

# Markus Malik

## Solicitor

### 428832

*Sanction Date: 14 December 2022*

#### *Decision - Sanction*

Outcome: Rebuke

Outcome date: 14 December 2022

Published date: 10 January 2023

#### *Firm details*

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

Name: Ackroyd Legal LLP

Address(es): 16 Prescott Street, London, E1 8AZ

Firm ID: 554585

#### *Outcome details*

This outcome was reached by SRA decision.

##### *Decision details*

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

1.1 Mr Markus Malik ("Mr Malik"), a solicitor, agrees to the following outcome to the investigation of his conduct by the Solicitors Regulation Authority (SRA):

- a. he is rebuked
- 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 Malik was the former director of Adams Solicitors ("the firm") which closed on 31 October 2019.

2.2 On 12 May 2020, the SRA received a report from a previous employee of the Firm in relation to alleged misuse of client money by Mr Malik following the closure of the Firm.



2.3 We conducted an inspection at the firm on 13 January 2021. We identified a shortage of £22,593.14 in the firm's client bank account. The shortage was rectified in full by 24 November 2021. The cash shortage was caused by transfers of client money from client to office bank account in respect of the Firms' costs. These transfers took place between 11 October 2017 and 16 October 2019.

2.4 Following the closure of the Firm, fee earners had been instructed to review their dormant files and then request approval for the transfer of costs due. However, when authorising the client to office transfers, Mr Malik did not satisfy himself that these were properly due. During our inspection it was identified that the transfers were made without first submitting to the client a bill of costs or providing written notification of costs.

2.5 Mr Malik subsequently accepted that he could not trust clients had been billed correctly. He reversed the transfers and returned monies to the clients.

### 3. Admissions

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

- a. that by failing to ensure fee earners at the firm sent a bill of costs to clients, he was unable to ensure client money was only withdrawn when it was properly required, allowing for a breach of rules 17.2 and 20.1 of the SRA Accounts Rules 2011.
- b. that by failing to ensure costs were properly due to the firm before authorising transfers, he failed to ensure there was effective financial management and has breached rule 1.2 of the SRA Accounts Rules 2011.
- c. in doing the above, he allowed a cash shortage to occur, in breach of rules 17.2 and 20.1 of the SRA Accounts Rules 2011.

### 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 Mr Malik and the following mitigation which he has put forward:

- a. He relied on his fee earners to have made the relevant checks and send the bills in compliance with the relevant rules.

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

- a. There was no lasting significant harm to consumers or third parties as he reversed the transfers and repaid the monies to clients.
- b. His conduct was reckless but not intentional or in deliberate disregard of professional obligations.
- c. The breach was rectified but took longer than it should have.
- d. He has shown insight and understanding of his regulatory obligations and has taken steps to change and improve his procedures and systems to ensure his future compliance with the SRA Accounts Rules.
- e. There is a low risk of repetition.
- f. He has co-operated with the SRA investigation.
- g. A public sanction is required to uphold public confidence in the delivery of legal services and to deter Mr Malik and others from similar behaviour in the future.

## 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. Mr Malik agrees to the publication of this agreement.

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

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

6.2 If Mr Malik 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 Denying the admissions made or 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 7.3 of the Code of Conduct for Solicitors, RELs and RFLs.

## 7. Costs

7.1 Mr Malik 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.