure agreements (NDAs) and anti-money laundering (AML). Further details on these cases and themes are set out below.

In 2022/23, we also took more proactive action in checking firms' compliance with our rules – such as our Transparency Rules. Where we saw non-compliance, we sent letters of warning and used fixed financial penalties for the first time. We also issued fixed financial penalties to firms which failed to have specific role-holders needed for compliance.

Intervention into Axiom Ince and our Consumer Protection Review

In 2023, we carried out our largest ever intervention. This was into the law firm Axiom Ince. We did this on the grounds of dishonesty and breaches of our Accounts Rules. The sole shareholder at the firm was suspected of misusing significant amounts of client money, resulting in an account shortage estimated to be more than £60m.

In the summer of 2023, we closed down the personal practice of the sole shareholder and two other directors of the firm to protect clients and the public. We also referred the issue to the relevant law enforcement agencies, and the Serious Fraud Office (SFO) arrested several individuals in November 2023. We have been liaising with the SFO as it progresses its investigation. We have agreed with the SFO to pause our investigation on this matter until it has completed its investigation. We have already sought to protect the public in the interim by restricting the practice of key individuals. We also continue to make payments to individuals who have lost their money and who have since made a claim through the compensation fund.

This intervention, alongside other large interventions and an increase in the number of interventions, highlights possible changes in the risks in the legal sector. This has led us to take a look – through our Consumer Protection Review [https://qltt.sra.org.uk/home/hot-topics/consumer-protection-review/] – at the protections in place for consumers when money goes missing and what steps we can take to improve how we identify and manage risks to consumers.

Further information on this intervention can be found in the 'Taking urgent action' [#heading_f57e] section.

Post Office Horizon IT scandal

Between 2000–2015, sub-postmasters and mistresses (SPMs) were wrongly prosecuted for offences based on information from a faulty electronic accounting system, 'Horizon', which made it look like money was missing. From wrongful convictions through to financial ruin and devastating personal consequences, the miscarriages of justice in this case have severely impacted the lives of hundreds of SPMs.

As of September 2024, we had more than 20 live investigations into solicitors and law firms who were working on behalf of the Post Office/Royal Mail Group. We are looking at a wide range of issues, including:

- solicitors' management and supervision of cases and the strategy and conduct of prosecutions and of litigation (including group litigation – Mr Bates v The Post Office)
- duties relating to expert witnesses
- disclosure obligations and improper application of privilege to protect communications from disclosure
- issues relating to the operation of the Post Office Complaint Review and Mediation Scheme, including overcharging of claimants, use of non-disclosure-agreements and labelling of correspondence.

This is not an exhaustive list. We are also looking at the conduct of solicitors in relation to their engagement and cooperation with the ongoing public inquiry.

We have been gathering evidence through various means. This includes calling in evidence under our own powers, obtaining a court order requiring the Post Office/Royal Mail Group to provide us with relevant documents and reviewing the information shared publicly through the statutory inquiry. So far, our investigations have involved scrutinising tens-of-thousands of pages of information and evidence. They cover multiple, multifaceted issues where there may have been potential misconduct.

We will take action where we find evidence that solicitors have fallen short of the standards the public expects. New issues and evidence are coming to light on an ongoing basis, particularly from the public inquiry. We expect to be in the best position to take any meaningful action to get the right outcome after the full facts and all the relevant issues have been aired through the inquiry. But we are keeping our position under constant review. We will continue to engage with the inquiry to make sure we are aware of any issues that may require more immediate action. More information can be found in our update, published in June 2024. [https://qltt.sra.org.uk/news/news/press/2024-press-releases/post-office-update-2024/]

Strategic lawsuits against public participation

Strategic lawsuits against public participation (SLAPPs) is a term commonly used to describe the abuse of the legal system by improperly bringing or threatening to bring proceedings, with the key aim of preventing publication on matters of public importance, such as academic research, whistleblowing, campaigning, or investigative journalism. Claims of defamation or invasion of privacy are the causes of action most associated with SLAPPs, but other causes of action (such as breach of confidence) could also be used for this purpose.

It is important that claimants can bring legitimate claims and for solicitors to act fearlessly in their interest. It is not in the public interest for false or misleading information to be needlessly published, and lawyers can have a legitimate role in encouraging journalists and others to make sure that what is published is legal and accurate.

Yet, this should never extend to abusing the litigation process, bringing meritless claims or threatening individuals with legal action with the objective of discouraging or shutting down lawful scrutiny of matters in the public interest.

Although the practice of aggressive litigation is not new, there has been significant public concern about SLAPPs since the invasion of Ukraine. There have been complaints that wealthy individuals are using solicitors to silence legitimate criticism. For instance, by threatening journalists with defamation proceedings even if the claim has no merit.

From May 2022 to September 2024, we received 82 concerns in relation to SLAPPs. As of September 2024, we have closed 36 matters with no further action. This was either because the complaint did not give grounds for a finding of misconduct, or there was insufficient evidence to support a finding. In some cases, we did not find evidence of SLAPPs, but did discover other potential misconduct issues. We continued our investigation, but there was no further action in relation to the specific concern of a SLAPP. We have referred two cases to the Solicitors Disciplinary Tribunal (SDT) and continue to investigate the remaining 44.

In 2023, we published our conduct in disputes thematic review [https://qltt.sra.org.uk/sra/research-publications/conduct-disputes/] after carrying out 25 firm visits. It found that some law firms needed to do more to guard against the risk of SLAPPs and other types of abusive litigation. The review highlighted examples of good practice as well as areas for improvement. We have followed this up with a more recent thematic review specifically looking at SLAPPs. [https://qltt.sra.org.uk/sra/research-publications/strategic-lawsuits-against-public-participation-thematic-review/] It found that the previous information we published was generally proving effective with those firms who had read it. However, it also identified some potential areas for concern. For example, some firms did not have clear policies or processes in place to make sure public relation companies or private investigators acting on their behalf were behaving appropriately or ethically. In addition, in May 2024, we updated our

warning notice on this topic. [https://qltt.sra.org.uk/solicitors/guidance/slapps-warning-notice/]

In the past year, we have worked with the Ministry of Justice and other stakeholders as a member of the government's SLAPPs taskforce.

Sexual misconduct

Allegations of sexual misconduct can include sending inappropriate messages, making inappropriate comments, non-consensual physical contact and sexual assault. Such allegations can arise in the working environment, at work-related social events or in the solicitor's private life. In all cases, we carefully consider the link between the alleged misconduct and professional practice/public trust and confidence in the profession.

We saw a spike of reports on this topic in the wake of #MeToo, when we issued a warning notice. We continue to investigate reports concerning sexual misconduct each year.

In 2022, we engaged widely to develop guidance on sexual misconduct. [https://qltt.sra.org.uk/solicitors/guidance/sexual-misconduct/] This provides further clarity for those we regulate as to what we expect of them, assist those who have to make decisions about reporting conduct to us and support complainants who are thinking of reporting allegations to us.

We recognise that these are difficult and sensitive matters, and, as previously reported, have established a specialist team to investigate the concerns raised. We do everything we can to provide a safe and supportive environment for those involved. This includes engaging with specialist support organisations where appropriate.

We received 73 new concerns relating to sexual harassment in 2022/23. In the same time period, we closed 75 matters. Please note that it is unlikely there is any significant overlap between concerns received and closed, as many cases closed will have been reported to us in the previous year. And, due to the sensitive nature of matters, it can take longer than one year to carry out our investigation.

Of the 75 matters we closed, we took action in 18 cases. We:

- referred 11 cases to the SDT
- issued one section 43 order
- closed six matters with either a letter of advice or letter of warning.

Fifty-seven of the 75 matters resulted in no further action, with 16 of these closed where we found no issue of misconduct or for administrative reasons (for example, if we received two separate reports concerning the same individual or same incident, we would close one). Due to the sensitive nature of the matters, it can be difficult and

distressing for witnesses to take part in an investigation and to give evidence in proceedings. This is why we closed the remaining 41 matters.

As of May 2024, 95 investigations were ongoing. We continue to refer matters to the tribunal where necessary, and, in 2023, a solicitor was struck off by the SDT where there had been no criminal conviction – the first case of its kind.

We consider sexual misconduct one of the most serious matters with which we deal. Following our 2022 consultation on financial penalties, we updated our Enforcement Strategy to set out that, given its seriousness, sexual misconduct was unsuitable for a financial penalty, except in exceptional circumstances. This is because the underlying attitudes and behaviours displayed present such a risk to the public or to colleagues that they are incompatible with continued unrestricted right to practise. Therefore, in these cases, suspension or removal from the profession is likely to be necessary to maintain public confidence in the solicitors' profession and in legal services. Fines may also give the perception that we are seeking inappropriately to quantify the level of harm. More information on our approach can be found in our Enforcement Strategy [https://qltt.sra.org.uk/sra/corporate-strategy/sra-enforcement-strategy/] and in our joint statement with the SDT on referrals to the SDT [https://qltt.sra.org.uk/news/news/sra-sdt-statement-2023/] .

Non-disclosure agreements

Using NDAs to suppress disclosure of wrongdoing is a serious issue. There has been increased attention on this area, given its relation to issues such as #MeToo. Other cases have the potential to be high profile because of the subject matter of the dispute or the parties involved, both of which can be concealed through using an NDA.

