

Richard Graham
Gouldsbrough
Solicitor
113736

Agreement Date: 29 June 2022

Decision - Agreement

Outcome: Regulatory issue agreement

Outcome date: 29 June 2022

Published date: 6 July 2022

Firm details

Firm or organisation at time of matters giving rise to outcome

Name: Woodhall Solicitors Ltd

Address(es): 202 Keighley Road, Bradford, BD9 4JZ

Firm ID: 650446

Firm or organisation at date of publication

Name: Aventus Law Limited

Address(es): Angel's Wing II, Whitehouse Street, Leeds, LS10 1AD

Firm ID: 565045

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 At the time of matters giving rise to this outcome Mr Richard Gouldsbrough was a solicitor of Woodhall Solicitors Ltd, a licensed body authorised and regulated by the Solicitors Regulation Authority (SRA).

Mr Gouldsbrough agrees to the following outcome to the investigation of his conduct:

- a. he will pay a financial penalty in the sum of £3,000, pursuant to Rule 3.1(b) of the SRA Regulatory and Disciplinary



Procedure Rules.

- b. the publication of this agreement, pursuant to Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules.
- c. he will pay costs of the investigation of £1,350, pursuant to Rule 10.1 and Schedule 1 of the SRA Regulatory and Disciplinary Procedure Rules.

Reasons/basis

2. Summary of Facts

2.1 Mr Gouldsbrough was the fee earner undertaking a commercial property sale for client Mr H. The buyer, company N, was represented by another firm.

2.2 Mr H provided bank details to the firm, not in his own name but that of a third-party company. There is no evidence that Mr Gouldsbrough made any enquiries into the identity of the third-party company.

2.3 The sale contract said that the deposit monies were held by the seller as agent. The firm received the deposit money from the buyer's solicitors, and on 26 February 2021 Mr Gouldsbrough requested of one of the firm's directors, who was also the firm's MLCO and MLRO, to transfer the deposit to the seller.

2.4 On the same day (26 February 2021) the firm transferred the deposit of £67,857 from the firm's client account to the third-party company's bank account.

2.5 Soon after, it transpired that the Mr H who instructed the firm was a fraudster, impersonating the real Mr H.

2.6 The firm notified the relevant authorities, and the property sale transaction did not complete.

3. Admissions

3.1 Mr Gouldsbrough admits, and the SRA accepts, he has failed to conduct ongoing monitoring and sufficient scrutiny of the transaction pursuant to Regulation 28 (11)(a) of the MLRs 2017 into the third-party company bank account details provided by the client, purporting to be Mr H, and on 26 February 2021 he authorised the payment of £67,857 from the firm's client account to the third-party bank account.

Therefore, he has:

3.2 Breached Principle 2 of the SRA Standards and Regulations 2019, which states "you act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons", and

3.3 Failed to achieve rule 4.2. of the SRA Code of Conduct for Solicitors 2019, which states “you safeguard money and assets entrusted to you by clients and others”, and

3.4 Breached Rule 5.2 of the SRA Account Rules 2019 , which states “you appropriately authorise and supervise all withdrawals made from client account”

3.5 By way of explanation, Mr Gouldsbrough states that:

- a. this is an isolated incident that does not form a pattern of misconduct.
- b. he accepts that he made a mistake, which was an oversight on his part.
- c. he suffered from Covid a week prior to the incident and states it is likely he was still recovering at the time.
- d. customer due diligence was conducted; however, the fraud was sophisticated.

4. Why the agreed outcome is appropriate:

4.1 The SRA considers, and Mr Gouldsbrough accepts, that a financial penalty is appropriate following reference to the SRA Enforcement Strategy because:

- a. the breach is serious and caused harm to the seller who lost their deposit at the time (with those monies not being refunded by the bank until over one year later).
- b. Mr Gouldsbrough had direct control and responsibility for the conduct. He had direct control of the matter file and authorised the payment of the money to a third-party.
- c. the agreed outcome is a proportionate outcome in the public interest because the issuing of such a sanction is necessary to maintain standards by highlighting the risks arising from the behaviour in question and deterring such repetition.
- d. there is a low risk of repetition, particularly in light of the degree of insight and remorse shown by Mr Gouldsbrough.
- e. Mr Gouldsbrough has cooperated with the SRA throughout the investigation, and promptly admitted to misconduct.

4.2 Rule 4.1 of the SRA Regulatory and Disciplinary Procedure Rules states that a financial penalty may be appropriate to maintain professional standards and uphold public confidence in the solicitors' profession and in legal services provided by authorised persons.

5. Amount of the fine

5.1 In deciding the level of the financial penalty, agreed at £3,000, reference is made to the SRA's Approach to Setting an Appropriate Financial Penalty (issued 13 August 2013 and updated on 25 November 2019). Following the three-step fining process, the SRA has determined the following:

- a. At the time of the conduct Mr Gouldsbrough was a solicitor at Woodhall Solicitors Ltd, a licensed body authorised and regulated by the SRA. The SRA, as a licensing authority, may impose (pursuant to Section 95 of the Legal services Act 2007) a maximum penalty of up to £50m on a manager or employee of a licensed body.
- b. Step 1(a) – assessing the seriousness of the misconduct:
Nature of conduct score: Low/Medium = nature score of 1.
Harm or risk of harm: Medium = impact score of 4.
- c. Step 1(b) – arriving at a broad penalty bracket: Conduct band “B”, as nature and impact scores total 5 (1 + 4), indicating a basic penalty of between £1,001 and £5,000.
- d. The SRA and Mr Gouldsbrough agree the basic penalty be towards the middle of the band, because although the breach was isolated, it was serious but did not harm the wider public interest.
- e. In determining the level of financial penalty of £3,000, the SRA has also taken account of the mitigating factors listed above, in sections 3.5, 4.1.d and 4.1.e.

6. Publication

6.1 Rule 9.2 of the SRA Regulatory and Disciplinary Procedure Rules states that any decision under Rule 3.1 or 3.2, including a Financial Penalty, shall be published unless the particular circumstances outweigh the public interest in publication.

6.2 The SRA considers it appropriate that this agreement is published, as there are no circumstances that outweigh the public interest in publication, and it is in the interests of transparency in the regulatory and disciplinary process to do so.

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

7.1 Mr Gouldsbrough agrees that he will not act in any way which is inconsistent with this agreement, such as by denying the admissions made in this Agreement or responsibility for the conduct referred to above. That may result in a further disciplinary sanction.

7.2 Denying the admissions made or acting in a way which is inconsistent with this Agreement may also constitute a separate breach of Principles 1,

2 and 5 of the SRA Principles contained within the SRA Standards and Regulations 2019 (such SRA Principles having been in force since 25 November 2019).

8. Costs

8.1 Mr Gouldsbrough agrees to pay costs of the SRA's investigation in the sum of £1,350. Such costs are due within 28 days of a statement of costs being issued by the SRA, or by close of business on 30 June 2022, whichever is later.

The date of this Agreement is 29 June 2022.

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