

Rollits LLP
Citadel House, 58 High Street, Hull , 524629
Recognised body
524629

[Agreement Date: 26 March 2025](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 26 March 2025

Published date: 1 April 2025

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

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

- a. it is fined £15,168;
- b. to the publication of this agreement; and
- c. it will pay the SRA costs of £600.

2. Summary of Facts

2.1 Our AML Proactive Supervision Team carried out an anti-money laundering (AML) inspection into the Firm on 27 January 2025.

2.2 Our inspection 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. Source of Funds

2.3 The Firm was unable to demonstrate how it took adequate measures to establish the source of funds in four residential conveyancing

transactions (where clients were providing sums of £320,000, £34,500, £825,000 and £290,000), between 2023 and 2024, and in doing so the Firm failed to meet the requirements of Regulation 28(11)(a) of the MLRs 2017.

3. Admissions

3.1 Rollits LLP makes the following admission which the SRA accepts: In respect of four residential conveyancing transactions, the Firm failed to take adequate measures to establish the source of funds involved, and/or retain adequate documents to confirm any checks that were undertaken.

And in doing so, the Firm failed to meet the requirements of:

- a. Regulation 28(11)(a) of the MLRs 2017. And breached:
- b. Principle 2 of the SRA Principles [2019].
- c. Paragraph 2.1(a) of the SRA Code of Conduct for Firms [2019].
- d. Paragraph 3.1 of the SRA Code of Conduct for Firms [2019].

4. Why a fine is an appropriate outcome

4.1 The SRA's Enforcement Strategy sets out its approach to the use of its enforcement powers where there has been a failure to meet its standards or requirements.

4.2 It was incumbent on the Firm to meet the requirements set out in Regulation 28(11)(a) of the MLRs 2017. The Firm failed to do so.

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

- a. The obligation was on the Firm to comply with Regulation 28(11) (a) of the MLRs 2017. The Firm is directly responsible for ensuring it meets its obligations and had direct responsibility for its own conduct.
- b. It is in the public interest that firms ensure compliance with the money laundering regulations. A failure to do so has the potential to cause significant harm, by exposing the firm to the risk that its services will be used to carry out money laundering or terrorist financing. Where thorough checks are carried out, this mitigates and manages the risk and ensures that the public can take comfort that firms are complying with their legal and regulatory obligations.
- c. A practice must scrutinise transactions on a matter-by-matter basis, with the objective of understanding what the source of funds are for transactions undertaken on behalf of a client. This is a fundamental aspect of holistic customer due diligence. It is important to remember that understanding the source of funds is a key protection for practices, and it should be approached as an opportunity to protect each practice from being used for money laundering. The type of documentation accepted to verify this,



should depend on the level of money laundering risk presented by the customer.

- d. It should be considered that checking source of funds is a useful practical tool for protecting practices generally. It is important to document the source of funds checks conducted on each client or matter – this may be by way of the collation of information/evidence obtained, and/or the inclusion of a file note outlining what checks were undertaken, what evidence obtained, and the conclusions derived from these checks.
- e. There was inadequate evidence on the four files inspected and a more systematic approach to source of funds checks and documenting the same would have maintained compliance with Regulation 28(11)(a) of the MLRs 2017.
- f. Three of the matters were purchases by long established investment company clients. The fourth was for an individual backed by mortgage. The matters proceeded swiftly, and the client and matter risk assessments did not require updating during the transactions, indicating that the level of risk had not changed.
- g. There has been no evidence of harm to consumers or third parties and there is a low risk of repetition.
- h. The firm has assisted the SRA during the investigation, admitted the breaches and has shown remorse for its actions.
- i. The firm did not financially benefit from the misconduct.

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

5. Amount of the fine

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

5.2 Having regard to the Guidance, the SRA and the Firm agree that the nature of the conduct was less serious (score of one). This is because the conduct was not intentional, nor did it arise as a result of recklessness or gross negligence. Although there was some evidence that consideration had been given to source of funds checks, it was accepted by the Firm that it was not sufficient to comply with Regulation 28(11)(a) of the MLRs 2017. Property is an attractive asset for criminals, hence why source of funds checks is vital in combatting money laundering, even for long established clients.

5.3 The impact of the harm or risk of harm is assessed as being low (score of two). There is no evidence of there being any direct loss to clients or actual harm caused, as a result of the firm's failure to ensure it

conducted adequate source of funds checks. Further, a retrospective review of the files showed the matters to be of a lower risk and for long established known clients. However, in practice, the required actions as specified in Regulation 28(11)(a) of the MLRs 2017 were not adequately executed or documented.

5.4 The SRA recommends a financial penalty, and based on the firm's annual domestic turnover the basic penalty is £18,960. 5.5 The SRA considers that the basic penalty should be reduced by 20%, in terms of mitigation discount, to £15,168, for the factors listed in 4.3(g) to 4.3(i) above.

5.6 The Firm does not appear to have any financial gain or received any other benefit as a result of its conduct. Therefore, no additional adjustment is required, and the amount of the fine is £15,168.

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 in the interests of transparency in the regulatory and disciplinary process. The Firm agrees to the publication of this agreement.

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

7.1 The Firm agrees with the SRA that it will not deny the admissions made in this agreement or act in any way which is inconsistent with it.

7.2 Acting in a way which is inconsistent with this agreement may also constitute a separate breach of Principles 2 and 5 of the 2019 Principles and Paragraph 3.2 of the SRA Code of Conduct for Firms 2019.

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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