

Nicholas Groves

Employee

496904

[Employee-related decision Date: 11 January 2019](#)

Decision - Employee-related decision

Outcome: Control of non-qualified staff (Section 43 / Section 99 order)

Outcome date: 11 January 2019

Published date: 24 January 2019

Firm details

Firm or organisation at time of matters giving rise to outcome

Name: Eric Robinson Solicitors

Address(es): 4 Carlton Crescent, Southampton SO15 2EY

Firm ID: 54381

Outcome details

This outcome was reached by SRA decision.

Decision details

Section 43 Order

Reasons/basis

Nicholas Groves, a former employee of Eric Robinson Solicitors (the Firm) of Southampton, agrees to the following outcome to the investigation of his conduct by the Solicitors Regulation Authority (SRA):

- a. to the SRA making an order under section 43 of the Solicitors Act 1974 (a Section 43 Order) in relation to him that, from the date of this agreement:
 - i. no solicitor shall employ or remunerate him in connection with his practice as a solicitor
 - ii. no employee of a solicitor shall employ or remunerate him in connection with the solicitor's practice
 - iii. no recognised body shall employ or remunerate him



- iv. no manager or employee of a recognised body shall employ or remunerate him in connection with the business of that body
- v. no recognised body or manager or employee of such a body shall permit him to be a manager of the body
- vi. no recognised body or manager or employee of such body shall permit him to have an interest in the body

except in accordance with the SRA's prior permission.

- b. he is rebuked
- c. he is fined £2,000
- d. to the publication of this agreement
- e. he will pay the costs of the investigation of £300.

2. Summary of Facts

2.1 Mr Groves joined the Firm in May 2008 as its Finance Manager. He was a qualified accountant and regulated by the ACCA.

2.2 In April 2013 Ms M, a partner at the Firm, was appointed as the Firm's Compliance Officer for Finance and Administration (COFA).

2.3 Between May and November 2013 Mr Groves made a series of incorrect postings to the client side of a suspense ledger. The postings made it appear as though the Firm owed £9 million more to its clients than was actually the case.

2.4 Between June 2013 and February 2015, the Firm earned £37,618 in interest on the monies held in its client bank account. In error, the bank paid this interest into the Firm's client account. It should have been paid to the Firm's office account. During the same period Mr Groves transferred £96,850 from the Firm's client account to its office account, purportedly to remedy the bank's error in paying the interest into the client account.

2.5 On 29 January 2015, Mr Groves replaced Ms M as the Firm's COFA.

2.6 Between 2 April and 15 April 2015, Mr Groves made three payments from the Firm's client account totalling £121,276. The payments were to meet the Firm's own expenses. Two payments were to service a loan the Firm had taken out. The third payment was to pay the Firm's excess on an insurance claim. The payments were made at a time when they would have caused the Firm to breach its overdraft limit if paid from the Firm's office account.

2.7 Throughout his employment at the Firm, Mr Groves was tasked with preparing the Firm's regular client bank account reconciliations and accounting records. Mr Groves amended the books of account, reconciliation statements and cashflow statements to conceal:

- a. the £9 million overstatement of the Firm's client liabilities to clients



- b. the over-transfer of interest from the Firm's client account to its office account
- c. the payments from client account to meet the Firm's own expenses.
- d. a shortage of £50,998 on the Firm's client account, the cause of which has not been possible to trace.

2.8 Mr Groves left the Firm in June 2017. After he left the new COFA identified several irregular accounting entries in the Firm's books of account. The Firm instructed external accountants to conduct an audit of the Firm's accounts. The audit identified issues with the Firm's accounts and records.

2.9 The Firm rectified the errors on its books of account. In November 2017 the Firm paid £234,672 into its client account to replace the shortage which Mr Groves had concealed.

2.10 The Firm reported the matters to the SRA.

3. Admissions

3.1 Mr Groves makes the following admissions which the SRA accepts:

- a. that by incorrectly posting £9 million to a suspense ledger he breached Rule 29.25 of the SRA Accounts Rules 2011 (the Accounts Rules)
- b. that by transferring from the Firm's client account more interest than had been earned, he breached:
 - i. Principle 10 of the SRA Principles 2011 (the Principles), and
 - ii. Rule 20.1 of the Accounts Rules.
- c. that by paying money out of the Firm's client account to pay the Firm's own expenses, he breached:
 - i. Principles 2, 6 and 10 of the Principles, and
 - ii. Rule 20.1 of the Accounts Rules.
- d. that by amending the Firm's accounting records to conceal the issues with the Firm's accounts and his own misconduct, he breached Principles 2, 6, 8 and 10 of the Principles.
- e. that his conduct in relation to (b), (c) and (d) above was dishonest.
- f. that, for the period of February 2015 to June 2017 when he was the Firm's COFA, by failing to report material breaches of the Accounts Rules to the SRA he breached rule 8.5(e)(iii) of the SRA Authorisation Rules 2011.

4. Why the agreed outcome is appropriate

Section 43 Order

4.1 The SRA and Mr Groves agree that a Section 43 Order is appropriate because:

- a. Mr Groves is not a solicitor



- b. by virtue of his employment or remuneration at the Firm he was involved in a legal practice
- c. by:
 - i. transferring from the Firm's client account more interest than had been earned
 - ii. using client money to pay the Firm's own expenses, and
 - iii. concealing the issues with the Firm's accounts and his own misconduct

Mr Groves has occasioned or been party to an act or default in relation to a legal practice. Mr Groves' conduct in relation to that act or default makes it undesirable for him to be involved in a legal practice.

4.2 Mr Groves' conduct makes it undesirable for him to be involved in a legal practice because it demonstrates that he may breach the trust placed in him as an employee of a solicitor's firm and place clients' money and interests at risk.

Rebuke and Fine

4.3 The SRA considers that a rebuke and a fine is appropriate because the conditions in rule 3.1 of the SRA Disciplinary Rules 2011 are met, in that:

- a. the conduct was deliberate and had the potential to cause loss to others
- b. that the agreed outcome is a proportionate outcome in the public interest
- c. that the conduct was neither trivial nor justifiably inadvertent.

4.4 In deciding that a rebuke and a fine is proportionate, the SRA has taken into account the admissions made by Mr Groves and the following mitigation which he has put forward:

- a. that his action were not for personal gain: he simply wanted to get the Firm through periods when it would otherwise have exceeded its overdraft limit.

4.5 The amount of the fine takes into account all relevant circumstances, including those set out in Appendix 1 to the SRA Disciplinary Procedure Rules 2011.

4.6 The SRA considers it appropriate that this agreement is published in the interests of transparency in the regulatory and disciplinary process.

5. Acting in a way which is inconsistent with this Agreement

5.1 Mr Groves agrees that he will not act in any way which is inconsistent with this agreement such as, for example, by denying responsibility for the conduct referred to above.

6. Costs

6.1 Mr Groves agrees to pay the costs of the SRA's investigation in the sum of £300. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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