Solicitors Regulation Authority

Ross Coates Solicitors
Unit 5 - 7 Alpha Business Park, Whitehouse Road, Ipswich , IP1 5LT
Recognised body
184736

Agreement Date: 19 August 2025

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 19 August 2025

Published date: 10 September 2025

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

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

a. Ross Coates Solicitors will pay a financial penalty in the sum of £13,690.
b. to the publication of this document, and
c. Ross Coates Solicitors will pay the costs of the investigation of £600.

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 Money Laundering Regulations 2007 (MLRs 2007), the SRA Principles 2011, the SRA Code of Conduct 2011, the SRA Principles [2019] and the SRA Code of Conduct

for Firms [2019]. Policies, controls and procedures (PCPs) / Policies and Procedures (P&Ps)

2.3 Between 26 June 2017 and 5 February 2025, the firm failed to establish and maintain PCPs which mitigate and effectively manage the risks of money laundering and terrorist financing, and regularly review and update them, in breach of Regulations 19(1)(a) and 19(1)(b) of the MLRs 2017.

2.4 The firm was asked to provide its PCPs, as part of the DBR. In response to this, the firm sent in a document entitled ‘P03- Risk assessment AML Proliferation finances and sanctions – February 2024'. The firm stated both its firm-wide risk assessment (FWRA) and PCPs were contained in this document.

2.5 The AML Officer reviewed the firm's document and concluded that this document did not constitute PCPs under Regulation 19 of the MLRs 2017, as it did not contain many of the mandatory sections required.

2.6 The firm was put on a compliance plan to draft and produce compliant PCPs, which were received on 5 February 2025 and are now deemed compliant

2.7 Prior to this, the firm between 6 October 2011 and 25 June 2017, also failed to establish and maintain fully appropriate and risk-sensitive policies and procedures relating to customer due diligence measures and ongoing monitoring, reporting, record-keeping, internal control, risk assessment and management, the monitoring and management of compliance with, and the internal communication of, such policies and procedures, in order to prevent activities related to money laundering and terrorist financing, pursuant to Regulation 20(1) of the MLRs 2007.

Client and matter risk assessments (CMRAs)

2.8 As part of the DBR, the firm was asked to provide its ‘template CMRA'. The firm did provide a document used to risk assess clients and matters. However, as part of his review, the AML Officer reviewed five live files, four of these files did not contain any form of CMRA and there was no document on any of the files to indicate the risk of both client and matter had been considered and understood at instruction.

2.9 The firm was put on a compliance plan to ensure all live files within scope of the MLRs 2017 had a completed CMRA. On 23 May 2025, the firm confirmed that all live files in-scope of the MLRs 2017 had a completed CMRA.

2.10 Therefore, it is the case that on four of the files reviewed by our Proactive Supervision team, the firm failed to conduct CMRAs, pursuant to Regulation 28(12) 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:

From 6 October 2011 to 24 November 2019 (when the SRA Handbook 2011 was in force), the firm has breached:

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 has failed to achieve:

c. Outcome 7.2 of the SRA Code of Conduct 2011 – which states that 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) until May 2025, the firm has 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 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 2007 and 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 proportionate and 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.

4.4 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.

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 have in place compliant PCPs since June 2017 and further its obligation to have had compliant P&Ps since 2007. Furthermore, the firm demonstrated that it was not routinely carrying out CMRAs on all files.

5.3 In addition, all of the firm's work currently 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 firm has failed to meet the requirements of the regulations over many years, while carrying a large proportion of work that falls within scope of the regulations. Although the firm now has compliant documents in place, which are in proper use, the firm was left vulnerable for a significant period of time and the SRA considers this amount to a serious breach.

5.5 The impact of the harm or risk of harm 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's breaches, the nature of its work, in particular the amount of in-scope work the firm undertakes, suggests the firm had the potential to cause moderate impact by this conduct

5.6 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% to 3.2% of the firm's annual domestic turnover.

5.7 We recommend a basic penalty at the bottom of the bracket. This is because while there were failings identified which formed a pattern of misconduct, and which had the potential to cause significant loss or have significant impact, no evidence of actual harm was identified. The firm should have been aware of its statutory obligations under the MLRs 2007 and MLRs 2017 and the breaches spanned a significant amount of time. However, the firm has now brought itself into compliance and therefore the 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 £15,212.