There are legitimate uses for NDAs and such agreements are not illegal or unethical in themselves. We are concerned where NDAs seek to restrict disclosure of misconduct to a regulator or reporting a criminal offence to the police (even though such clauses will be unenforceable).

We want to make sure that those we regulate do not take unfair advantage of their opposing party when drawing up an NDA. Where the opposing party is vulnerable or unrepresented, a solicitor's obligations to make sure there is no abuse of position, or unfair advantage taken, is heightened. Solicitors who draw up such agreements may well be failing to act with integrity and uphold the rule of law. They could be found to have failed to uphold public trust and confidence in the legal profession.

In August 2023, we published a report into how NDAs are prepared between employers and their staff [https://qltt.sra.org.uk/sra/research-publications/thematic-review-nda/] , and the role of law firms in drafting and

agreeing these. Among the issues highlighted are the need for solicitors to be mindful of potential imbalances of power between employers and employees, and not to allow clauses to be included which might deter the reporting of inappropriate behaviour to law enforcement or regulatory bodies.

While we found no direct evidence of firms intentionally seeking to suppress the reporting of wrongdoing, we did find examples of concerning trends and practices, which may inhibit or deter disclosures. Issues identified in the report included:

- That only a quarter of the firms we spoke with had ever queried with a client whether an NDA was appropriate.
- Firms frequently displayed an over-reliance on largely unamended NDA templates. While templates can be useful, firms should take care to make sure terms are up to date, appropriate, reflect the circumstances and protect their client.
- NDAs were generally viewed by firms as low risk and a fairly straightforward activity. This, alongside firms' reliance on templated approaches is concerning, as it can lead to some complacency about the scope, relevance and risks of NDAs.

In 2022/23, we investigated 24 cases related to NDAs. Nine of these were new investigations we received during the year and 15 were made during previous years. Of the 24, we closed 13 cases. Six of these were closed with no further action and seven were closed with letters of advice or a warning. At the end of 2022/23, we continued to investigate the remaining 11 cases.

Workplace bullying and harassment

In 2022/23, we investigated 22 new concerns relating to this issue. In the same period, we closed 13 matters, issuing one letter of warning and making one referral to the SDT, with the remaining cases (11) closed with no further action. Please note that it is unlikely there is any significant overlap between concerns received and closed, as many cases closed will have been reported to us in the previous year. And, due to the sensitive nature of matters, it can take longer than one year to carry out our investigation.

We will have closed a small number due to insufficient evidence. Most cases were closed with no further action due to challenges around witness co-operation. These cases can be distressing for witnesses, who may take the decision that they do not want to progress with the investigation.

A bullying or toxic workplace culture can impact significantly on the wellbeing and mental health of a firm's staff. It can also lead to mistakes

being made and poor outcomes for clients – or serious ethical concerns, for example, when staff feel under pressure to cover up problems.

In 2022, we published guidance and introduced new rules on workplace culture and a healthy working environment for firms. [https://qltt.sra.org.uk/solicitors/guidance/workplace-environment/] It focuses on the need to have in place appropriate policies, systems and controls to minimise the risk of this type of situation arising. We also published a thematic review to better understand the issues and highlight good practice taking place in firms. [https://qltt.sra.org.uk/sra/research-publications/workplace-culture-thematic-review/]

Acting in high-volume consumer claims

Sometimes, specific events and market-wide failures result in a high number of consumers who may be entitled to redress. This can generate large volumes of potential and actual claims. One well-known example was the mis-selling of payment protection insurance. Law firms can advise, support and represent people in these circumstances. Yet, even when dealing with large numbers of similar cases – such as in high-volume consumer claims – each case must be properly bought.

Our investigations into this claims work include car finance, packaged bank accounts, housing disrepair and cavity wall insulation. In 2022/23, we worked on 37 investigations, 12 of which were new for the year. In some cases, we have found no evidence of serious misconduct. However, in other ongoing investigations, we are exploring issues where solicitors may not be meeting the standards we expect. For instance, if a solicitor is not investigating whether the claim is properly valid before making it, or failing to advise clients about their options and what will be expected of them when making a claim. We are also concerned that some firms have been acquiring clients by giving them incomplete or misleading information and that the work of some firms is not adequately supervised.

We will take robust action where we find misconduct. In 2023, we fined a firm handling mass bank refund claims £45,000. We found the firm did not carry out sufficient client due diligence and acted in opposition to client instructions, among other breaches of our rules.

Since the end of the 2022/23 reporting year, our concerns about the potential risks to the public around high-volume consumer claims are increasing. We are seeing a range of new and concerning issues coming to light.

This includes significant consumer detriment in the case of the law firm SSB Group (SSB). At the end of 2023, we received reports that clients of SSB were unexpectedly being pursued to pay adverse legal costs in relation to their discontinued cavity wall insulation litigation claims.

SSB had arranged after-the-event insurance for clients to cover the other side's costs in relation to their cavity wall insulation claims on a 'no win, no fee' basis. However, the after-the-event insurance providers declined to meet the costs as expected under the insurance policy, and so the defendants have pursued SSB's clients for costs. SSB has also gone into administration.

We are investigating SSB and another firm involved in this matter – Pure Legal. It went into administration in November 2021. Some of Pure Legal's files were transferred to SSB and other firms following the administration of Pure Legal.

We expect solicitors to provide a competent service and to act in the best interests of their clients. We are investigating whether SSB and Pure Legal acted in compliance with our professional standards.

We are concerned about the significant distress for clients who are being pursued for costs in these cases. We have kept former clients who have been impacted aware of their options for redress, the need to carefully consider what is right for their circumstances, and that they may need to seek legal advice. Our investigation is ongoing and we aim to complete it in the new year. More information is available on our website [https://qltt.sra.org.uk/news/news/cavity-ssb-group/] .

These cases raise broader questions about public protection that cut across multiple areas and sectors, including insurance, claims management companies, litigation funding and legal services. We are engaging with a range of stakeholders, including other regulators, to explore these issues and whether changes are needed to better safeguard the public.

In July 2023, we closed a consultation on rules to restrict excessive fee charging in financial mis-selling claims. The Financial Conduct Authority introduced such rules for the bodies it regulates in 2022. Following the consultation, on 26 July 2024, we introduced new rules to restrict excessive fee charging [https://qltt.sra.org.uk/solicitors/standards-regulations/claims-management-fees-rules/?epiprojects=143#rule-2] .

We have also been re-emphasising our expectations to those who act in high-volume consumer claims. We published a warning notice to the profession [https://qltt.sra.org.uk/solicitors/guidance/high-volume-financial-service-claims/?epiprojects=143] concerning high-volume financial service claims as well as guidance about handling mass claims [https://qltt.sra.org.uk/solicitors/guidance/claims-management-activity/?epiprojects=143] .

And, in December 2024, we also published a separate warning notice to law firms [https://qltt.sra.org.uk/solicitors/guidance/marketing-public/] about marketing practices, particularly targeted at firms doing high-volume consumer claims work. It sets out that unsolicited approaches such as cold calling and door knocking are prohibited, while firms need to make

sure that information on ‘no win, no fee’ arrangements is clear and accurate, including information on charges and the risks around costs.

To help consumers understand what is involved when entering ‘no win, no fee’ arrangements, including some of the risks involved, we also published a consumer guide [https://qltt.sra.org.uk/consumers/choosing/no-win-no-fee/] .

Anti-money laundering

The legal sector is attractive to criminals because it can give the appearance of legitimacy to the holding or transfer of money gained from criminal activity. Law firms and solicitors often hold large sums of money in their client accounts and can transfer money through property or other transactions. Our AML work is reported to a different financial year, so please note the following statistics relate to 6 April 2022 to 5 April 2023.

In the reporting year, we found 51% of client and matter risk assessments failed to adequately assess risk as a result of our proactive work to check compliance. These assessments are policies and procedures firms must have in place to help combat the risk of their business being used for money laundering. We closely monitor firms to make sure these controls are effective, well-utilised and maintained, completing thematic reviews alongside our normal inspection and investigation work. As a result of the findings on client or matter risk assessments, we:

- issued a warning notice to firms [https://qltt.sra.org.uk/solicitors/guidance/client-and-matter-risk-assessments/] , which sets out that failure to comply with the warning notice may lead to disciplinary action, criminal prosecution, or both
- published a client and matter risk assessment template [https://qltt.sra.org.uk/solicitors/guidance/client-and-matter-risk-assessments/]
- held a webinar on how to complete client and matter risk assessments [https://www.youtube.com/watch?v=smw5W29frkw] .

We have seen a significant improvement in this area as a result of this activity, which was carried out between October 2023 and February 2024. We deemed 12% of assessments ineffective as of April 2024.

As part of our wider activity within the reporting year, a total of 177 firm inspections took place, with another 73 desk-based reviews. There were 249 reports of potential AML breaches made to us – similar in number to previous years, with 252 in 2021/22 and 273 in 2020/21. The most common themes we saw on AML reports included:

- failure to have proper AML policies and procedures in place
- a failure to carry out a source of funds check
- a failure to carry out a money laundering risk assessment.

Forty-seven enforcement actions resulted in total fines of £137,402 within the period noted above. We also made 24 suspicious activity reports relating to assets totalling more than £75m to the National Crime Agency. You can read more about this in our 2022/23 AML report [https://qltt.sra.org.uk/sra/research-publications/aml-annual-report-2022-23/] .

