Solicitors Regulation Authority

Harrowell & Atkins (Harrowell & Atkins)
275 High Street, Berkhamstead , HP4 1BW
Recognised body
050781

Agreement Date: 11 July 2025

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 11 July 2025

Published date: 14 July 2025

Firm details

Firm or organisation at date of publication and at time of matters giving rise to outcome

Name: Harrowell & Atkins

Address(es): 275 High Street, Berkhamstead, HP4 1BW

Firm ID: 050781

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Harrowell & Atkins (the Firm), a recognised body, authorised and regulated by the Solicitors Regulation Authority (SRA), agrees to the following outcome to the investigation:

a. Harrowell & Atkins will pay a financial penalty in the sum of £25,000, 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 Procedures rules; and
c. Harrowell & Atkins will pay the costs of the investigation of £600, under Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Rules.

Reasons/basis

2. Summary of Facts

2.1 Our Anti-Money Laundering (AML) Proactive Supervision team carried out an AML desk-based review at Harrowell & Atkins, to assess its compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulation 2017 (MLRs 2017).

2.2 The Proactive Supervision team identified AML control failings in relation to the firm's firm-wide risk assessment (FWRA), policies, controls and procedures (PCPs), client and matter risk assessments (CMRAs), customer due diligence (CDD) on files and source of funds.

2.3 This resulted in a referral to our AML Investigations Team.

FWRA

2.4 Between 26 June 2017 and 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 Regulation 18(1) and 18(4) of the MLRs 2017.

P&Ps and subsequently PCPs

2.5 Between 6 October 2011 and 25 June 2017, failed to establish and maintain appropriate and risk-sensitive policies and procedures (P&Ps), pursuant to Regulation 20(1) of the MLRs 2007.

2.6 Between 26 June 2017 and 2021, failed to establish and maintain policies, controls, and procedures (PCPs), pursuant to Regulation 19(1)(a) of the MLRs 2017.

2.7 Between 2021 and 3 June 2025, failed to establish fully compliant policies, controls and procedures (PCPs) to mitigate and effectively manage 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 regularly review and update them, pursuant to Regulation 19(1)(b) of the MLRs 2017.

CDD measures and CMRAs

2.8 Between 6 October 2011 and 25 June 2017, failed to determine the extent of customer due diligence measures on a risk-sensitive basis, depending upon the type of customer, business relationship, product or transaction; and was not able to demonstrate to its supervisory authority that the extent of the measures were appropriate in view of the risks of money laundering and terrorist financing, as required by Regulation 7(3) of the MLRs 2007.

2.9 Between 26 June 2017 and 9 May 2025, failed to carry out a client and matter risk assessments (CMRAs) on all five files reviewed, pursuant to Regulations 28(12) and 28(13) of the MLRs 2017. Furthermore, the firm was found to not have a CMRA process in place, and, therefore, the firm was unable to demonstrate the extent of the measures it had taken pursuant to Regulation 28(16) of the MLRs 2017.

Identification and Verification (ID&V) and source of funds

2.10 Between 26 June 26 June 2017 and 18 October 2024, on two matters, failed to identify and verify (ID&V) the client, and on one matter, failed to verify the client, pursuant to Regulation 28(2) of the MLRs 2017.

2.11 Between 26 June 2017 and 18 October 2024, on all five files reviewed, failed to carry out any source of funds checks, pursuant to Regulation 28(11)(a) of the MLRs 2017.

3. Admissions

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

To the extent the conduct took place before 25 November 2019 (when the SRA Handbook 2011 was in force):

a. Principle 6 of the SRA Principles 2011 – which states you must behave in a way that maintains the trust the public places in you and in the provision of legal services.
b. Principle 8 of the SRA Principles 2011 – which states you must run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial risk management principles.

And the firm failed to achieve:

c. Outcome 7.2 of the SRA Code of Conduct 2011 – you have effective systems and controls in place to achieve and comply with all the Principles, rules and outcomes and other requirements of the Handbook, where applicable.
d. Outcome 7.5 of the SRA Code of Conduct 2011 – which states you comply with legislation applicable to your business, including anti-money laundering and data protection legislation.

And from 25 November 2019 (when the SRA Standards and Regulations came into force), the firm breached:

e. 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.

f. 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.
g. 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 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 The issues identified around not having a FWRA, no P&Ps or PCPs and thereafter non-compliant PCPs, no risk-sensitive CDD measures, not carrying out CMRAs, issues with ID&V on three matters and failing to carry out source of funds checks on five matters are serious AML control environment failings, and the conduct had the potential to cause significant harm. The firm undertakes the majority of its work in scope of the regulations, with over two thirds in the field of conveyancing. This had the potential to open up the firm to a significant amount of risk of being exploited by criminals.

4.3 It is a regulatory obligation for the firm to meet the requirements set out in the MLRs 2017 (and previously the MLRs 2007), which the firm failed to do.

4.4 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, that arises when solicitors do not comply with anti-money laundering legislation and their professional regulatory rules.
b. There is no evidence of harm to consumers or third parties.
c. The firm recognises that it failed in its basic duties regarding statutory money laundering regulations and regulatory compliance, as identified during our inspection and subsequent investigation.

4.5 The firm has cooperated fully, has admitted the breaches, shown remorse and remedied the breaches, and there is low risk or repetition.

4.6 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 misconduct was more serious (score of three). This is because the firm failed to have a FWRA between 26 June 2017 and 2024, no P&Ps between 6 October 2011 and 25 June 2017, no PCPs between 26 June 2017 and 2021, non-compliant PCPs between 2021 and 3 June 2025, no risk-sensitive CDD measures between 6 October 2011 and 25 June 2017, no CMRAs on five files and a lack of a CMRA process between 26 June 2017 and 9 May 2025, no ID&V on two matters and no verification on another between 26 June 2017 and 18 October 2024 and a lack of source of funds checks on five files between 26 June 2017 and 18 October 2024.

5.3 The SRA considers the impact or risk of harm was medium (score of four). The nature of conveyancing is considered high-risk, owing to the risk of abuse of the system by criminals. The firm carries out the majority of its work in conveyancing, which puts it at a greater risk of being used to launder money. 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 had proper documentation in place.

5.4 The nature and impact scores add up to seven, placing the conduct in penalty bracket Band 'C'. The Guidance indicates a broad penalty bracket of between 1.6% and 3.2% of the firm's annual domestic turnover is appropriate.

5.5 The SRA agree a fine in this bracket because the firm should have been aware of its statutory obligations under the MLRs 2017, with the aggravating factor that it performs the majority of its work in-scope of the regulations, but there is no evidence of any harm being caused or an unwillingness to improve. Based on the firm's annual domestic turnover, the fine results in a basic penalty of £29,830.

5.6 The SRA considers that the basic penalty should be reduced by fifteen percent, in terms of mitigation discount, to £25,356, then reduced further using our discretion allowed for in the Guidance, for proportionality reasons to £25,000, as it is deemed disproportionate and not in the public interest to send such a matter to the Tribunal. The maximum the SRA can fine a recognised body is £25,000; anything above this must be heard by the Solicitors Disciplinary Tribunal. This reduction follows the following factors in the Guidance that apply to this case:

a. The firm has taken steps to rectify its failures, by taking into account our guidance and producing a compliant AML

documentation (FWRA, PCPs and CMRA), as well as documenting CMRA on all in-scope files) and providing training where necessary in relation to ID&V and source of funds.

b. The firm has cooperated with the SRA's AML Proactive Supervision and Investigations teams.

5.7 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 £25,000.

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

7.2 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 SDT on the original facts and allegations.

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

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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