



Solicitors
Regulation
Authority

Anti-money laundering (AML) guidance for sole practitioners

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Who we are

- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ('MLR 2017')
- Supervise AML compliance for nearly 5,600 firms
- 20% of these are sole practitioners
- Office for Professional Body Anti-Money Laundering Supervision (OPBAS)



Myth 1

‘MLR 2017 doesn’t apply to sole practitioners’



Myth: I'm too small to be caught by MLR 2017.



Reality: Sole practitioners are subject to all MLR obligations if they carry out regulated activities.



Myth 2

'Client Due Diligence (CDD) isn't needed for existing clients'



Myth: Personal knowledge replaces formal checks.



Reality: CDD must be completed on all clients, regardless of familiarity.

Myth 3

‘I wouldn’t take on a risky client, I don’t need to bother with client and matter risk assessments my firm wide risk assessment covers that’



Myth: Client and matter risk assessments are only for big firms or unusual clients.



Reality: All firms must have:

- A written firm wide risk assessment (FWRA)
- Client and matter risk assessments (CMRA)

Myth 4

'Supervision is light touch for sole practitioners'



Myth: Regulator focus is only on big firms.



Reality: Supervisors assess compliance risk, not size.

What we have seen

- Tailored policies, controls and procedures.
- Detailed source of funds checks.
- Making a note of training.
- Making use of resources available.

Poor practice

‘Acting’ or ‘advising’ beyond your expertise

- Handling occasional work in unfamiliar areas (e.g. conveyancing, tax advice) without expertise.
- Increases the risk of missing red flags or applying incorrect controls.
- We expect you to decline work outside your competence (SRA Code of Conduct).

Poor practice

No written Policies, Controls, and Procedures (PCPs)

- Working from memory.
- No PCPs tailored to firm size, services, or risk profile.
- Outdated references (e.g. SOCA, MLR 2007).

Poor practice

Failure to recognise or report suspicious activity

- Overlooking red flags to 'keep the client happy.'
- Failing to file a SAR when thresholds are met.
- No internal log or decision notes.

Poor practice

Neglecting sanctions compliance

- No sanctions screening or misunderstanding scope.
- Assuming UK clients are low risk.
- No checks on beneficial owners, trustees, or company links.

Common mistakes

- More than just ID and address verification!
- Customer Due Diligence vs Enhanced Due Diligence.
- In scope vs Out of scope.

Practical tools and tips

Use free and low-cost resources

- A web search (cross-reference names, companies, addresses).
- Companies House (verify directorships, ownership, financials).
- Sanctions Lists (OFSI, UK Sanctions List, OFAC, EU Lists).
- Charity Commission (for clients claiming to be charities).
- Open-Source News (reputation, political exposure).

Practical tools and tips

How these free tools support enhanced due diligence

- Identify high-risk individuals or entities early.
- Evidence risk assessment decisions.
- Spot inconsistencies in client information.
- Support Source of Funds and Source of Wealth enquiries.
- Create a clear audit trail for regulators.

Practical tools and tips

Document everything

- Document what you checked
 - **where, when, what outcome.**
- Keep screenshots of searches (date-stamped).
- File notes: why you took a particular action (or decided not to).
- Record internal discussions if unsure about next steps.

Key takeaways

- MLR 2017 applies to all firms, regardless of size.
- Proportionality matters, but compliance is non-negotiable.
- Documentation and records are a must.
- Review and update regularly.
- Enforcement action applies to those carrying out regulated work.