

Ross Coates Solicitors
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Recognised body
184736

[Control of practice Date: 21 June 2023](#)

Decision - Control of practice

Outcome: Condition

Outcome date: 21 June 2023

Published date: 28 June 2023

Firm details

No detail provided:

Outcome details

This outcome was reached by SRA decision.

Decision details

1 Agreed outcome

1.1 Ross Coates Solicitors (“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 Between 2019 and 2022 the Firm have been subject to successive Qualified Accountant’s Reports. These all raised that the Firm operated a suspense ledger for unallocated client money. We subsequently conducted an onsite inspection at the Firm to review its books of account.

2.2 Following our onsite inspection, it was noted::



- a. The Firm's historic client balances position had increased since a previous inspection conducted by the SRA identified the same issue.
- b. The Firm operated a suspense ledger that allocated funds it could not allocate to specific clients.
- c. At the time of the closure of our previous investigation (June 2020), the Firm had reduced its residual balance position from 714 balances totalling £32,405.99 to 22 balances totalling £3,477.22. The Firm was issued with a Letter of Advice on 30 January 2020 noting that there had been a large number of small balances on the ledgers for a number of years and that a miscellaneous ledger was used to record unclaimed client ledger balances.

2.3 This rose to 360 matters totalling £40,176.05 to the period ending 31 December 2021, where a client balance was held but there had been no ledger movement for six months or more. Enquires with the firm identified that there was no policy in place to deal with residual balances.

2.4 The Firm also operated a suspense ledger from May 2007. Up until 31 March 2022, 778 transactions were posted to it with a balance of £32,334.35. The firm's accountants reports for the periods 2019-20, 2020-21 and 2021-22 were all qualified identifying this ledger as a breach of Account's Rules.

3 Admissions

3.1 The Firm makes the following admissions which the SRA accepts:

- a. Residual balances had increased since the previous SRA investigation in 2020.
- b. The suspense ledger containing unidentified client account credits was still in existence.
- c. The Compliance Officer for Finance and Administration ("COFA") for the Firm had not taken responsibility for ensuring compliance with the Accounts Rules or undertaken any training in respect of the current Accounts Rules.

Accordingly, the Firm has breached Rules, 2.5 and 8.1b of the SRA Accounts Rules since those Rules were introduced in November 2019 (and previously Rule 14.3 and 29 of the Accounts Rules 2011). Their failure to address these issues also breaches Rule 6.1 of the SRA Accounts Rules.

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 the Firm and the following mitigation which it has put forward:

- a. The residual balances are a small percentage of turnover.
- b. The efforts to reduce the balance of the suspense ledger had varying degrees of efficiency due to covid and issues with staff, although significant reductions have now been achieved.
- c. The Firm has now arranged accounts training for the COFA and members of the post completion department.
- d. The Firm will now obtain bank details at the beginning of matters from clients so they can return funds in the future.

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

- a. The accounting errors and the Firm's failure to address these promptly, demonstrated a pattern of failing to comply with its regulatory obligations.
- b. The Firm had previously been issued with a Letter of Advice on 30 January 2020 detailing the above breaches which the Firm failed to address as promptly as it should notwithstanding the disruption caused by the Covid pandemic.
- c. There was no lasting significant harm to clients
- d. The behaviour of the Firm was reckless as to their regulatory obligations in the SRA Accounts Rules agreed to have been breached above.
- e. The breaches persisted longer than they should have and were resolved only when prompted.
- f. There is a low risk of repetition due to the action now being taken and training made available to staff.
- g. Some public sanction is required to uphold public confidence in the delivery 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. The Firm agrees to the publication of this agreement.

6 Acting in a way which is inconsistent with this agreement

6.1 The Firm 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 the Firm 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 The Firm 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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