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SRA proposes changes to its fining powers

19 November 2021

We have launched a consultation on our approach to financial penalties for law firms and solicitors where they fall short of the expected professional standards.

The aim is to resolve cases much more quickly, improving public protection and

saving time and cost for everyone, as well as reducing the stress for the profession.

The proposals, published today, are based on evidence from our experience of enforcement over the last ten years.

The consultation seeks views on initial proposals to:

- Increase the maximum fine we can issue to £25,000
- Take into account the turnover or income of firms and individuals when setting fines
- Introduce a schedule of 'fixed penalties' of up to £1,500 to enable lesser issues to be dealt with more easily for all concerned

Unlike for alternative business structures, where we have unlimited fining powers, we can only currently issue fines to traditional law firms, or individual solicitors, of up to £2,000.

Increasing its fining threshold to £25,000, would mean a broader range of disciplinary matters could be dealt with by the SRA directly, without cases needing to be referred to the Solicitors Disciplinary Tribunal (SDT). This would mean cases could be resolved quickly, potentially reducing the cost, resource and stress burden a hearing places on all involved. It could also free up time at the SDT to progress the most serious cases.

We are proposing that for more serious cases it is able to fine firms up to 5% of annual turnover, as well as the introduction of measures which would take account of income when setting fines for individuals. This would, for example, allow different levels of fine to be issued to a low earning junior solicitor compared to a senior equity partner for similar offences.

Introducing 'fixed penalties' for certain lower-level misconduct would not only allow more straight forward issues to be dealt with more easily for all concerned, but it would also provide greater transparency and consistency in how penalties were applied. Solicitors and firms fined by

the SRA would retain the right to appeal both the outcome of any decision and penalty imposed at the SDT.

The consultation also looks at a more robust approach to penalising serious misconduct that ensures sanctions are consistent and act as an effective deterrent across the whole of the legal profession - for example, in the light of the Bar Tribunals & Adjudications Service's proposed approach to issue automatic suspensions in cases of sexual harassment, in addition to any financial penalty.

We have committed to working with other regulators to achieve the right balance for its approach to enforcement.

Anna Bradley, Chair of the SRA, said: 'We know that the overwhelming majority of solicitors and firms do a good job, providing high-quality legal services to the public, and meeting the standards we set. But when those standards are not met, we need to step in to make sure that consumers are protected and confidence in the profession is well placed.

'Our proposals are designed to resolve issues much more quickly, saving time and cost for everyone and, importantly, reducing the inevitable stress for those who find themselves in our enforcement processes. Changes to our fining powers would also allow the Solicitors Disciplinary Tribunal to focus on the most serious cases where there is need for greater fines and sanctions such as suspension and strike off.'

'This is a real opportunity to update our enforcement approach and we would welcome views from across the profession, other regulators and more widely.'

Our fining regime was introduced ten years ago. Since then there have been significant changes, including the 2019 introduction of a new [Enforcement Strategy](https://higher-rights.sra.org.uk/sra/corporate-strategy/sra-enforcement-strategy/) [https://higher-rights.sra.org.uk/sra/corporate-strategy/sra-enforcement-strategy/] and the SDT adoption of the civil standard of proof in line with that used by the SRA.

We are inviting feedback on the consultation proposals by 11 February 2022.

[Read our consultation](https://higher-rights.sra.org.uk/sra/consultations/consultation-listing/financial-penalties-2021/) [https://higher-rights.sra.org.uk/sra/consultations/consultation-listing/financial-penalties-2021/].