To support firms comply with the money laundering regulations, we updated the resources we have in place. These include publishing a new client and matter risk template [https://www.sra.org.uk/solicitors/resources/money-laundering/guidance-support/client-matter-risk-template/] , revised guidance on firm-wide risk assessments [https://qltt.sra.org.uk/solicitors/guidance/firm-risk-assessments/] , and the Legal Sector Affinity Group (LSAG) guidance [https://qltt.sra.org.uk/globalassets/documents/solicitors/firm-based-authorisation/lsag-aml-guidance.pdf?version=496f8e&+version=49fc03] on what firms can do to help combat money laundering. LSAG is made up of AML supervisors and representative bodies in the legal services sector.

Dubious investment schemes

We continue to investigate matters concerning solicitors' involvement in dubious or risky investment schemes and, in 2022/23, we opened 21 new matters.

In recent years, we have warned repeatedly about the risks posed by dubious investment schemes. These schemes are potentially fraudulent, so there is a high risk that they are unfair to buyers or investors.

After years of low interest rates, many people may have found investment schemes offering high returns attractive. The involvement of solicitors may help to give the impression that a scheme is legitimate and, in many instances, the involvement of a law firm in an investment scheme does not form part of the usual business of a firm or solicitor, meaning our compensation fund (and often the firm's insurance) cannot help with restoring the money people have lost.

The types of investment schemes are varied. Recent cases opened include hotel rooms, care home leases, off-plan student rooms and parking/storage pods.

We continue to take action against solicitors, firms and individuals who have not met the standards we expect when advising or dealing with such matters.

In 2023, we imposed a section 43 order on the director and owner of a firm. We found that they had given inadequate advice to clients about the risks of a high-yield investment scheme bearing the common characteristics of a fraudulent financial arrangement. The section 43 order means the director is barred from practising in any firm we regulate. They were also ordered to pay our costs.

In a case we referred to the SDT in 2023, a solicitor was found to have used their client account as a banking facility. They also acted for both buyers and sellers on a property development scheme, giving rise to actual and/or significant risks of conflict of interest. The individual was fined £45,000 and ordered to pay costs of a little more than £29,000. They also had conditions imposed on their practising certificate.

Immigration

Immigration and asylum are high-risk areas of law and clients are often very vulnerable, and the consequences and impact of the decisions made can be significant. In July 2023, we investigated and closed down three law firms after reports in the media alleged that three solicitors, each working at their respective firms, were encouraging their clients to submit false asylum and human rights claims. They were also overcharging clients for work. We have referred these matters to the SDT.

In September 2023, we issued a warning notice concerning this area [https://qltt.sra.org.uk/solicitors/guidance/immigration-work/] , reminding solicitors and firms of their obligations and what they need to do to make sure they are acting in compliance with our rules. We investigated a total of 16 firms in relation to immigration matters in 2022/23, and, in July 2024, we published a thematic report concerning firms practising in this area. [https://qltt.sra.org.uk/sra/research-publications/thematic-review-asylum-legal-services/]

Publishing key information for consumers on law firm websites

Introduced in December 2018, our Transparency Rules [https://qltt.sra.org.uk/solicitors/standards-regulations/transparency-rules/] mean that firms with a website should publish basic, indicative information about the price of certain services, details about who might carry out the work, and avenues for complaint. They should also display our clickable logo [https://www.sra.org.uk/solicitors/resources/transparency/clickable-logo/] , which was made mandatory in December 2019, to help explain the protections the public gets from using a regulated law firm.

Research published in 2023 found the rules were having a positive effect. [https://qltt.sra.org.uk/sra/research-publications/year-three-evaluation-sra-transparency-rules/] More than half of those surveyed said they had compared price and service information before selecting a provider when searching for legal services. Again, more than half of those surveyed said they compared costs of different providers and found it easy to do so online. And, more than half of individuals who visited a firm's website before instructing them recalled seeing the SRA clickable logo, with most stating it helped them to understand the protection they would receive.

While the vast majority of law firms surveyed declared they were compliant with the various elements of the transparency rules, only 42%

said they were publishing all the required information.

Our own spot checks suggest that, even among firms who declare they are complying, many are not meeting all the requirements of the rules. We have provided support for firms to get this right and will continue to do so [https://qltt.sra.org.uk/solicitors/resources/transparency/] , but, where firms are not providing the type of information that the public expects and our rules set out, we are taking action.

Our ongoing work checking compliance levels in this area, which began in mid-2023, as well as ongoing investigations relating to the Transparency Rules, have seen us:

- carry out reviews of 1,836 firms
- bring 527 back into compliance through engagement
- issue 439 firms with a letter of warning
- issue 36 firms a fixed penalty.

These figures were as of August 2024. Where we issued fixed financial penalties [#heading_f57e] concerning the Transparency Rules breaches, particular breaches included:

- failure to publish information explaining key stages and likely timescales relating to services
- failure to publish details on experience and qualifications of those working on some, or all, of the service areas covered by the rules
- failure to include information on disbursement costs and VAT in published prices.

We will continue to take action where we see firms failing to comply with the Transparency Rules.

2.1: Overview of our investigations and enforcement processes

There are two main ways in which we check compliance with our rules and take action:

1. **Proactive checks**: we carry out proactive checks and assess law firm and solicitor compliance with specific areas of our rules. In these instances, we can engage with firms to bring them back into compliance or we can take regulatory action. If the breach of our rules is more serious, we can investigate the matter and issue a more serious sanction or refer the matter to the Solicitors Disciplinary Tribunal (SDT).
2. **Assessing reports of concern:** we assess the reports of concern we receive, which are mostly from the public or the law firms we regulate. If necessary, we refer cases for an investigation. An outcome of an investigation may be a sanction or control we impose, or we may refer the matter to the SDT.

More information on each of these areas can be found below.

Proactive checks on compliance with our rules

If we have concerns that law firms or solicitors are failing to follow a particular set of our rules, or we have concerns about conduct in a particular area of practice, we can carry out proactive checks on compliance.

This work can involve proactively reviewing firm files, onsite inspections and reviewing law firm websites. Areas where we have carried out this type of work include inspections of compliance with money laundering regulations, targeted checks of compliance with our Transparency Rules and wider compliance requirements.

The outcome of this work may be no further action, if we find that firms and solicitors are meeting the standards we expect. Where we see law firms or solicitors have failed to comply, we can send them a letter of warning or letter of advice or issue a fixed financial penalty. Depending on the nature and type of breach, we can refer the matter through our Assessment and Early Resolution Team. This may then result in referral for an investigation. In these instances, the matter would make its way through the stages set out under 'Assessing reports of concern'.

Assessing reports of concern

The below sets out the key stages of our investigations and enforcement process – from where we initially consider reports of concern through to any regulatory action or referral to the SDT. A report made about a solicitor or firm could be concluded at any of the following stages.

Stage 1: Our Assessment and Early Resolution Team receives reports of concern

We thoroughly consider reports of concern through the lens of our Enforcement Strategy and take a customer-focused approach when engaging with the people who have made reports to us. The source of reports section has more information on who makes reports of concern to us. [#heading_feef]

We use an assessment threshold test directly linked to the Enforcement Strategy to help us decide if an investigation should take place. To progress to the investigation stage, a case must pass all three tests within the assessment:

- Has there been a potential breach of our Standards and Regulations based on the allegations made?
- Is the potential breach sufficiently serious that, if proved, is capable of resulting in regulatory action?

- Is that breach capable of proof?

Around 80% of all concerns considered at the assessment stage are closed because they fail to meet at least one of these tests. Additionally, we will close cases where:

- We redirect the matter to the Legal Ombudsman (LeO). LeO deals with complaints about a law firm's or solicitor's standard of service. We work closely with LeO. We send relevant matters to it and vice versa.
- We need to redirect the matter internally. We do this if there are matters we need to act on, but they relate to an issue that is not for our investigation teams – for instance, it could be a claim on our compensation fund or a query concerning authorisation.

Stage 2: Cases pass our assessment threshold test and we investigate

Once a report of concern has passed through our assessment threshold test, we will investigate in the majority of cases. In a small proportion of cases at this stage, we will close the case with a letter of advice or letter of warning, without the need to refer it for an investigation. This will be where there has been a breach of our rules, but circumstances indicate there is no underlying concern in terms of the public interest.

An investigation will involve talking to concerned parties and typically asking for more information. These parties may be the person who raised the concern with us and the firm or the solicitor involved and/or a third party. Where necessary, we will gather documents and evidence. We will write or speak to the firm or solicitor, formally setting out our concerns. They have the opportunity to respond. We keep parties up to date throughout the investigation. Most of our investigations are resolved within a year, although more complex cases can take longer.

Stage 3: We conclude an investigation

Once we have finished our investigation, different possible outcomes include:

- We take no action: we do this in cases if we find that the firm or solicitor has not breached our standards or regulations. In these cases, we will always explain our findings and why we are not taking action to the people who initially reported the matter to us, as well as the firm or individuals who have been under investigation. In some cases we may also close an investigation without action where, despite our best efforts, we are unable to obtain the required evidence to progress a case – for instance, there may be difficulties with witness co-operation.

