Solicitors Regulation Authority

Peter Maughan & Co Limited (Peter Maughan Law)
15a Walker Terrace, Gateshead , NE8 1EB
Recognised body
809336

Agreement Date: 7 March 2025

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 7 March 2025

Published date: 11 March 2025

Firm details

Firm or organisation at time of matters giving rise to outcome

Name: Peter Maughan & Co Limited

Address(es): 15a Walker Terrace, Gateshead, NE8 1EB

Firm ID: 809336

Outcome details

This outcome was reached by agreement.

Decision details

Agreed outcome

1.1 Peter Maughan & Co Limited T/A Peter Maughan Law a recognised body authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

a. Peter Maughan & Co Limited will pay a financial penalty in the sum of £8,947, under Rule 3.1(b) of the SRA Regulatory and Disciplinary Procedure Rules (the RDPRs),
b. to the publication of this agreement, under Rule 9.2 of the RDPRs, and
c. Peter Maughan & Co Limited will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the RDPRs.

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 DBR 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.

3. Allegations Firm-Wide Risk Assessment (FWRA)

3.1 Between 4 March 2021 and 22 October 2024, failed to have in place a documented assessment of the risks of money laundering and terrorist financing to which its business was subject (a firm-wide risk assessment (FWRA)), pursuant to Regulations 18(1) and 18(4) of the MLRs 2017.

3.2 Between 23 October 2024 and 16 December 2024, failed to have in place an appropriate FWRA that identified and assessed the risks of money laundering to which it was subject, taking into account all risk factors, pursuant to Regulation 18(2) of the MLRs 2017. Policies, Controls and Procedures (PCPs)

3.3 Between 4 March 2021 and 24 October 2024, failed to establish, and thereafter, between 25 October 2024 and 21 January 2025, failed to maintain policies, controls, and procedures, to mitigate and manage effectively the risks of money laundering and terrorist financing, identified in any risk assessment (FWRA), pursuant to Regulation 19(1)(a) of the MLRs 2017 and/or regularly review and update them pursuant to Regulation 19(1)(b) of the MLRs 2017. Client and Matter Risk Assessments (CMRAs) A review of specific client files selected during the DBR found that:

3.4 Three of out of the six files did not contain a Client and Matter Risk Assessment (CMRA), as required by Regulation 28 of the MLRs 2017. Therefore, the firm was unable to demonstrate that the extent of the measures it had taken to satisfy the requirements of Regulation 28 was appropriate, as required by Regulation 28(16) of the MLRs 2017.

3.5 Two of the files did contain a CMRA but no overall risk rating was given to the nature of the transactions. Therefore, the firm had failed to adequately risk assess as part of its CMRA, pursuant to Regulation 28(12)(a)(ii) and Regulation 28(13) of the MLRs 2017.

4. Admissions

4.1 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.

5. Why a fine is an appropriate outcome

5.1 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 not failed in having a compliant FWRA and PCPs in place, and conducting appropriate risk assessments on its client and matters (including lack of identification and verification on clients and a failure to show adequate source of funds checks on files).

5.2 Our records show the firm is conducting a high percentage of high-risk conveyancing (91% residential conveyancing, 4% commercial conveyancing and 2% probate work) and all three work categories are in-scope of the MLRs 2017. This is a serious breach as the firm has been carrying out a large percentage of in scope work since inception, in 2021, and continues to do so. Property is an attractive asset for criminals because of the large amounts of money that can be laundered through a single transaction and because property will tend to appreciate in value. This has been highlighted in the Government's national risk assessments and our sectoral risk assessments too, since 2017. Probate and estate administration is considered a high-risk area, owing to risks of fraudulent activity.

5.3 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.

5.4 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, which 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 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.

5.5 Rule 4.1 of the Regulatory and Disciplinary Procedure Rules states that a financial penalty may be appropriate to maintain professional standards and uphold public confidence in the solicitors' profession and in legal services provided by authorised persons. There is nothing within this Agreement which conflicts with Rule 4.1 of the Regulatory and Disciplinary Rules and on that basis, a financial penalty is appropriate.

6. Amount of the fine

6.1 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).

6.2 Having regard to the Guidance, the SRA, we and the firm agree the nature of the misconduct as more serious (score of three). This is because the firm should have been aware of its obligation to have in place an FWRA and PCPs since March 2021. 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. Furthermore, the six files reviewed and subsequent confirmation that the firm had to review 500 live in scope files to bring it into compliance, would demonstrate that it did not conduct CMRAs appropriately, until our notification to review the firm and following the DBR and guidance. It is our view that the firm remained in breach of Regulation 28 of the MLRs 2017, and the conduct has continued after it was known to be improper and formed a pattern of misconduct.

6.3 The firm has also failed to carry out identification and verification checks, including source of fund checks on some of the files. We have, however, limited the firm's breaches to FWRA, PCPs and CMRAs only. We consider this to be fair and proportionate, and that the firm will now carry out the necessary checks going forward.

6.4 The firm has failed to meet the requirements of the regulations for a period over three years. Although, the firm now have compliant documents in place, which are in proper use, the firm was left vulnerable for a period the SRA considers amounting to a serious breach.

6.5 The impact of harm or risk of harm score is assessed as being medium (score of four). This is because although there is no evidence of any harm being caused, as a result of the firm not having a FWRA (until October 2024), PCPs (until October 2024) and these documents were not compliant until December 2024 and January 2025, respectively, given the nature of its work, large percentage of in-scope work carried out. The

firm's review of its 500 live in-scope client files, which needed a CMRA documented on them and now do, suggest the firm had the potential to cause moderate impact by this conduct.

6.6 The ‘nature' of the conduct and the ‘impact of harm or risk of harm' added together give a score of seven. This places the penalty in Band "C", as directed by the Guidance, which indicates a broad penalty bracket of between 1.6% and 3.2% of the firm's annual domestic turnover.

6.7 This is because the firm should have been aware of its statutory obligations under the MLRs 2017, and the breaches spanned a period over three years and the majority of its work falls within scope of the regulations (with now over 95% coming from the high-risk area of conveyancing). However, the firm has now brought itself into compliance and therefore the ongoing risk is now lower.

6.8 Based on the evidence the firm has provided of its annual domestic turnover; this results in a basic penalty of £9,941.

6.9 The SRA considers that the basic penalty should be reduced to £8,947. This reduction reflects the firm's cooperation with the AML Proactive Supervision team and AML Investigations team, along with remedying the breaches.

6.10 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 to remove this and the amount of the fine is £8,947.

7. Publication

7.1 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.

7.2 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.

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

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

8.2 If the firm denies the admissions, or acts in a way which is inconsistent with this agreement, the conduct which is subject to this agreement may be considered further by the SRA. That may result in a

disciplinary outcome or a referral to the Solicitors Disciplinary Tribunal on the original facts and allegations.

8.3 Acting in a way which is inconsistent with this agreement may also constitute a separate breach of Principles 1, 2 and 5 of the Principles and paragraph 3.2 of the Code of Conduct for Firms.

9. Costs

9.1 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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