

---

# Anti-money laundering update

*Published 8 August 2019*

Anyone following the SRA's social media accounts will know that preventing money laundering is a hot topic for the Regulator. Its #staySHARP campaign, telling firms they S**H**ould Assess, Report and Protect has been prompted by the fact that as many as four in ten law firms are flouting the anti-money laundering regime.

This may come as a surprise to the profession when adherence to the Money Laundering Regulations has become a fact of life for most solicitors.

However, statistics released by the National Crime Agency show that legal professionals submitted less than 1% of the total Suspicious Activity Reports (so-called SARs, designed to alert the Agency to actual or potential money laundering) in 2017. A quarter of those SARs arise from residential conveyancing, an increase of 66% in the last two years.

Solicitors are widely recognised as performing poorly in this area. On 18 June 2019, the Law Commission revealed that 15% of SARs made between 2015 and 2017 did not meet the threshold of suspicion, and 47.6% demonstrated no grounds for suspicion at all.

Firms must take heed of the SRA's warnings in this area. Preventing money laundering must be part of a firm's culture and procedures should be put in place to achieve that aim. Firms need to consider warning signs, such as unusual or changing instructions, or referrals of work outside the firm's usual practice. Source of funds should always be checked and cash deposits should be limited. Firms also need to ensure they do not allow their client accounts to be used as banking facilities for their clients, and payments must relate to legal work or an underlying legal transaction.

We expect the SRA to continue its efforts in this area and an increase in disciplinary proceedings arising in this context is likely, as the SRA continues to perform unannounced 'spot checks' on firms.

## Authors



**Catrin Davies**

*Newport*

+ 44 (0)1633 657682

[cadavies@dacbeachcroft.com](mailto:cadavies@dacbeachcroft.com)



**Tom Bedford**

*Bristol, Newport*

+44 (0) 1633 657 680

[tbedford@dacbeachcroft.com](mailto:tbedford@dacbeachcroft.com)