- We resolve through constructive engagement with the firm: this happens when the breach of our standards or regulations is minor, there is no ongoing or future risk to the public, the firm or solicitor took swift steps to remedy the issue and had a cooperative and constructive approach to resolving the matter.
- We take regulatory action, such as issuing a letter of advice or letter of warning, imposing a sanction, such as a fine, or imposing a control, such as restrictions on a practising certificate.
- We refer the case to the SDT (see stage 4, below).

Stage 4: We refer the matter to the Solicitors Disciplinary Tribunal and it makes a decision

The most serious cases are referred to the SDT. It considers the matter and decides whether there should be a hearing. If there is a hearing, the SDT will decide if issuing a sanction is appropriate. We and the solicitors and/or firms involved can appeal SDT decisions. The sections on bringing a case to the SDT [#heading_5d9d] and the appeals process [#heading_b514] have more information.

2.2: Assessment and early resolution of reports of concerns

Our assessment and early resolution process involves us talking further, as necessary, with the person who has reported a firm or solicitor to us, the firm or the solicitor involved and/or any relevant third parties. This allows us to obtain, gather and verify information. This often provides the opportunity to resolve the matter at an early stage.

Where necessary, we will take witness statements, visit firms in person and analyse evidence, for example, bank accounts, financial statements and other documents.

We use a three-stage assessment threshold test directly linked to the Enforcement Strategy to help us decide if an investigation should take place. To progress to the investigation stage, a case must pass all three tests within the assessment. We consider:

- Has there been a potential breach of our Standards and Regulations based on the allegations made?
- Is the potential breach sufficiently serious that, if proved, is capable of resulting in regulatory action?
- Is that breach capable of proof?

A concern will only pass this test where the answer to all three questions is 'yes'. If we need more information, we will ask for that information to help us decide. We are guided by the Enforcement Strategy when we consider each stage of the test. We will tell the person who reported the

concern to us if and when we decide to investigate the matter. We will also provide and explain our reasons if we decide not to investigate.

Additionally, cases may not progress, and will be closed, where:

- We redirect the matter to the Legal Ombudsman (LeO). LeO deals with complaints about a law firm's or solicitor's standard of service. We work closely with LeO. We send relevant matters to it and vice versa.
- We need to redirect the matter internally. We do this if there are matters we need to act on, but they relate to an issue that is not for our investigation teams – for instance, it could be a claim on our compensation fund or a query concerning authorisation.

We can also give a letter of advice or letter of warning concerning the future conduct of a firm, solicitor, or other individual we regulate at this stage. In these instances, the matter will have passed our assessment threshold test. This happens in a small number of cases at this stage and allows us to swiftly and efficiently close matters with the appropriate regulatory response.

Number of reports our Assessment and Early Resolution Team receives and processes each year

Over the past six years, we have, on average, received around 10,500 reports every year, raising concerns about the solicitors and legal businesses we regulate.

The table below shows the number of reports received by our Assessment and Early Resolution Team (AERT) and the number it dealt with in the same period. Once it has been dealt with by the AERT, there are a number of possible outcomes for a report. These are detailed in the: 'Overview of our investigations and enforcement processes section [#heading_8484] ' and the numbers by outcome can be found in the next section: 'Outcomes of reports made to us in 2022/23 [#outcomes] '.

Please note, there is not always a linear relationship between the number of reports we receive and the number dealt with in the same 12-month period. This is because not all cases will be resolved within that timeframe. Due to the nature of our AERT work, we may need to ask for more information from the parties involved, as well as carefully consider the complex nature of the issues reported to us. There will also be a lapse when reports are made and dealt with at the fringes of the years on which we are reporting.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Total reports received by AERT	11,452	10,576	9,642	10,358	10,121	10,963

Total reports dealt with by AERT	11,508	9,649	9,375	10,435*	9,972	11,137

* This figure differs from previous reports (9,329). Due to IT changes in 2020/21, 9,329 concerns were dealt with on our new system. We dealt with an additional 1,106 reports on our old system. This does not change any of the outcomes of our internal cases or cases heard at the Solicitors Disciplinary Tribunal noted in the 2020/21 Upholding Professional Standards report, and the 1,106 reports were considered in line with our existing processes (ie through the AERT).

Outcomes of reports of concerns at assessment and early resolution 2022/23

The table below gives a high-level overview of the number of reports of concerns we received in 2022/23 and the outcomes of those reports at the assessment and early resolution stage.

Number of concerns reported to us	10,963
Number of concerns we dealt with*	11,137
Redirected internally or sent to LeO**	1,355
Closed under our assessment and early resolution process with no further action	8,064 [#heading_3368]
Closed under our assessment and early resolution process with a letter of warning or letter of advice	6
Referred for investigation	1,712

* Please note, there is not always a linear relationship between the number of reports we receive, and the number dealt with in the same 12-month period. This is because not all cases will be resolved within that timeframe. This is why we dealt with a slightly higher number of concerns in 2022/23 compared with the number we received.

** If a report is redirected internally, it is generally because it is a matter for our Authorisation or Client Protection teams, for example. We redirect matters to LeO if we think it is a service level-related complaint.

Source of reports 2022/23

Some concerns come to us direct from the profession, such as from solicitors or the compliance officers who work in law firms.

Others come from members of the public, the police and the courts. We also work closely with LeO, the organisation that handles complaints about the standards of service people receive from their legal service provider. LeO will contact us if, during one of its investigations, it has

concerns that a solicitor may have breached our rules. Like all regulators, we also monitor media and other reports.

We also identify concerns as we undertake other aspects of our work. For example, we carry out thematic reviews of particular types of legal work or requirements, such as asylum and immigration work and the role of in-house solicitors. If, during this work, we identify an issue, we can raise a concern. We can also raise concerns following proactive work to check law firms' and solicitors' compliance with our rules. More information can be found in the 'proactive checks on compliance with our rules section' [#heading_8484].

Who reported concerns to us in 2022/23

Due to IT changes in 2020/21, we did not report this information in our 2020/21 or 2021/22 reports. Based on the information we have for 2018/19, 2019/20 and 2022/23, we typically receive around 60% of reports from the public, 25% from the profession and the remaining 15% from other sources – such as an internal referral, the Legal Ombudsman or an anonymous source.

	Numbers	Percentage of total
Public	6,306	57%
Profession	2,876	26%
SRA internal referral*	555	5%
Anonymous	121	1%
LeO	141	1%
Other authority	104	1%
Other (can include, for example, the police, a bank, press or media article, trainees or students)	113	1%
Unknown	921	8%
Total (number of concerns we dealt with in 2022/23)	11,137	100%

* Where someone from within the SRA has picked up information that could suggest potential misconduct.

Concerns referred for an investigation

We first introduced our assessment and early resolution approach in 2018/19, and, since then, we have seen a steady decrease in the number of concerns we refer for investigation.

Our aim was to make sure we could be as effective and efficient as possible: focusing our investigations on sufficiently serious cases where

there has been a potential breach of our rules and the breach is capable of being proven.

Most of our investigations are resolved within a year of receipt. If, however, a matter is referred to the Solicitors Disciplinary Tribunal or there is other activity, such as a police investigation, or we receive further related reports, or a case is particularly complex, it can take much longer.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Concerns referred for investigation	6,027	3,602	2,279	1,816	1,741	1,712
Following an investigation, we did not find that the firm or solicitor breached, or seriously breached, our rules. We engage with some firms to put things right and to make sure they are compliant	4,291	3,116	1,720	1,763	1,528	1,410
Open investigations (one-month rolling average)*	2,145	2,120	1,983	1,897	1,696	1,641

2.3: Constructive engagement

In some cases, once we have opened an investigation, engaging with a firm or solicitor to resolve a matter and help with compliance will be an appropriate course of action.

For example, we might offer guidance to the firm or solicitor and supervise and monitor them as they take steps to remedy the issue. We will, generally, resolve matters in this way where the conduct lends itself to a remedial plan and the evidence suggests it is unlikely to be repeated, the issue is not serious and there is no consumer detriment, and where there is no ongoing risk. It will also be where the firm or

solicitor involved has an open, cooperative and constructive approach towards resolving the issues.

Our approach is always focused on what we need to do to protect and promote the public interest. We consider everything on a case-by-case basis. Our focus is on the most serious of issues, such as where a firm or solicitor has fallen well below the standards we expect in a particular instance, or where they have persistently fallen well below these standards. In these cases, it is likely we will take enforcement action.

We will always explain how we have come to our decision to those involved.

2.4: Taking urgent action

If we become aware that a solicitor or firm is a risk to the public, there are steps we can take to limit that risk. These are:

- Intervening into a law firm: we can take possession of all money and files that the firm or solicitor holds, effectively closing down the firm or an individual solicitor's practice. We do this in cases where we know that people are at risk of receiving legal services from a dishonest solicitor, or it is otherwise necessary to protect the interests of clients.
- Placing conditions on practising certificates during the course of an investigation: to stop an individual solicitor or a firm from, for example, handling client money or acting as a manager of a firm.
- Imposing a section 43 order: this stops people who are not solicitors but work in law firms from working in any firm we regulate without our permission.

