Solicitors Regulation Authority

HSR Law Limited (HSR Law Limited)
7 South Parade, Doncaster , DN1 2DY
Recognised body
816283

Agreement Date: 12 June 2025

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 12 June 2025

Published date: 25 June 2025

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 HSR Law Limited (the firm), a recognised body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

a. HSR Law Limited will pay a financial penalty in the sum of £23,549 under Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedures Rules;
b. to the publication of this agreement, under Rule 9.2 of the SRA Regulatory and Disciplinary Procedure rules; and
c. HSR Law Limited will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Rules.

2. Summary of facts

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

2.2 Our investigation identified areas of concern in relation to the firm's compliance with the Money Laundering, Terrorist Financing (Information

on the Payer) Regulations 2017 (MLRs 2017), the SRA Principles 2019 and the SRA Code of Conduct for Firms 2019.

Client and matter risk assessments (CMRAs) / customer due diligence measures

2.3 Between 29 March 2021 and 9 August 2024, the firm failed to conduct client and matter risk assessments, pursuant to Regulation 28(12)(a)(ii) and Regulation 23(13) of the MLRs 2017.

2.4 As part of the DBR, the firm was asked to provide its ‘template client and matter risk assessment'. The firm did provide a compliant CMRA. However, it was unclear how, or if at all, the firm were making use of this form at matter opening or throughout the majority of the matters' lifespan.

2.5 The AML Officer also reviewed six live client files as part of her review. None of the files reviewed contained a CMRA. Therefore, the firm has been unable to demonstrate compliance with Regulation 28(12) and Regulation 28(13) of the MLRs 2017, as it appears that no risk assessment took place at the start of each matter (or monitoring throughout), to show the file handler had considered the risks of both the client and matter and therefore documented the correct level of customer due diligence.

2.6 The firm were referred to the AML Investigation team in July 2024. In an email from the firm dated 20 December 2024, it was explained that some of the fee earners were not in the habit of completing a CMRA in every instance and that the firm had failed to detect this shortcoming.

2.7 In the same email, it was confirmed that since the DBR (in August 2024), the firm has adopted a new CMRA form, and that training has been provided to all fee earners on the new process. The firm also confirmed that all files had been reviewed to ensure that all had a CMRA, and that file audits and spot checks will be undertaken going forward. Therefore, we are satisfied that the firm has been compliant with Regulation 28(12)(a)(ii) and Regulation 28(13) of the MLRs 2017 since August 2024.

2.8 It is the SRA's case that between 29 March 2021 and 9 August 2024, the firm failed to conduct CMRAs, pursuant to Regulation 28(12)(a)(ii) and Regulation 28(13) of the MLRs 2017.

3. Admissions

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

a. Principle 2 of the SRA Principles 2019 – which states you act in a way that upholds public trust and confidence in the solicitors'

profession and in legal services provided by authorised persons.
b. Paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019 – which states you have effective governance structures, arrangements, systems and controls in place that ensure you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you.
c. Paragraph 3.1 of the SRA Code of Conduct for Firms 2019 – which states that you keep up to date with and follow the law and regulation governing the way you work

4. Why a fine is an appropriate outcome

4.1 The conduct showed a disregard for statutory and regulatory obligations and had the potential to cause harm, by facilitating dubious transactions that could have led to money laundering (and/or terrorist financing). This could have been avoided had the firm established adequate AML documentation and controls.

4.2 It was incumbent on the firm to meet the requirements set out in the MLRs 2017. The firm failed to do so. The public would expect a firm of solicitors to comply with its legal and regulatory obligations to protect against these risks as a bare minimum.

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

a. The agreed outcome is a proportionate outcome in the public interest because it creates a credible deterrent to others and the issuing of such a sanction signifies the risk to the public, and the legal sector, that arises when solicitors do not comply with anti-money laundering legislation and their professional regulatory rules.
b. There has been no evidence of harm to consumers or third parties and there is now a low risk of repetition.
c. The firm has assisted the SRA throughout the investigation and has shown remorse for its actions.
d. The firm did not financially benefit from the misconduct.

5. Amount of the fine

5.1 The amount of the fine has been calculated in line with the SRA's published guidance on its approach to setting an appropriate financial penalty (the Guidance).

5.2 Having regard to the Guidance, we and the firm agree that the nature of the misconduct was more serious (score of three). This is because the firm should have been aware of its obligation to undertake CMRAs on all files and should have also been aware of its obligation to monitor the progression of files and any appropriate regulations or guidance, to mitigate any potential risk that may arise. Further, the firm's policies,

controls and procedures (PCPs) mandated that a CMRA is to be carried out on all files, but this did not happen on any of the files reviewed.

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

5.4 The impact of the harm or risk of harm is assessed as being low (score two). This is because there is no evidence of any harm caused by the firm not completing a CMRA at the outset on all files and continuing to monitor these files. All files reviewed, despite the lack of a CMRA, contained the correct customer due diligence documentation and source of funds information.

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

5.6 We recommend a basic penalty at the middle of the bracket.

5.7 This is because the firm undertakes the majority of its work in conveyancing and was aware that CMRAs were required (as evidenced by its PCPs), yet failed to ensure such CMRAs were completed. However, the files were deemed compliant, in terms of customer due diligence and source of funds checks, and therefore the firm's breaches have not caused any harm and have been remedied since our review and therefore ongoing risk is now low.

5.8 Based on the evidence the firm has provided of its annual domestic turnover this results in a basic penalty of £31,399.

5.9 We have also considered mitigating factors and consider that the basic penalty should be discounted by 25%. This is to take account of the following factors as indicated by the Guidance:

a. The firm brought itself into compliance by confirming all files contain a client and matter risk assessment and staff had been re-trained on its CMRA process.
b. The firm has cooperated with the SRA's AML Proactive Supervision and Investigations teams.

5.10 The adjusted penalty is therefore £23,549.

5.11 The firm does not appear to have made any financial gain or received any other benefit as a result of its conduct. Therefore, no adjustment is necessary, and the financial penalty is £23,549.

6. Publication

6.1 Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules states that any decision under Rule 3.1 or 3.2, including a Financial Penalty, shall be published unless the particular circumstances outweigh the public interest in publication.

6.2 The SRA considers it appropriate that this agreement is published as there are no circumstances that outweigh the public interest in publication, and it is in the interest of transparency in the regulatory and disciplinary process.

7. Acting in a way which is inconsistent with this agreement

7.1 The firm agrees that it will not act in any way which is inconsistent with this agreement, such as by denying responsibility for the conduct referred to above. This may result in a further disciplinary sanction.

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

8. Costs

8.1 The firm agrees to pay the costs of the SRA's investigation in the sum of £600. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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