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

a. Remedy harm – the firm took steps to rectify the non-compliant documents and is now fully compliant with the MLRs 2017.
b. Cooperating with the investigation – the firm has cooperated with the SRA's AML Proactive and AML Investigation teams.

5.10 The adjusted penalty is therefore £13,690.

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 £13,690.

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

Control of practice Date: 21 June 2023

Decision - Control of practice

Outcome: Condition

Outcome date: 21 June 2023

Published date: 28 June 2023

Firm details

No detail provided:

Outcome details

This outcome was reached by SRA decision.

Decision details

1 Agreed outcome

1.1 Ross Coates Solicitors (“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 rebuked
b. to the publication of this agreement
c. it will pay the costs of the investigation of £600.

2 Summary of Facts

2.1 Between 2019 and 2022 the Firm have been subject to successive Qualified Accountant's Reports. These all raised that the Firm operated a suspense ledger for unallocated client money. We subsequently conducted an onsite inspection at the Firm to review its books of account.

2.2 Following our onsite inspection, it was noted::

a. The Firm's historic client balances position had increased since a previous inspection conducted by the SRA identified the same issue.
b. The Firm operated a suspense ledger that allocated funds it could not allocate to specific clients.
c. At the time of the closure of our previous investigation (June 2020), the Firm had reduced its residual balance position from 714 balances totalling £32,405.99 to 22 balances totalling £3,477.22. The Firm was issued with a Letter of Advice on 30 January 2020 noting that there had been a large number of small balances on the ledgers for a number of years and that a miscellaneous ledger was used to record unclaimed client ledger balances.

2.3 This rose to 360 matters totalling £40,176.05 to the period ending 31 December 2021, where a client balance was held but there had been no ledger movement for six months or more. Enquires with the firm identified that there was no policy in place to deal with residual balances.

2.4 The Firm also operated a suspense ledger from May 2007. Up until 31 March 2022, 778 transactions were posted to it with a balance of £32,334.35. The firm's accountants reports for the periods 2019-20, 2020-21 and 2021-22 were all qualified identifying this ledger as a breach of Account's Rules.

3 Admissions

3.1 The Firm makes the following admissions which the SRA accepts:

a. Residual balances had increased since the previous SRA investigation in 2020.
b. The suspense ledger containing unidentified client account credits was still in existence.
c. The Compliance Officer for Finance and Administration ("COFA") for the Firm had not taken responsibility for ensuring compliance with the Accounts Rules or undertaken any training in respect of the current Accounts Rules.

Accordingly, the Firm has breached Rules, 2.5 and 8.1b of the SRA Accounts Rules since those Rules were introduced in November 2019 (and previously Rule 14.3 and 29 of the Accounts Rules 2011). Their failure to address these issues also breaches Rule 6.1 of the SRA Accounts Rules.

4 Why a written rebuke 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 When considering the appropriate sanctions and controls in this matter, the SRA has taken into account the admissions made by the Firm and the following mitigation which it has put forward:

a. The residual balances are a small percentage of turnover.
b. The efforts to reduce the balance of the suspense ledger had varying degrees of efficiency due to covid and issues with staff, although significant reductions have now been achieved.
c. The Firm has now arranged accounts training for the COFA and members of the post completion department.
d. The Firm will now obtain bank details at the beginning of matters from clients so they can return funds in the future.

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

a. The accounting errors and the Firm's failure to address these promptly, demonstrated a pattern of failing to comply with its regulatory obligations.
b. The Firm had previously been issued with a Letter of Advice on 30 January 2020 detailing the above breaches which the Firm failed to address as promptly as it should notwithstanding the disruption caused by the Covid pandemic.
c. There was no lasting significant harm to clients
d. The behaviour of the Firm was reckless as to their regulatory obligations in the SRA Accounts Rules agreed to have been breached above.
e. The breaches persisted longer than they should have and were resolved only when prompted.
f. There is a low risk of repetition due to the action now being taken and training made available to staff.
g. Some public sanction is required to uphold public confidence in the delivery of legal services.

5 Publication

5.1 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.

6 Acting in a way which is inconsistent with this agreement

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

6.2 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.

6.3 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.

7 Costs

7.1 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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