Interventions case study – immigration practices

In 2023, we acted quickly to intervene into and close down three law firms. [https://qltt.sra.org.uk/news/news/press/2023-press-releases/three-immigration-firms/] We did this after a news story alleged that three solicitors, each of whom was practising immigration law at their respective firms, had been advising their clients to submit false asylum and human rights claims. They had also been overcharging for work.

After considering the evidence gathered as part of the undercover news story and carrying out our own investigation, we intervened into the firms, effectively closing them down. We did this within one week of the story being reported. We intervened on the grounds of suspected dishonesty and a failure to follow our rules. The practising certificates of all three individuals were suspended. We also issued a section 43 order against a non-solicitor working in a fourth law firm. We have referred the solicitors to the Solicitors Disciplinary Tribunal (SDT).

Interventions case study – Axiom Ince

In August 2023, we intervened into the practice of the sole shareholder of a large law firm, Axiom Ince. We did this after suspecting dishonesty and breaches of our Accounts Rules. As well as closing down their personal practice, we intervened into two of the other directors also working at the firm. We estimated there was more than £60m of client money missing. The nature of the suspected dishonesty was sophisticated and included falsified bank statements and letters.

The missing money meant that it was unlikely that the whole firm would be able to carry on operating in the long term. The firm announced its intention to call in the administrators on 1 October 2023. The firm would no longer be able to deliver legal services effectively to its remaining clients, so we stepped in to protect them, intervening into the firm on 3 October 2023.

We had also referred the issue to the relevant law enforcement agencies, and the [https://qltt.sra.org.uk/news/news/press/2023-press-releases/axiom-ince-intervention-and-impacts/] Serious Fraud Office (SFO) is running an investigation and has made arrests. We have been liaising with the SFO as it progresses its investigation. We have agreed with the SFO to pause our investigation on this matter until it has completed its investigation. We had already taken action to protect the public in the interim by restricting the practice of key individuals.

This was our largest ever intervention and we continue to deal with its impacts. We continue to work through the claims made to our compensation fund, making payments to individuals and businesses who have lost their money.

The scale of the intervention and money lost – alongside more and larger interventions in recent years – has raised questions about the issue of consumer protection and the role of the compensation fund, which is funded by the contributions of solicitors and law firms. In early 2024, we announced our Consumer Protection Review, which is considering a range of issues. [https://qltt.sra.org.uk/home/hot-topics/consumer-protection-review/] These include whether we can improve how we spot risks, whether we have the right checks and balances in place to protect client money, and the compensation fund. Following extensive engagement on these issues, in November 2024, we published a consultation [https://qltt.sra.org.uk/news/news/press/2024-press-releases/client-money-consultation-october-2024/] on how and when law firms handle client money, and how this money is protected.

The oversight regulator for legal services, the Legal Services Board, has carried out an independent review of the events leading up to the Axiom Ince intervention. It published the results of the review in October 2024. We have responded [https://qltt.sra.org.uk/news/news/press/2024-press-releases/axiom-ince-update-october-2024/] , including emphasising how, in 2023,

we quickly identified lessons learned from this case, tightened up processes and committed to addressing the wider issues the report raises, such as how we can better protect client's money.

2.5: Concluding an investigation – regulatory settlement agreements and fines

If there has been a serious breach of our rules by a firm or solicitor, we have the power to issue our own sanction, without referring the matter to the Solicitors Disciplinary Tribunal (SDT).

The range of sanctions we can impose is, however, limited. In many instances, we are limited to fining traditional law firms and solicitors £25,000. We set out the full details of our fining powers earlier in this report. [#heading_bbc6] It is important to note that all fines, whether issued by the SDT or through our internal processes, are paid to the Treasury.

Where appropriate, we can also resolve a matter through a regulatory settlement agreement (RSA). Under an RSA, the facts and outcome are agreed by both parties. RSAs allow us to protect both consumers and the public interest by reaching appropriate outcomes swiftly, efficiently and at a proportionate cost.

We publish the details of our findings and sanctions, including RSAs. [https://qltt.sra.org.uk/consumers/solicitor-check/recent-decisions/] We can withhold any confidential matters from publication where this outweighs the public interest in publication (for example, details of an individual's health condition).

Our fining powers

In 2022, following a change in legislation, our fining powers increased from £2,000 to £25,000 for solicitors and traditional law firms. This means we can take action in more cases without the need to refer them to the SDT.

Since mid-2023, we started to issue fixed penalties for specified breaches of our rules, for example, non-compliance with our Transparency Rules or failing to respond to our requests. Fixed penalties allow us to deal with non-complex breaches of our rules more swiftly. In addition to acting as an appropriate deterrent for firms not complying with certain rules, this saves everyone time, cost and stress.

In more serious cases where a fine is appropriate, we use bandings and calculate a fine based on the solicitor or firm's income/turnover. To consider what banding a breach is placed in, we consider the nature of the conduct and the impact, or potential impact, of the conduct. We may then adjust the penalty, taking into account:

- if the solicitor or firm received any financial benefit as a result of their actions
- if the individual or firm took any remedial steps after the breach to limit its impact
- the firm/solicitor's cooperation with us during our investigation and whether they reported the breach to us promptly
- in the case where we fine an individual, whether they are able to pay the fine we issue.

Our fining bands start at band A (the least severe) through to band D (the most severe). More detail can be found in our financial penalties guidance. [https://qltt.sra.org.uk/solicitors/guidance/financial-penalties/]

In June 2024, we proposed changes to our fining approach. The key changes we consulted on are the introduction of new fining bands, the introduction of minimum fine levels and clearer guidance on how to determine the level of indicative fines, among other measures. You can read more about these proposals in the consultation [https://qltt.sra.org.uk/sra/consultations/consultation-listing/financial-penalties-further-developing-framework/] .

Fines issued in 2022/23

In 2022/23, we closed 73 cases with a fine. Of these:

- 12 were fixed financial penalties, each for £750. Seven of these related to breaches of our Transparency Rules. Five related to failures around specific role-holders at firms. In these instances, the firms did not have a compliance officer for legal practice or compliance officer for finance and administration in place for a period of time.
- 38 were recorded before our new fining bands were introduced on 30 May 2023. These 38 cases resulted in 40 fines. This is because one case can result in a fine for more than one party. For example, if there are two individuals recorded on a case who both receive a fine, or if there is an individual and a firm recorded on a case and they each receive a fine.
- 23 were recorded after our new fining bands were introduced on 30 May 2023, and therefore fall into one of the bands below (A to D). These 23 cases resulted in 25 fines. As above, this is because one case can result in a fine for more than one party. For example, if there are two individuals recorded on a case who both receive a fine, or if there is an individual and a firm recorded on a case and they each receive a fine.

Number of fines issued under new fining bands

We introduced our fining bands on 30 May 2023. From this date to the end of our financial year on 31 Oct 2023, we recorded 25 fines across the

following bands.

Our fining bands start at A, for the least serious misconduct that is suitable for a fine, and B, C, and D for progressively more serious misconduct. We use these bands to set an indicative penalty based on the nature and impact (or potential impact) of misconduct, taking into account aggravating and mitigating factors.

Band A 0
Band B 9
Band C 15
Band D 1

The issues concerned in these cases covered breaches of our AML and Accounts Rules, and drink driving offences, among others.

Issuing a fine – case study

In 2023, we fined a law firm £45,000 after finding multiple failures in how it handled financial mis-selling claims. We were able to fine the firm above the threshold for £25,000 set for traditional law firms, as this law firm is an alternative business structure.

We first became aware of the matter after two banks, which were the subject of claims, reported concerns to us. After carrying out an onsite investigation and a file review, issues we found were that the firm:

- did not carry out sufficient client due diligence, which led to the firm submitting some claims with inaccurate information
- used standard wording on packaged bank account questionnaires which did not always reflect clients' instructions
- had continued to act on two matters where its clients had asked it to stop
- did not effectively supervise non-legally qualified staff who were handling the claims.

The firm admitted to multiple breaches of our rules and we issued a fine amount of £45,000, placing it in band D, in line with our financial penalty guidance.

When deciding to fine the firm and the level of fine, we considered that, although the breaches of our rules were rectified and remedial action was taken, they persisted longer than reasonable. We also considered that a fine in this case was a credible deterrent to both the firm and the wider profession.

Mitigating factors we took into account in our decision-making included that the firm fully co-operated with our investigation, the firm took swift action to change its client due diligence procedures as a result of our

investigation. And, the firm's failure to stop acting when they had been asked to do so by clients looked like isolated and inadvertent errors.

As well as the fine, the firm had to pay our costs of £1,350.

2.6: Concluding cases by referring them to the Solicitors Disciplinary Tribunal

We prosecute the most serious cases at the Solicitors Disciplinary Tribunal (SDT). It is independent of us and can impose more severe sanctions than we can.

It can impose unlimited fines for any type of misconduct or suspend or strike a solicitor off the roll of solicitors, meaning they can no longer work as a solicitor. A full breakdown of the action we and the SDT take can be found at annex 1. [#heading_76b3]

When deciding whether to bring a case to the SDT, we consider whether:

- We have evidence that would support a realistic prospect of the SDT making a finding of misconduct.
- The SDT is likely to impose a sanction that we cannot.
- It is in the public interest to make the application.

