

# Susan Pearson

## Solicitor

### 027412

*Sanction Date: 20 January 2023*

#### *Decision - Sanction*

Outcome: Rebuke

Outcome date: 20 January 2023

Published date: 2 March 2023

#### *Firm details*

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

Name: Dack Pearson Solicitors

Address(es): The Boat House, Harbour Square, Wisbech, PE13 3BH

Firm ID: 606592

##### **Firm or organisation at date of publication**

Name: Dack Pearson and Company Limited

Address(es): Chancery House, 8 King Street, King's Lynn, PE30 1ES

Firm ID: 807077

#### *Outcome details*

This outcome was reached by SRA decision.

#### *Decision details*

Mrs Pearson is a solicitor and sole practitioner in a recognised sole practice, Dack Pearson and Company Limited (the firm).

It was found that:

1. On 22 July 2019 and 31 October 2019, the firm made payments for office expenses from its client bank account. As a result, Mrs Susan Pearson as manager at the material time, breached Principle 7 of the SRA Principles 2011 and rule 20.1 of the SRA Accounts Rules 2011.
2. On 30 August 2019 and 17 October 2019, two overpayments totalling £7,182.20 resulted in shortfalls on



the firm's client bank account. As a result, Mrs Susan Pearson as manager at the material time breached Principle 7 of the SRA Principles 2011 and rule 20.9 of the SRA Accounts Rules 2011.

3. On 28 December 2018, Mrs Pearson deposited £52,500 into the firm's client bank account in advance of an intended property purchase. The purchase did not proceed. The funds were retained in the client account for longer than necessary. As a result, Mrs Susan Pearson as manager at the material time breached Principle 7 of the SRA Principles 2011 and rule 14.3 of the SRA Accounts Rules 2011.
4. In October 2017, a client bank account cheque issued to a beneficiary of an estate for £73,657 was not cashed. Nearly one year later the beneficiary was paid via two CHAPS transfers (£50,000 from client bank account and £23,657 from office bank account as there was a CHAPS limit of £50,000 per transaction). It was over 6 months later that the firm transferred the £23,657 from client to office bank account in order to reimburse the office account. Consequently, Mrs Susan Pearson as manager at the material time breached Principle 7 of the SRA Principles 2011 and rule 14.3 of the SRA Accounts Rules 2011.
5. Between July 2019 and November 2019 Mrs Pearson delayed unduly in ensuring that the recognised status of the firm was updated to reflect it was no longer a partnership. As a result, Mrs Pearson breached Principle 7 of the SRA Principles 2011.

Mrs Pearson was issued with a written rebuke and ordered to pay costs of £600. This was because Mrs Pearson's conduct was serious by reference to the following factors in the SRA Enforcement Strategy: Mrs Pearson was a qualified and experienced solicitor with real control and influence over the firm's accounts, she failed to comply with a number of rules, demonstrating a pattern of misconduct and the issues were rectified by 31 January 2020 but persisted for longer than they should have done.

It was decided that a rebuke was an appropriate and proportionate sanction given that Mrs Pearson's conduct did not cause lasting or significant harm to consumers, and there is a low risk of repetition. Some public sanction was however required to uphold public confidence, particularly given the pattern of misconduct which led to multiple breaches of the SRA Accounts Rules in relation to the client account.

*Reasons/basis*

*SRA Accounts Rules 2011*



14.3 Client money must be returned to the client (or other person on whose behalf the money is held) promptly, as soon as there is no longer any proper reason to retain those funds. Payments received after you have already accounted to the client, for example by way of a refund, must be paid to the client promptly.

20.1 Client money may only be withdrawn from a client account when it is:

- a. properly required for a payment to or on behalf of the client (or other person on whose behalf the money is being held);
- b. properly required for a payment in the execution of a particular trust, including the purchase of an investment (other than money) in accordance with the trustee's powers;
- c. properly required for payment of a disbursement on behalf of the client or trust;
- d. properly required in full or partial reimbursement of money spent by you on behalf of the client or trust;
- e. transferred to another client account;
- f. withdrawn on the client's instructions, provided the instructions are for the client's convenience and are given in writing, or are given by other means and confirmed by you to the client in writing;
- g. transferred to an account other than a client account (such as an account outside England and Wales), or retained in cash, by a trustee in the proper performance of his or her duties;
- h. a refund to you of an advance no longer required to fund a payment on behalf of a client or trust (see rule 14.2(b));
- i. money which has been paid into the account in breach of the rules (for example, money paid into the wrong separate designated client account) - see rule 20.5 below;
- j. money not covered by (a) to (i) above, where you comply with the conditions set out in rule 20.2; or
- k. money not covered by (a) to (i) above, withdrawn from the account on the written authorisation of the SRA. The SRA may impose a condition that you pay the money to a charity which gives an indemnity against any legitimate claim subsequently made for the sum received.

20.9 A client account must not be overdrawn, except in the following circumstances:

- a. A separate designated client account operated in your capacity as trustee can be overdrawn if you make payments on behalf of the trust (for example, inheritance tax) before realising sufficient assets to cover the payments.
- b. If a sole practitioner dies and his or her client accounts are frozen, overdrawn client accounts can be operated in accordance with the rules to the extent of the money held in the frozen accounts.

#### *SRA Principles 2011*

SRA Principle 7 You must comply with your legal and regulatory obligations and deal with your regulators and ombudsmen in an open, timely and co-operative manner.

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