

# SRA consultation on Financial Penalties

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# Background

- We have the power to issue financial penalties where the conduct of firms/individuals falls short of the expected standards
- The purpose of issuing financial penalties is to:
  - act as a deterrent and maintain standards
  - uphold public confidence
  - remove any benefit arising from the misconduct

# Rationale for change

- Our fining regime has not been reviewed for 10 years
- Since then, there have been many changes in our enforcement work, and in other sectors
- Making changes would help to ensure a modern, robust framework:
  - Providing an effective deterrent to future misconduct
  - Reducing time, stress and costs for all parties
  - Improving clarity and consistency of outcomes

# Our proposals include:



Increasing  
maximum fine  
levels for  
solicitors and  
traditional firms



Taking turnover  
and income  
into account



Introducing a  
schedule of  
'fixed penalties'  
for  
lesser matters



Considering  
the types of  
conduct  
suitable for a  
fine

# Increasing our current fining power

- Our current fining limit for solicitors and traditional law firms is just £2,000, with higher fines being issued by the Solicitors Disciplinary Tribunal.
- We are proposing this should be increased to £25k.
- Majority of cases involving penalties under £25,000 are agreed between the SRA and respondent, but currently still need to go via the Tribunal.
- Taking cases to the Tribunal can lead to significantly increased costs, time and stress for all parties.

# Taking turnover/income into account

- Our current guidance sets out a range of penalty bands, up to £50k or 2.5% turnover for firms over £2m domestic turnover.
- We are proposing that fines should be adjusted to take account of firm/individual income in all cases – and up to a maximum of 5% turnover.
- This would allow different levels of fine to be issued to different firms/individuals - to ensure a fair and proportionate impact and effective deterrence.

# Fixed penalties

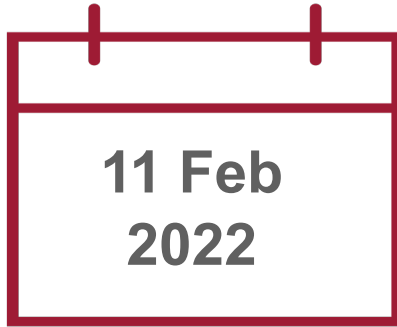
- We are proposing that we introduce fixed penalties for specified breaches of our rules at the lower-end of seriousness.
- Automatic penalties of up to £800 for a first offence and up to £1,500 for any repeat offence, with a right of review.
- This would allow
  - a streamlined process for straightforward cases of non-compliance
  - reduced burden and cost for all involved
  - transparency and consistency in how penalties are applied

# Types of misconduct and fines

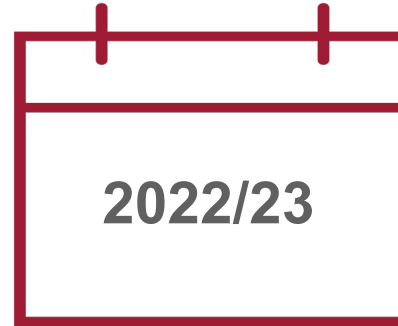
- We are seeking views on whether certain types of misconduct should not attract a financial penalty.
- We are proposing updating our guidance to identify cases where other sanctions are necessary to protect clients or third parties from risk of harm, or to uphold public confidence.
- Are financial penalties suitable in areas such as sexual misconduct, discrimination and harassment?



# Next steps



12-week public  
consultation



Implementation of any  
changes (developing  
rules/guidance and LSB  
approval)