We have been progressing work to improve both the timeliness and quality of our investigation and enforcement work. A key priority has been reducing the number of longstanding investigations. In October 2022, there were 286 cases that were more than 24 months old, which, by August 2024 had reduced to 59. This improvement work is likely one of the factors for the increase in cases concluded at the SDT in 2022/23. We will have referred more cases to the SDT in 2023/24 as a result of this work. Because of this, we will likely see the number of cases heard at the SDT increase in the coming years. Please note, it typically takes longer than one year to refer a case to the SDT and for it to be heard.

Cases concluded at the Solicitors Disciplinary Tribunal

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Cases concluded at the SDT	134	125	112	101	76	99

Sexual misconduct – case study

We prosecuted a solicitor at the SDT for allegations relating to sexual misconduct against three individuals, two apprentices and one trainee, while working at a law firm. The SDT found 70 allegations proven against the solicitor, including sexual motivation and a lack of integrity. In respect of the first apprentice, the allegations were very serious and the

solicitor engaged in sexually motivated conduct and behaviour towards them. Commenting on the solicitor's actions towards this apprentice, the SDT said they had: '[taken] advantage of [their] age, naivete, and the fact that it was [their] first job after leaving school.'

In respect of the other apprentice, the SDT found that the solicitor's conduct towards them at a social event was sexually motivated.

In respect of the trainee, the SDT did not find that the conduct towards them was sexually motivated but commented in its judgment that the solicitor's approach to them was: 'unhealthy, obsessive and distorted.'

The SDT struck off the solicitor and ordered them to pay our costs of £23,500. It is the first case where a solicitor has been struck off for sexual misconduct where there has been no criminal prosecution.

We recognise that these are difficult and sensitive matters and we have a specialist team to investigate the concerns raised. We are mindful that these types of proceedings are particularly challenging for all involved and we do everything we can to communicate openly and sensitively with them. We make sure that we signpost to specialist support organisations where appropriate.

Agreed outcomes

If we refer a matter to the SDT and it says there is a case to answer, and the firm or individual admits to allegations, it may be appropriate to conclude the matter by an agreed outcome, rather than through a full hearing. In these circumstances, we agree an outcome and costs based on an agreed set of facts.

The SDT then considers the outcome and will decide whether to accept it, whether any changes should be made to it, or to order a full hearing for the case. Agreed outcomes are different to regulatory settlement agreements, which are agreements we come to with solicitors and firms without the need to involve the SDT and when the matter is of a less serious nature. This is reflected in the sanction – for example, a fine we issue is capped to the limits of our powers. In most instances, this is £25,000 for traditional law firms and individuals, whereas a fine subject to the SDT's review can be unlimited.

Agreed outcomes allow us to protect both consumers and the public interest swiftly, efficiently and at a proportionate cost.

Although the number of agreed outcomes over the years has remained fairly constant, we have seen a general trend towards a higher proportion of cases being resolved by way of agreed outcome. One of the drivers of this is likely to be changes to the SDT's rules in 2019. These changes included a new rule that expressly allowed either us or the

respondent to propose that a case should be resolved by way of an agreed outcome.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Cases resolved by SDT agreed outcome	37 (28%)	33 (26%)	42 (37%)	40 (40%)	39 (51%)	43 (43%)
Cases resolved by SDT hearing	97 (72%)	92 (74%)	72 (63%)	61 (60%)	38 (49%)	57 (57%)

In some years, the sum of the cases concluded by a hearing and those concluded by way of an agreed outcome is higher than the total number of cases concluded at the SDT. This can happen when a case concerns more than one individual. For example, we may be able to reach an agreed outcome with one of the individuals in the case, but we are unable to reach one with another and a full hearing is needed to resolve the matter.

Outcomes in cases with an agreed outcome

The agreed outcome cases in the table above resulted in the sanctions shown in the table below. Please note, one case can result in more than one sanction.

Annex 1 and the glossary have more information on what action we and the SDT take [#heading_76b3] and what the sanctions mean, respectively [#heading_f9fe] .

As this is the first year we have reported on practising certificate conditions (whether these were imposed by us or the SDT), there are no data entries for 2017/18 to 2021/22. We will report on these figures annually from now on.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Cases with agreed outcomes	37	33	42	40	39	43
Strike off	15	19	19	17	13	28
Suspension	6	4	10	5	6	8
Fine	43	12	21	21	25	12
Section 43 order	1	0	1	2	1	0
Conditions on practising certificates	-	-	-	-	-	6

Agreed outcome concerning dishonesty – case study

We reached an agreed outcome with a solicitor after we found that they had repeatedly lied for more than two years about the progress of a case. We became aware of the matter after the solicitor, a partner at their firm, told another partner at their firm that they had lied. The other partner then made a report to us.

The solicitor was acting in a personal injury matter for a client, bringing a claim against an NHS trust. The client's mother was appointed as a litigation friend. A litigation friend is someone who makes decisions about a court case for either an adult who lacks mental capacity or a child.

In 2016, the solicitor received advice that the claim against the NHS had merit, and that they should pursue it. The next step was to write and send a pre-action protocol letter, before issuing civil claim proceedings. However, the solicitor did not send this letter until May 2019, and lied on more than one occasion to the litigation friend about having sent it.

In its judgment, the SDT said: 'Applying the (objective) standards of ordinary decent people, they would regard a solicitor deliberately misleading his client over the course of some years as to the progress of their case as dishonest.' The SDT struck off the solicitor and ordered them to pay costs of £5,175.

An agreed outcome was appropriate in this case because the solicitor admitted to the allegations and that his actions had been dishonest. This meant a hearing was not necessary.

2.7: The appeals process

Firms and individuals have the right to appeal against decisions we make in-house and decisions the Solicitors Disciplinary Tribunal (SDT) makes. The right to appeal is fundamental to natural justice and to a fair legal process.

Appealing our decisions

Firms and individuals subject to our conditions or sanctions have the right to appeal. Appeals against our decisions are considered in-house by our Adjudication team. If an adjudicator dealt with the initial decision, however, then the appeal is heard by a panel drawn from a pool of arms-length adjudicators. Parties have further rights of appeal to either the SDT (in the case of a fine, rebuke or section 43 order) or to the High Court.

Appealing Solicitors Disciplinary Tribunal decisions

A firm, solicitor or other person who has been the subject of an SDT decision may appeal if they believe the decision is wrong. We can also appeal SDT decisions in the courts.

To appeal an SDT decision, we or the respondent must apply to the High Court.

Appeals allow courts to correct any errors that may have been made and to clarify the interpretation of law.

In addition to the legal grounds, we will take into account a range of factors as to whether we appeal a decision the SDT makes. For example:

- Clarification on the law: we recognise that the SDT has a wide margin of discretion when considering the outcomes of the cases it hears. If, however, it makes a decision that appears to contradict or misinterpret a point of law, we will consider whether we should appeal. We think it is important that there is clarity and consistency in the way that the law applies to our role as a regulator and to the rights and obligations of the people we regulate.
- Acting in the public interest: we bring cases to the SDT to ensure public trust and confidence and to maintain standards in the profession. If there are grounds to suggest this has not been achieved, we will consider whether it is appropriate to appeal.
- Public protection: if we think the sanction the SDT imposed is too lenient and there are grounds to suggest that the public may, as a result, be at risk, we will consider whether an appeal is appropriate. For example, we may appeal a decision where we consider that a solicitor should have been struck off the roll, rather than suspended for a short period.

Appeals against SRA sanctions and controls

These appeals cover the number of requests to review an outcome from respondents who have been subject to a sanction (such as a fine) or control (such as a practising condition) that we have imposed. This is the first year where we have included numbers on cases where we imposed practising conditions and appeals concerning practising conditions. Because of this, the number of appeals in 2022/23 is not directly comparable with previous years. Going forward, we will report annually on the number of appeals concerning practising conditions each year.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Successful appeals	1	0	0	7	3	3
Successful in part	3	0	2	3	2	5
Unsuccessful appeals	11	11	7	14	9	25

Total appeals against our decisions	15	11	9	24	14	33

Appeals against Solicitors Disciplinary Tribunal decisions

The decisions in the chart below relate to appeals against decisions the SDT made. One reason behind the general decrease in appeals could be that fewer cases have been resolved by SDT hearing, with a higher proportion resolved by agreed outcome.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Judgment reserved	0	0	2	1	0	0
Respondent successful appeals	2	1	1	0	3 (one allowed and two allowed in part)	1
Respondent unsuccessful appeals	10	13	2	6	6	4
SRA unsuccessful appeals	2	0	0	0	0	1
SRA successful appeals	7	6	1	0	0	2
Total external appeal decisions	21	20	6	8	9	8

High Court appeal case study

In 2023, the High Court heard an appeal from a solicitor against the SDT's decision to strike them off.

There were two sets of allegations which we had brought before the SDT about the solicitor. The first set of allegations concerned going ahead with group litigation without clients' consent, looking to overcharge clients, failure to co-operate with the Legal Ombudsman and breaches of our Accounts Rules. The second set of allegations concerned making false statements in support of professional indemnity insurance application forms.

Because the second set of allegations concerned acting dishonestly, we made an application to the SDT to hear these first because they were considered the most serious. The SDT heard the second set of allegations and found the solicitor was dishonest and struck them off.

In appealing the decision, the solicitor's main ground of appeal was that the SDT made a procedural error in hearing the second set of allegations first and not both sets together. The solicitor argued that the SDT had adopted a flawed approach to the issue of dishonesty because of the alleged procedural error.

