

Buckworths Limited
2nd Floor, 1-3 Worship Street, London , EC2A 2AB
Recognised body
559537

[Agreement Date: 16 January 2023](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 16 January 2023

Published date: 20 January 2023

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Buckworths Limited (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 fined £1600
- b. to the publication of this agreement
- c. it will pay the costs of the investigation of £600

2. Summary of Facts

2.1 The Firm filed a Qualified Accountant's Report (QAR), for the year ending 28 February 2021. Following receipt of the QAR, a Forensic Investigation Officer (FIO) from the SRA inspected the Firm.

2.2 The FIO identified:

- a. The Firm provided banking facilities to a client (client A, a limited company) when it allowed a loan of £200,000 to be paid into client account which was not in respect of the delivery of regulated services by the Firm.



- b. Over a period of seven months, payments by instalments by client A, in settlement of the loan detailed in (a) above totalling £213,524, were effected through the Firm's client account which were not in respect of the delivery of regulated services by the Firm.
- c. Over a period of twelve months, in six tranches, the Firm paid £161,108 from the client account to the personal account of a director and majority shareholder of client A. Those funds came in part from the loan detailed in (a) above with the remainder coming from funds due to client A under a business sale agreement. The Firm were not instructed to act for the director in a personal capacity and the transactions through client account were not in respect of the delivery of regulated services by the Firm.
- d. The Firm allowed client B to pay £276,906 into its client account and repaid the funds 2 days later. The Firm were instructed by client B to complete paperwork for an application for investment funding and the receipt of the money into client account was not in respect of the delivery of regulated services by the Firm.

2.3 The FIO interviewed Mr Buckworth, who is a solicitor and a manager of the firm as well as the Firm's COLP and COFA, on 10 February 2022. Mr Buckworth made a number of admissions on behalf of the Firm, set out below.

3. Admissions

The Firm makes the following admission which the SRA accepts:

- a. By causing or allowing payments into and transfers or withdrawals from client account as detailed in paragraphs 2.2 (a) to (d) above to clients or third parties which were not in respect of the delivery by the Firm of regulated services it breached Rule 3.3 of the SRA Accounts Rules 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 the Firm and the following mitigation which it has put forward:

- a. The Firm felt it had made appropriate enquiries with relevant parties before allowing money to come into and transfers out of client account on behalf of client A and client B.
- b. Mr Buckworth, on behalf of the Firm, made admissions at the earliest opportunity.



- c. Mr Buckworth, on behalf of the Firm, has shown remorse and insight into its actions thereby reducing the likelihood of repetition of the conduct.

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

- a. Mr Buckworth, on behalf of the Firm, has admitted to breaching Rule 3.3 of the SRA Accounts Rules 2019 on more than one occasion.
- b. The Firm's conduct persisted over a period of twelve months.
- c. The Firm appreciated the possibility that it was allowing the client account to be used improperly but nevertheless persisted with the transactions.
- d. The Firm's conduct had the potential to cause harm.
- e. The Firm has failed to comply with its regulatory obligations.

This is balanced against:

- a. There is no evidence of any harm being suffered by the clients concerned or any third party.
- b. Mr Buckworth, on behalf of the Firm has co-operated and is remorseful.
- c. Mr Buckworth, on behalf of the Firm has shown insight into its conduct.

4.4 A fine is therefore appropriate to maintain professional standards because the SRA and the courts have been clear, to regulated bodies, that the use of client account as a banking facility is inherently objectionable and the issuing of a fine, and publication of the agreement, will reinforce to the profession the seriousness of ensuring that transactions must be in respect of the delivery of regulated services. 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 Firm agree that the nature of the misconduct was low because (i) the Firm has co-operated with the investigation, (ii) the misconduct did not continue after it became aware it was improper and (iii) there is no evidence that the conduct formed a wider pattern of misconduct. The Guidance gives this type of misconduct a score of one.

5.3 The SRA considers that the impact of the misconduct was medium not only because the conduct had potential to cause moderate loss or have a moderate impact but also that the provision of banking facilities



is inherently objectionable. The Guidance gives this level of impact a score of four.

5.4 The Firm is not 'a firm of greater means'. The nature and impact scores add up to five. Therefore, the Guidance recommends a broad penalty bracket of £1,001 to £5,000.

In deciding the level of fine within this bracket, the SRA has considered the mitigation at paragraph 4.2 above.

5.5 The SRA considers a basic penalty of £2,000, which is at the bottom of the bracket, to be appropriate because of the Firm's co-operation with the SRA, insight into the misconduct, the lack of actual harm and the conduct being neither deliberate nor grossly reckless.

5.6 The SRA considers that the basic penalty should be reduced by 20% to £1600. This reduction reflects the Firm's early admission.

5.7 The Firm does not appear to have made any financial gain or received any other benefit as a result of its conduct. Therefore, no adjustment is necessary to remove this and the amount of the fine is £1,600.

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. The Firm agrees to the publication of this agreement.

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

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

7.2 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.

7.3 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.

8. Costs

8.1 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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