

Rootes & Alliot
27 Cheriton Gardens ,Folkestone. ,
CT20 2AR
Recognised body
54502

Agreement Date: 1 November 2023

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 1 November 2023

Published date: 2 November 2023

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

Agreed outcome

Rootes & Alliot (the firm), a recognised body agrees to the following outcome to the investigation of its conduct by the Solicitors Regulation Authority (SRA):

- it is fined £1,900
- to the publication of this agreement
- it will pay the costs of the investigation of £675.

Summary of Facts

On 29 September 2022 the firms reporting accountants submitted a report to the SRA. The report covered the period ending 31 March 2022. The report identified breaches of the SRA Accounts Rules (the rules)

The SRA investigated the reported breaches and conducted an onsite inspection, this identified the following issues:

1. (a) the firm did not correct breaches of the accounts rules promptly upon discovery in accordance with rule 6.1 of the rules. There were differences shown on the firm's client

account reconciliations from April 2022 to October 2022 that had not been rectified.

2. (b) the firm did not keep accurate, contemporaneous and chronological client account records in accordance with rule 8.1 of the rules. The firm's own reconciliation did not balance and supporting documentation did not marry with the figures shown.
3. (c) the firm did not investigate or resolve differences to client account reconciliations between April 2022 and October 2022 in accordance with rule 8.3 of the rules. There was no evidence of any investigation being conducted into why differences in the reconciliations occurred.

Admissions

The firm admits breaching the following SRA accounts rules:

Rule 6.1- 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 Any money improperly withheld or withdrawn from a client account must be immediately paid into the account or replaced as appropriate.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:

record in client ledgers identified by the client's name and an appropriate description of the matter to which they relate:

all receipts and payments which are client money on the client side of the client ledger account;

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.

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

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.

Why a fine is an appropriate outcome

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.

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:

there was no monetary loss or harm to client funds and no dishonesty on the part of the firm, the partners or any employee. The cash shortage on client account was £9,293.55 and the firm rectified the client account shortage promptly during the course of the SRA inspection at the firm.

the firm have taken remedial action to resolve all the breaches and made improvements to their accounting processes. During the investigation all client account reconciliations were brought up to date.

the firm have cooperated fully and promptly with the SRA investigation.

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

the breaches continued for a period of time without the firm addressing them.

proper record keeping for the holding of client's money goes to the core of the SRA's regulatory role and public interest purpose. Firms hold client funds as custodians and up to date accounting records ensure the firm can account to all their clients.

A fine is appropriate to maintain professional standards and uphold public confidence in the solicitors' profession and in legal services provided by authorised persons because any lesser sanction would not provide a credible deterrent to the firm or others. A financial penalty therefore meets the requirements of rule 4.1 of the Regulatory and Disciplinary Procedure Rules.

Amount of the fine

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).

Having regard to the Guidance, the SRA and the firm agree that the nature of the misconduct was high because the conduct continued after it was known to be improper. The Guidance gives this type of misconduct a score of three.

The SRA considers that the impact of the misconduct was low because it had no direct material impact. The Guidance gives this level of impact a score of two.

The nature and impact scores add up to five. Therefore, the Guidance recommends a broad penalty bracket of 0.4% to 1.2% of annual domestic turnover.

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

On this basis, the SRA considers that the lack of monetary loss or harm to client funds, the remedial action taken by the firm and the absence of dishonesty indicate a fine at the lower end of the bracket. However, this must be balanced against the fact that these matters continued for a period of time without the firm addressing them. The SRA considers a basic penalty of £3180, which is at the bottom of the bracket, to be appropriate.

The SRA considers that the basic penalty should be reduced to £1900. This reduction reflects the remedying of any harm caused and cooperation with the SRA investigation.

The firm has not 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 £1900.

Publication

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.

Acting in a way which is inconsistent with this agreement

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

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.

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.

Costs

The firm agrees to pay the costs of the SRA's investigation in the sum of £675. Such costs are due within 28 days of a statement of costs due being issued by the SRA.