The High Court dismissed the solicitor's appeal. The judge acting in the case commented that it was not necessary to hear the first set of allegations either before or at the same time as the second set of allegations.

The court also upheld the SDT's decision that the solicitor should pay the costs of the original proceedings (£124,830), and it also ordered the solicitor to pay £30,000 towards the costs of the appeal (£36,600).

3: Our costs

Every year we collect practising fees from solicitors and law firms in England and Wales and from solicitors and law firms practising English and Welsh law overseas.

The practising fees we collect fully or partly fund six organisations, including us. In 2022/23, we collected £115m, of which £60.7m went towards the overall expenditure of the SRA.

In 2022/23, we spent £19.3m on our disciplinary processes, which are a fundamental part of our work to make sure high professional standards are maintained. This is more than we spent in 2021/22 (£16.5m) and 2020/21 (£14.2m). This is largely because of increased investment in our investigation resources to improve the timeliness and quality of our decision-making and service.

It is important to note that all fines, whether issued by the Solicitors Disciplinary Tribunal (SDT) or through our internal processes, are paid to the Treasury.

We constantly keep how we work under review. To keep costs under control in all cases, we work to key principles: to act quickly, fairly and proportionately.

Our enforcement work can be high profile and often relates to topical issues of wider public interest. This means there can be interest in how much it costs us to bring cases to the SDT and to make an appeal. Factors that affect this include the complexity and lifespan of a case, the number of parties and cooperation of those involved.

Cases costing £100,000 or more in 2022/23

We referred 99 cases to the SDT in 2022/23 and of the eight appeals heard, there were two where our costs were £100,000 or more. The costs in these cases will generally have accrued over a number of years.

The figures include the costs claimed (or agreed) for:

- our work in investigating a case and bringing it to the SDT, whether this was done in-house or by instructing a panel firm, and inclusive of any counsel
- bringing an appeal before the High Court, if there was one, and any work carried out by a panel firm or counsel
- costs awarded to the opposing party.

In the cases below, we were awarded all our costs by the SDT and the majority of the costs by the High Court. The SDT and the High Court have wide discretion as to what costs to award, considering each case on its own facts.

Parties involved	Nature of case	Outcome of case	Our costs	Costs awarded
Solicitor and owner of Sophie Khan & Co, Soophia Khan. We intervened into the firm in 2021.	Allegations relating to dishonesty, failing to cooperate with us, the Legal Ombudsman and court orders, among others.	The SDT struck off Khan. The appeal brought by Khan was dismissed.	£137,294 across the SDT (£116,294) and appeal to the High Court against the SDT decision (£21,000).	The SDT awarded us our costs in full. The High Court awarded us our costs in full.
Solicitor and principal of Highgate Hill Solicitors, Katherine Alexander Theodotou. The firm has since closed down.	Allegations relating to dishonesty, falsifying professional indemnity insurance documents, Accounts Rules breaches, among others.	The SDT struck off Theodotou. The appeal brought by Theodotou was dismissed.	£161,430 across the SDT (£124,830) and High Court (£36,600).	The SDT awarded us our costs in full. The High Court awarded us costs of £30,000.

4.1 Resources available and managing risk

Helping firms and solicitors get it right

To help firms and solicitors understand when they could be at risk of falling short of the standards we expect, or not complying with our rules, we provide a range of services and resources, such as:

- Our Professional Ethics helpline and webchat service [https://qltt.sra.org.uk/home/contact-us/] , on hand to answer questions about our rules and regulations.
- Guidance to help firms understand how our rules and regulations work. [https://qltt.sra.org.uk/solicitors/guidance/]
- Our Risk Outlook publications, which highlight the biggest risks in the sector and how firms and solicitors can tackle them. [https://qltt.sra.org.uk/sra/research-publications/topic/risk/]
- Thematic reviews of key areas within the legal sector, highlighting risks and raising awareness about what good and bad practice looks like.
- In-person and online events on common compliance topics [https://www.youtube.com/channel/UCDy90s-6Tap4mJ3xnwumz4Q] , ranging from complying with our Account Rules to tackling money laundering.

Risk alert

We scan the legal environment to identify potential risks. We produce a range of material to raise awareness of potential risks and support the profession in managing them. This helps to protect the users of legal services. Our 2023 Risk Outlook publications covered the use of artificial intelligence in the market [https://qltt.sra.org.uk/sra/research-publications/artificial-intelligence-legal-market/] , managing regulatory risk during economic uncertainty [https://qltt.sra.org.uk/sra/research-publications/regulatory-risk-economic-uncertainty/] and use of cryptocurrencies and other distributed ledger technologies [https://qltt.sra.org.uk/sra/research-publications/risk-outlook-crypto-dlt/] .

Our website scam alerts continue to be well used. These are designed to alert firms and members of the public about businesses that are misusing law firm details and fake law firms that are attempting to defraud people.

Views of SRA website scam alerts

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
153,000	153,000	169,000	160,000	170,000	178,000

4.2: Support during an investigation and whistleblowing

Working in law can be challenging and stressful.

When this stress has a negative impact on the work of a solicitor or a firm, it can affect the quality of legal services provided and lead to

mistakes and, potentially, serious breaches of our standards, such as dishonesty. This can result in us taking action, which may be avoided if solicitors recognise the warning signs early on and seek the correct support and help.

If this happens, the first thing to do is to talk to the relevant people at your firm. All firms are bound by our Principles [https://qltt.sra.org.uk/solicitors/standards-regulations/principles/] and the Codes of Conduct [https://qltt.sra.org.uk/solicitors/standards-regulations/code-conduct-firms/]. Firms should treat staff fairly and with respect and provide support when needed.

If you cannot turn to your employer, please let us know – we may be able to help you manage your responsibilities before things get worse.

Seeking support if you are being investigated

We understand that being part of an investigation can be a stressful and daunting time, particularly for people with health problems, or who are in a vulnerable situation. If this is the case, we encourage people to tell us, as there are actions we can take to make the process easier. Some examples of how we can offer support or provide reasonable adjustments if needed are:

- providing one point of contact
- allowing extra time to respond to us (where we are able to)
- putting an investigation on short-term hold.

This is not an exhaustive list and we approach each matter based on its circumstances. Members of the public and solicitors who raise concerns with us may also need support, particularly when they are in a vulnerable situation. We signpost people to a range of resources and organisations that can help, and all our staff have training on making reasonable adjustments.

We are also mindful that the investigations process can be stressful and can exacerbate or trigger health issues. We provide guidance about what to expect if we are investigating you [https://qltt.sra.org.uk/solicitors/guidance/investigating-you/] and information about our reasonable adjustments policy [https://qltt.sra.org.uk/sra/equality-diversity/diversity-policies/policy/reasonable-adjustment-policy/], if you have a disability or health issue.

To help solicitors and firms understand how we approach health issues and the medical evidence we might ask for during an investigation, we updated our health issues and medical evidence guidance in May 2023. [https://qltt.sra.org.uk/solicitors/guidance/sra-investigations-health-issues-and-medical-evidence/] It has information on raising a health issue with us, when we may need a medical report and what it should contain. It also has

information on how health issues may affect your ability to practise, among other related topics.

Supporting witnesses

When we are investigating a solicitor or firm, it may be necessary to take a statement or interview witnesses. This will help us in our investigation and, possibly, to decide whether we need to refer the matter to the Solicitors Disciplinary Tribunal.

We understand this can be stressful, so we do everything we can to support witnesses. For example, if English is not the witness's first language, we might be able to offer a translator or interpreter. If the witness is also the person who reported the concern to us, we will keep them up to date with how we are progressing with the matter. We also train our staff in how to support vulnerable and distressed individuals, for example, in cases concerning sexual misconduct or harassment.

Whistleblowing to the SRA

If information is provided to us on a confidential basis, we will take appropriate steps to protect the reporter's identity and deal with the matter sensitively.

Individuals and firms who we regulate must report misconduct involving those we regulate or law firm employees to us. However, for someone who is regulated by us and is concerned about whether they may be investigated for their own part in any wrongdoing, reporting the issues and cooperating with us could constitute mitigation. This is particularly so where issues are reported to us at an early stage.

However, we would rather solicitors and others working in the legal sector provided information late than not at all. Although we cannot guarantee that we will not take any action against the reporter, bringing the information to us is likely to help their position and we will take context into account, including, for example, fear of recrimination.

