

Discreet Law LLP
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Recognised body
560453

[Agreement Date: 31 May 2024](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 31 May 2024

Published date: 6 June 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Discreet Law LLP (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 In July 2014, Discreet Law LLP was instructed to act for Client A, a charitable organisation, and Client B, who was a trustee of the charitable organisation.

2.2 Following a self-report submitted by the Firm on 25 February 2022, an investigation of the books of account and other documents of the Firm commenced on 15 August 2022. This identified a cash shortage which was addressed in full by the Firm within days of being identified.



2.3 The client shortage was caused by four transfers from client bank account for Client A to office bank account between 28 October 2014 and 8 March 2016. The funds have been used to pay the firm's fees and disbursements relating to a separate matter for Client B. The firm rectified the shortage on 22 August 2022.

2.4 Between 25 November 2014 and 21 May 2015, the Firm allowed five transfers into the client bank account and six transfers out of the client bank account. The payments in were all donations to Client A. The payments out were to an events management company to produce Client A events. None of the payments were related to any underlying legal transaction.

3. Admissions

3.1 Discreet Law LLP makes the following admissions which the SRA accepts:

- a. By using funds belonging to Client A to pay for Firm's fees and disbursements related to a matter for Client B, the Firm caused or allowed a shortage to arise on client account thereby breaching Principle 6 of the SRA Principles 2011 and failing to achieve Outcomes 7.2 and 7.3 of the Code of Conduct 2011.
- b. Having received client money representing donations to Client A, Discreet Law LLP acted in breach of Rule 14.5 of the SRA Accounts Rules 2011, by transferring part of those funds to a company instructed to manage Client A events in circumstances where the recipient did not have sufficient connection with the underlying legal transaction for the purposes of that Rule. In doing so Discreet Law LLP further admits that it has breached Principle 6 of the SRA Principles 2011.

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 Discreet Law LLP and the following mitigation which it has put forward:

- a. The Firm conducted an internal audit and made a report to the SRA after becoming aware of potential issues.
- b. The Firm has fully co-operated with the SRA investigation and has improved its systems following the internal audit.
- c. The shortage identified was replaced in full by the Firm.
- d. There was no lasting harm to consumers or third parties.
- e. The risk of repetition is low. The Firm is now closed.



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

- a. Although the breach has been rectified, it persisted longer than reasonable.
- b. Amounts have been received into the Firm's client account and transferred to a third-party recipient in breach of Rule 14.5 of the SRA Accounts Rules.
- c. The SRA is satisfied that the Firm came to a better understanding of its obligations with respect to Rule 14.5 as a result of the internal audit they conducted and this investigation.
- d. Given the amount of money involved, some public sanction is necessary to uphold public confidence in the delivery of legal services.
- e. The Accounts Rules are in place to protect client money and their requirements are clear. Failing to follow the Accounts Rules creates a risk to client money which the SRA has to address.
- f. The SRA issued a topic guide on Public Trust and Confidence on 25 November 2019. The guide says that:

'Public trust and confidence in the solicitors and firms we authorise is at the heart of the legal system.'

- g. The Firm had an obligation under Outcome 7.2 and 7.3 of the Code of Conduct 2011 to have effective systems and controls in place to achieve and comply with all the Principles and regulatory requirements and to identify, monitor and manage risks to compliance with these.
- h. The Firm's failure to have effective systems in place to ensure and monitor compliance will cause the public great concern as it damages the public trust and confidence placed in the solicitors' profession and in the provision 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. Discreet Law LLP agrees to the publication of this agreement.

6. Acting in a way which is inconsistent with this agreement

6.1 Discreet Law LLP 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 Discreet Law LLP 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 Discreet Law LLP 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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