

Lex Sterling Limited (Lex Sterling Limited)
14 Russell Hill Road, Purley , CR8 2LA.
Recognised body
626815

[Fined Date: 1 December 2024](#)

Decision - Fined

Outcome: Fine

Outcome date: 1 December 2024

Published date: 13 December 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by SRA decision.

Decision details

The firm was directed to pay a financial penalty of £11,550 and ordered to pay costs of £1,350.

We have fined the firm for failing to properly maintain its books of account between September 2018 and September 2022.

Reasons/basis

Who does this disciplinary decision relate to?

Lex Sterling Limited, located at 14 Russell Hill Road, Purley, CR8 2LA, a recognised body (the firm).

Short summary of decision

We have fined the firm for failing to properly maintain its books of account between September 2018 and September 2022. Facts of the misconduct

On 25 April 2023, the SRA commenced a forensic investigation into the firm. This identified that the firm had not undertaken a proper three way client account reconciliation since 30 September 2022. It also identified

that the firm had failed to correct breaches of the SRA Accounts Rules and had failed to obtain annual accountants reports.

It was found that between September 2018 and September 2022, the firm failed to maintain its books of account. Specifically, the firm did not:

- conduct client account reconciliations
- correct breaches upon discovery
- obtain accountants' reports and
- report breaches to the SRA.

Insofar as the conduct took place prior to 25 November 2019, the firm breached:

- Rules 7.1, 29.1 and 29.12 of the SRA Accounts Rules 2011, and
- Principle 6 of the SRA Principles 2011.

Insofar as the conduct took place on or after 25 November 2019, the firm breached:

- Rules 6, 8.1, 8.3 and 12.1 of the SRA Accounts Rules 2019,
- Paragraphs 2.2, 3.10 and 5.2 of the Code of Conduct for Firms 2019, and
- breached Principle 2 of the SRA Principles 2019.

Decision on sanction

The firm was directed to pay a financial penalty of £11,550 and ordered to pay costs of £1,350.

It was decided that a financial penalty was an appropriate and proportionate sanction.

This was because the firm's conduct was serious by reference to the following factors in the SRA Enforcement Strategy:

- Its conduct was a breach of its regulatory obligations which persisted for longer than was reasonable.
- The firm had previously been advised about issues with its client account reconciliations in a forensic investigation by the SRA during 2016.
- The firm's conduct diminished public trust and confidence in the legal profession.

In view of the above, the firm's conduct was placed in conduct band C which has a financial penalty bracket of between 1.6% and 3.2% of annual domestic turnover. Its conduct was placed in the lower end of this bracket at C2, given:

Aggravating factors



- The firm's conduct persisted for longer than reasonable.
- Mitigating factors
- There was no suggestion that the firm's failures had been dishonest or lacking in integrity.
- The firm had cooperated with the SRA investigation and admitted its misconduct.
- There was no evidence that harm had actually materialised.
- The firm had now taken steps to bring itself into compliance with the rules.

The financial penalty was reduced by 20% in recognition of the fact that the firm had remedied its books of account, admitted the allegations against it and fully co-operated with the investigation.

SRA Standards and Regulations

SRA Accounts Rules 2011

Rule 7.1 Any breach of the rules must be remedied promptly upon discovery. This includes the replacement of any money improperly withheld or withdrawn from a client account.

Rule 29.1 You must at all times keep accounting records properly written up to show your dealings with (a) client money received, held or paid by you; including client money held outside a client account under rule 15.1(a) or rule 16.1(d).

Rule 29.12 You must, at least once every five weeks:

- a. compare the balance on the client cash account(s) with the balances shown on the statements and passbooks (after allowing for all unpresented items) of all general client accounts and separate designated client accounts, and of any account which is not a client account but in which you hold client money under rule 15.1(a) or rule 16.1(d), and any client money held by you in cash; and
- b. as at the same date prepare a listing of all the balances shown by the client ledger accounts of the liabilities to clients (and other persons, and trusts) and compare the total of those balances with the balance on the client cash account; and also
- c. prepare a reconciliation statement; this statement must show the cause of the difference, if any, shown by each of the above comparisons.

SRA Principles 2011

Principle 6 You must behave in a way that maintains the trust the public places in you and in the provision of legal services



Rule 6 You correct any breaches of these rules promptly upon discovery. Any money improperly withheld or withdrawn from a client account must be immediately paid into the account or replaced as appropriate.

Rule 8.1 You keep and maintain accurate, contemporaneous, and chronological records to:

- a. record in client ledgers identified by the client's name and an appropriate description of the matter to which they relate: (i) all receipts and payments which are client money on the client side of the client ledger account; (ii) all receipts and payments which are not client money and bills of costs including transactions through the authorised body's accounts on the business side of the client ledger account;
- b. maintain a list of all the balances shown by the client ledger accounts of the liabilities to clients (and third parties), with a running total of the balances; and
- c. provide a cash book showing a running total of all transactions through client accounts held or operated by you.

Rule 8.3 You complete at least every five weeks, for all client accounts held or operated by you, a reconciliation of the bank or building society statement balance with the cash book balance and the client ledger total, a record of which must be signed off by the COFA or a manager of the firm. You should promptly investigate and resolve any differences shown by the reconciliation.

Rule 12.1 If you have, at any time during an accounting period, held or received client money, or operated a joint account or a client's own account as signatory, you must:

- obtain an accountant's report for that accounting period within six months of the end of the period; and
- deliver it to the SRA within six months of the end of the accounting period if the accountant's report is qualified to show a failure to comply with these rules, such that money belonging to clients or third parties is, or has been, or is likely to be placed, at risk.

SRA Code of Conduct for Firms 2019

Paragraph 2.2 You keep and maintain records to demonstrate compliance with your obligations under the SRA's regulatory arrangements.

Paragraph 3.10 Notwithstanding paragraph 3.9, you inform the SRA promptly of any facts or matters that you reasonably believe should be brought to its attention in order that it may investigate whether a serious breach of its regulatory arrangements has occurred or otherwise exercise its regulatory powers.

Paragraph 5.2 You safeguard money and assets entrusted to you by clients and others.

SRA Principles 2019

Principle 2 You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.

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