Annex 1: Actions we take and actions the Solicitors Disciplinary Tribunal takes

Action taken and in what circumstances	Level of misconduct	Our sanction	SDT sanction
Letter of advice – sent to an individual/firm to help them understand the SRA's regulatory arrangements and the behaviours that demonstrate a risk. This is	Typically minor or where there has been appropriate firm	Yes	No

intended to help them comply in the future and prevent inadvertent repetition.	management of an issue.		
Letter of warning – sent to an individual/firm to say they came close to a sanction/control order and action is likely to be taken if the breach continues or is repeated.	Typically minor or where there has been appropriate firm management of an issue.	Yes	No
Rebuke – to sanction the regulated person for a breach of standards/requirements, but where the issues are only of moderate seriousness and do not require a higher level of response to maintain standards/uphold public confidence.	Moderate seriousness.	Yes	No
Fixed financial penalty – a sanction for lower-level rules breaches.	Specific breaches of our rules which are typically less serious in nature.	Yes – up to £1,500 for certain specified breaches of our rules. It allows us to deal with less serious issues in a more effective and timely way. We use these for lower-level, non-complex breaches of our rules.	No
Fine – fining a firm or individual where there has been a serious breach of standards and requirements.	Serious or a series of incidents which together are serious.	Yes – if we issue a fine, it is where protection of the public/public interest does not require	Yes – unlimited for any category of rule breach. The SDT can both fine and impose other sanctions such

		suspension or a striking off. Up to £25,000 – for traditional law firms, solicitors and other individuals we regulate. Up to £250m and £50m – for firms with an alternative business structure licence and employees of these firms, respectively. Unlimited – for certain breaches of our rules relating to economic crime. This power came into force in March 2024. We are only be able to issue these types of fines for breaches of our rules which took place after the Act came into being.	as striking off or suspension.
Practising conditions placed on a solicitor or other person we regulate – to restrict or prevent the involvement of an individual in certain activities or engaging in certain business agreements/associations	Serious or a series of incidents which together are serious, and when it is necessary to	Yes	Yes

or practising arrangements.	deal with the risk posed.		
Practising conditions placed on a firm – to restrict or prevent a firm from undertaking certain activities. These can also be applied to a firm's managers, employees, or interest holders where they do not have a practising certificate.	Serious or a series of incidents which together are serious, and when it is in the public interest to do so.	Yes	Yes
Reprimand – a sanction for misconduct.	Serious or a series of incidents which together are serious, and when it is in the public interest to do so.	No	Yes – this is the sanction imposed for the lowest level of misconduct brought to the SDT.
Section 43 order (for non-lawyers working in the profession, eg non-lawyer managers and employees such as legal secretaries) – restricts individuals from working in a law firm without our permission.	Serious or a series of incidents which together are serious.	Yes	Yes
Suspension or revocation of a firm's authorisation/ recognition – removal of a firm's authorisation either permanently or temporarily.	Serious or a series of incidents which together are serious.	Yes – we can suspend or revoke the authorisation certificate of an ABS or a traditional law firm. This effectively stops them from practising for a period of time or indefinitely.	Yes – the SDT can revoke a traditional law firm's authorisation.
Suspension of a practising certificate – suspension from	Serious or a series of incidents	No – we do not have this explicit power,	Yes – the SDT can suspend individuals

practising, either for a fixed term or for an indefinite period.	which together are serious.	but it will happen by default, for example, when we intervene into the practice of a solicitor.	from practising. This can be for a fixed term or indefinitely.
Intervention – taking away client money and files so they are no longer able to operate.	Serious or a series of incidents which together are serious.	Yes	No
Strike off – stops a solicitor from practising entirely. The solicitor's name is removed from the roll.	Serious or a series of incidents which together are serious.	No	Yes

Glossary

Agreed outcome

An alternative to having a hearing at the Solicitors Disciplinary Tribunal (SDT). Agreed outcomes have to be approved by the SDT. We agree an outcome and costs with a solicitor or firm based on an agreed set of facts. The SDT then considers the outcome and will decide whether to accept it, whether any changes should be made to it, or to order a full hearing for the case. Where appropriate, it is a cost-effective, swift and proportionate way of resolving a matter.

Alternative business structure (ABS)

Also known as a licensed body, ABSs allow non-lawyers to own or invest in law firms, opening up what was previously a closed market.

Enforcement strategy

Our Enforcement Strategy [https://qltt.sra.org.uk/sra/corporate-strategy/sra-enforcement-strategy/] sets out how we will use our enforcement powers when we find a firm, solicitor or other individual we regulate has not met the standards we expect. It provides clarity on how and when we will use our enforcement powers, and what we take into account when assessing the seriousness of misconduct and the action to take.

Fine

A monetary sanction. We are able to issue a fine up to the value of £25,000 for most firms, solicitors and other individuals we regulate.

We can fine an ABS up to £250m and up to £50m for the manager and employees of an ABS we regulate.

The exception to this relates to the Economic Crime and Corporate Transparency Act 2023. The Act gives us unlimited fining powers to sanction certain breaches that involve economic crime. This came into force in March 2024. We will only be able to issue these types of fines for breaches of our rules which took place after the Act came into being.

The SDT can impose unlimited fines on individuals and firms. More information can be found in our 'Greater fining powers' section. [#_Greater_fining_powers]

Fixed financial penalty

A fine we can issue for certain specified breaches of our rules, for example, non-compliance with our Transparency Rules or failing to respond to our requests. We can issue fixed financial penalties of £750 for a first breach and £1,500 for a subsequent breach within three years. It allows us to deal with less serious issues in a more effective and timely way.

Intervene/intervention

To intervene will involve taking away client money and files from a firm's or a solicitor's practice to keep the money and files safe. This will effectively close down the firm or solicitor's practice. We call this an intervention. We will do this if we consider that people are at risk of receiving legal services from a dishonest solicitor, or it is otherwise necessary to protect the interests of clients.

Legal Ombudsman (LeO)

An organisation which handles complaints about the standards of service people receive from their lawyer.

Letter of advice

A letter we send to help a solicitor/firm understand our regulatory arrangements and the behaviours that demonstrate a risk. This is intended to help them comply in the future and prevent inadvertent repetition.

Letter of warning

A warning we give to make an individual/firm aware that they came close to a disciplinary sanction or control order and we are likely to take action if the breach continues or is repeated.

No order

In the context of an outcome at the SDT, no order can mean that the SDT did not find in our favour following a hearing. It can also mean it did find in our favour, but it decides that it is not necessary or appropriate to impose a sanction or control.

Other decision

In the context of an outcome at the SDT, other can mean, for example, a reprimand or section 43 order.

Practising condition

Conditions which restrict or prevent a firm or individual from carrying out certain activity. There are typically three situations in which we may impose conditions on solicitors, firms and other people we regulate:

- A condition as part of an outcome where we have made a finding of misconduct.
- An interim condition, which we impose during an investigation and pending a final outcome of the investigation. This is imposed to limit risk of harm to the public. We will monitor these conditions as we progress an investigation.
- A practising certificate with existing conditions. When a practising certificate has existing conditions and an application is made to renew, we will decide whether the previous conditions should be reimposed, varied, or removed from the new practising certificate.

The SDT can impose conditions on firms or solicitors as part of its final outcome. It has a wide discretion as to what conditions it can impose. How we monitor the condition will depend on the nature of the condition imposed.

Rebuke

We rebuke an individual or a firm to show disapproval where there has been a moderately serious breach of our requirements or standards.

Registered European lawyer (REL)

European lawyers who have registered with us to practise the law of their home jurisdiction in England and Wales and advise on English and Welsh law (with some limitations). Following the UK's exit from the EU, only Swiss lawyers can be RELs.

Registered foreign lawyer (RFL)

A foreign legally qualified person who is registered with us but not regulated by us. They can become a manager or owner of a law firm we regulate, practise the law of their home jurisdiction, advise on English and Welsh law and provide unreserved legal services. We hold and publish a register which includes the names of all RFLs. See further our guidance on registered foreign lawyers [https://qltt.sra.org.uk/solicitors/guidance/registered-foreign-lawyers/] .

Regulatory settlement agreement (RSA)

Under an RSA, we agree the facts and the outcome/sanction of an investigation with the firm, solicitor or individual involved in our investigation. RSAs allow us to protect both consumers and the public interest by reaching appropriate outcomes swiftly, efficiently and at a proportionate cost. Unlike agreed outcomes – which must be approved by the SDT – RSAs do not involve the SDT. The agreed sanction will be within the SRA's powers.

Reprimand

A sanction the SDT imposes for the lowest level of misconduct brought to it and where it considers no other greater sanction is necessary.

Respondent

The respondent is the firm, solicitor or other person against which or whom we or the SDT take enforcement action.

Roll of solicitors

This is a record of solicitors that we have authorised to practise English and Welsh law. Not all solicitors on the roll will actively be practising as a solicitor.

Sanctions

Actions taken to discipline firms, solicitors or other people we regulate to prevent similar behaviour by them or others in the future, and to maintain standards and uphold public confidence in the profession.

Section 43 order

A sanction we issue to non-lawyers working in the profession, eg non-lawyer managers and employees such as legal secretaries. We restrict them from working in a law firm without our permission.

Section 99 order

A sanction we issue to non-lawyers working in the profession, disqualifying them from being an employee or from taking up certain activities, such as acting as a manager, the head of legal practice or the head of finance and administration.

Solicitors Disciplinary Tribunal (SDT)

An independent tribunal where we bring prosecutions against firms, solicitors and other people we regulate. It has powers which we do not, for example, it can impose unlimited fines for any type of rule breach and strike solicitors off the roll.

Strike off

Sanction where the SDT stops a solicitor from practising and their name is removed from the roll.

Suspension

Controls and/or sanction we or the SDT can impose.

We can suspend or revoke the authorisation certificate of an ABS or a traditional law firm. This effectively stops them from practising for a period or indefinitely. The SDT can also revoke the authorisation of a traditional law firm.

We cannot suspend a solicitor's, REL's or RFL's practising certificate. Only the SDT can do this. A suspension can be for a fixed term or indefinitely.