

Liddy's Solicitors Limited
(Liddy's Solicitors Limited)
2 King Street Wakefield , WF1 2SQ
Recognised body
554554

Fined Date: 16 November 2021

Decision - Fined

Outcome: Fine

Outcome date: 16 November 2021

Published date: 19 November 2021

Firm details

Firm or organisation at date of publication

Name: Liddy's Solicitors Limited

Address(es): 2 King Street, Wakefield, WF1 2SQ

Firm ID: 554554

Outcome details

This outcome was reached by SRA decision.

Decision details

1. Agreed outcome

1.1 Liddy's Solicitors Limited, a recognised body, (the Firm), agrees to the following outcome to the investigation of its conduct by the Solicitors Regulation Authority (SRA):

- a. it is fined £2,000
- b. to the publication of this agreement
- c. it will pay the costs of the investigation of £1,350.

Reasons/basis

2. Summary of facts

2.1 On 30 July 2019, the Firm's reporting accountant submitted a qualified accountant's report (QAR) to the SRA. The QAR identified a number of breaches of the SRA Accounts Rules 2011 (the Rules).

2.2 The SRA investigated the reported breaches and identified the following issues:

- a. The Firm did not carry out reconciliations when due in accordance with Rule 29.12 of the Rules. During the investigation the firm was asked to list the dates on which the monthly client account reconciliations for 2019 were completed. The information showed that reconciliations were not carried out when they were due. The number of days that elapsed between the due date and the actual date varied between 6 and 238 days.
- b. Money was withdrawn from the client account in excess of money held on behalf of clients and not promptly replaced contrary to Rule 20.6 of the Rules. This was due to incorrect payments and transfers to the Firm's office bank account. This resulted in:
 - i. A cash shortage of £12,962.91, identified on 30 June 2019 but not fully replaced until 29 November 2019
 - ii. A cash shortage of £26,239.31, identified on 31 December 2019 but not fully replaced until 12 March 2020.
- c. A failure to remedy breaches promptly upon discovery in accordance with Rule 7.1 of the Rules. Despite being aware that the 2019 reconciliations were outstanding, the Firm had not completed them when the SRA commenced its investigation on 28 November 2019.

2.3 The breaches arose due to various technical issues with new accounting software following a migration from its previous accounting software. Those issues have now been resolved and the books of account have been brought up to date.

3. Admissions

3.1 The Firm makes the following admissions which the SRA accepts:

- a. It did not carry out reconciliations when due in accordance with Rule 29.12 of the Rules.
- b. Money was withdrawn from client account in excess of money held on behalf of clients contrary to Rule 20.6 of the Rules due to numerous issues with the client to office posting screen with a new accounting package.
- c. The breaches were not remedied promptly in accordance with Rule 7.1 of the Rules.
- d. The Firm accepts, by way of its admitted breaches of the SRA Accounts Rules 2011 that it also breached Principles 6

and 10 of the SRA Principles 2011.

Principle 6 states that, "You must: behave in a way that maintains the trust the public places in you and the provision of legal services."

Principle 10 states that, "You must protect client money and assets."

4. Why a fine is appropriate

4.1 The SRA's Enforcement Strategy and its approach to the use of 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 accepts the admissions made by the Firm and the following mitigation, which the Firm has put forward:

- a. It has taken remedial action to resolve all the breaches and made improvements to its accounting processes. During the investigation all its client account reconciliations were brought up to date.
- b. Since June 2020, it has been carrying out tasks to ensure the breaches identified are not repeated.
- c. It has cooperated fully and promptly with the SRA's investigation.

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

- a. The Firm's regulatory history shows a pattern of non-compliance with the SRA Accounts Rules 2011. On 30 March 2019, the Firm was issued with a Letter of Advice for non-compliance with the same rules.
- b. The breaches continued for a period despite the Firm being aware of them.
- c. The Firm had direct control and responsibility for the circumstances giving rise to the breaches.
- d. Continued breaches of the Accounts Rules have the potential to harm clients and result in an abuse of trust of clients.
- e. Proper record keeping for the holding of clients' money goes to the core of the SRA's regulatory role and public interest purpose.

4.4 A fine is appropriate to uphold public confidence in the solicitors' profession and in legal services provided by authorised persons. A financial

penalty therefore meets the requirements of rule 4.1 of the Regulatory and Disciplinary 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 the Firm agree that the nature of the misconduct was medium because the conduct was not intentional or did not arise as a result of recklessness or gross negligence. The Guidance gives this type of misconduct a score of three.

5.3 The SRA considers that the impact of the misconduct was low because it did not cause any loss or have a direct material impact on any clients. The Guidance gives this level of impact a score of two.

5.4 The nature and impact scores add up to five. The Guidance indicates a broad penalty bracket of £1001 to £5,000 is appropriate.

5.5. In deciding the level of fine within this bracket, the SRA has considered the mitigation put forward by the Firm at paragraph 4.2 above, alongside the aggravating factors outlined in paragraph 4.3.

5.6 On this basis, the SRA considers that a fine of £2,750, which is towards the middle of the bracket to be appropriate.

5.7 In addition, the SRA considers that the basic penalty should be reduced to reflect early admission shown by the Firm and the insight it has shown into its conduct. Therefore, the SRA considers the fine should be reduced to £2,000.

6. Publication

6.1 The SRA considers it appropriate that this agreement is published in the interests of transparency in the regulatory 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 admission or acts in any 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 Denying the admissions made or acting in a way which is inconsistent with this agreement may also constitute separate breaches 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 £1,350. Such costs are due within 28 days of a 'statement of costs due' being issued by the SRA.

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