

# **Prithiviraj Pem**

## **Solicitor**

### **339033**

**[Agreement Date: 6 August 2024](#)**

## **Decision - Agreement**

Outcome: Regulatory settlement agreement

Outcome date: 6 August 2024

Published date: 9 August 2024

## **Firm details**

### **Firm or organisation at date of publication and at time of matters giving rise to outcome**

Name: Pembridge Solicitors Limited

Address(es): Calderwood House, Montpellier Drive, Cheltenham, GL50 1UA

Firm ID: 625038

## **Outcome details**

This outcome was reached by agreement.

### **Decision details**

#### **1. Agreed outcome**

1.1 Prithiviraj Pem, a director of Pembridge Solicitors Limited ('the Firm'), agrees to the following outcome to the investigation of his conduct by the Solicitors Regulation Authority (SRA):

- a. he is fined £5,635
- b. to the publication of this agreement
- c. He will pay the costs of the investigation of £1,350.

#### **2. Summary of Facts**

2.1 Mr Pem is the owner and director of the Firm. He also holds the roles of Compliance Officer for Legal Practice ('COLP') and Compliance Officer for Finance and Administration ('COFA').



2.2 Following a Forensic Investigation carried out by the SRA, it was ascertained that on 6 October 2022, Mr Pem allowed a client account shortage of £10,000 to arise, following an incorrect transfer of client money from the firm's client to business account. It was incorrect as no costs were owed to the firm and no instructions to make such a transfer had been given by the client.

2.3 The £10,000 client account shortage was replaced on 2 May 2023, 208 days after the cash shortage arose, following a business to office transfer. Mr Pem only became aware of the £10,000 cash shortage at the end of April 2023 after completing client account reconciliations.

2.4 Between October 2022 and 31 March 2023, Mr Pem failed to undertake client account reconciliations which contributed to the delay in the shortage being identified.

2.5 Furthermore, during the Forensic Investigation it was identified that the Firm's books of accounts were not compliant with the SRA Accounts Rules 2019, as detailed in paragraph 3.1(c) below.

### **3. Admissions**

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

- a. That on or around 6 October 2022, he caused and/or allowed a client account shortage of £10,000, and in doing so, breached rules 5.1 (a) and (b) of the SRA Accounts Rules 2019, paragraphs 4.2 and 9.2 of the SRA Code of Conduct for Solicitors, RELs and RFLs 2019 and Principles 2 and 7 of the SRA Principles 2019.
- b. That between October 2022 to 31 March 2023, he failed to undertake client account reconciliations and in doing so, breached rule 8.3 of SRA Accounts Rules 2019, paragraphs 9.2 and 4.2 of the SRA Code of Conduct for Solicitors, RELs and RFLs 2019 and Principle 2 of the SRA Principles 2019.
- c. That in his role as COFA, he failed to ensure that the Firm's books of accounts were compliant with the SRA Accounts Rules 2019, on account of:
  - i. The Firm's failure to ensure that there were descriptions on all client ledgers
  - ii. The Firm's failure to record receipts and payments on the business side of client ledgers
  - iii. Client account reconciliations not being signed off by the COFA or a manager of the Firm; and
  - iv. Bank interest being incorrectly credited and retained in the client bank account.

In doing so, he has breached rules 4.1, 8.1 and 8.3 of the SRA Accounts Rules 2019 and paragraph 9.2 of the SRA Code of Conduct for Firms 2019.



#### **4. Why a fine 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 Mr Pem and the following mitigation which he has put forward:

- a. That the client account shortage arose as a result of a mistake, resulting from a misunderstanding between Mr Pem and the Firm's Office Administrator, regarding a verbal instruction. Mr Pem has explained that it was his intention when giving the verbal instruction for £10,000 to be paid to the client for care costs, that the Firm's Office Administrator mistakenly took his instruction to mean payment for the Firm's costs.
- b. That he has taken steps to improve his knowledge on the SRA Accounts Rules and his responsibilities as COLP and COFA of the Firm, by undertaking training courses.
- c. He took remedial action by replacing the client account shortage on 2 May 2023.
- d. He does not have any adverse regulatory history.

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

- a. Members of the public entrust solicitors and law firms to keep their money safe and therefore, proper record keeping for holding client monies goes to the core of the SRA's regulatory role and public interest purpose. The breaches, as identified above, had the potential to cause significant damage to the trust and confidence that the public places in the legal profession.
- b. Mr Pem had direct control and responsibility for the circumstances giving rise to the breaches. As COLP and COFA of the Firm it is expected that he would have exercised better judgment, foresight and insight into the compliance of the SRA Accounts Rules and professional standards, at the material time.
- c. Mr Pem demonstrated a reckless disregard of the risk of harm and lack of insight into his regulatory obligations as COFA of the Firm.
- d. Financial harm was temporarily caused to a client, who was a child, and therefore vulnerable, as £10,000 had been incorrectly transferred to the firm's business account as opposed to the client towards their care costs.

4.4 A fine is appropriate to uphold public confidence in the solicitors' profession and in legal services provided by authorised persons because Mr Pem demonstrates a reckless disregard to his regulatory obligation and the conduct harm as explained above. A financial penalty therefore meets the requirements of rule 4.1 of the Regulatory and Disciplinary Procedure Rules.



## **5. Amount of the fine**

5.1 The amount of the fine has been calculated in line with the SRA's published guidance on its approach to setting an appropriate financial penalty ('the Guidance').

5.2 Having regard to the Guidance, the SRA and Mr Pem agree that the nature of the misconduct was high because the client account shortage of £10,000 was not identified and rectified for a prolonged period of time, because of the reckless disregard of his regulatory obligations as COFA to carry out reconciliation for a period of six months. The Guidance gives this type of misconduct a score of three.

5.3 The SRA considers that the impact of the misconduct was medium because the conduct in respect of the client account shortage caused financial loss to a vulnerable client for a period of over six months. Although the financial harm was rectified by the Firm, there was a delay in replacing the funds owing to the fact that the breach was not identified promptly, due to Mr Pem's failure as COFA to carry out the required reconciliations. Furthermore, the failure to carry out client account reconciliations for six months, which caused the client account shortage to be left unidentified, would cause reputational damage to the legal profession. The Guidance gives this level of impact a score of four.

5.4 The nature and impact scores add up to seven. The Guidance indicates a broad penalty bracket of between 16% and 49% of Mr Pem's gross annual income is appropriate.

5.5 The SRA considers a basic penalty in Band C4, because the SRA considers that Mr Pem's conduct demonstrated a reckless disregard to his regulatory duties as COFA of the Firm. With consideration of his compliance roles of both COLP and COFA we have considered his conduct as serious. The financial penalty will assist in upholding public confidence in the solicitor's profession and in regulated legal services, whilst also serving as a deterrent in the repetition of such misconduct to Mr Pem, and others. Band C4 determines a basic penalty of 32% of annual gross income.

5.6 Based on the evidence Mr Pem has provided of his gross annual income for the most recent tax year, this results in a basic penalty of £5,635.

5.7 The SRA is not aware of any mitigating factors that indicate the basic penalty should be reduced.

5.8 Mr Pem does not appear to have made any financial gain or received any other benefit as a result of his conduct that exceeds the level of the basic penalty. Therefore, no adjustment is necessary to remove this and the amount of the fine is £5,635.

## **6. Publication**

6.1 The SRA considers it appropriate that this agreement is published in the interests of transparency in the regulatory and disciplinary process. Mr Pem agrees to the publication of this agreement.

## **7. Acting in a way which is inconsistent with this agreement**

7.1 Mr Pem agrees that he will not deny the admissions made in this agreement or act in any way which is inconsistent with it.

## **8. Costs**

8.1 Mr Pem agrees to pay the costs of the SRA's investigation in the sum of £1,350. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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