SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 12117-2020

BETWEEN:

SOLICITORS REGULATION AUTHORITY LTD. Applicant

and

REBECCA ELLIOTT Respondent

Before:

Mr D Green (in the chair)
Mr P S L Housego
Dr P Iyer

Date of Hearing:
10 – 11 August and 27 September 2021

Appearances

Andrew Bullock, barrister, of the Solicitors Regulation Authority Limited, The Cube, 199 Wharfside Street, Birmingham, B1 1RN, for the Applicant.

The Respondent represented herself on 10 – 11 August 2021 but did not attend the resuming hearing on 27 September 2021 and was not represented.

JUDGMENT

Allegations

1. The allegations faced by the Respondent were that, while in practice as the sole equity owner and solicitor at Elliotts Solicitors ("the Firm"):

1.1 Between 7 September 2017 and 3 January 2020, the Respondent made improper withdrawals from client account and/or caused a shortage on client account of at least £8,589.53.

In doing so she acted in breach of:

Solicitors Accounts Rules 2011 (prior to 25 November 2019)	**Accounts Rules 2019 (from 25 November 2019)**
Rule 7.1 Rule 17 Rule 20.1	Rule 5.1 Rule 6
SRA Principles 2011 (prior to 25 November 2019)	**SRA Principles 2019 (from 25 November 2019)**
Principle 2 Principle 6 Principle 10	Principle 2 Principle 5
	Code of Conduct for Solicitors (after 25 November 2019)
	4.2

1.2 Between 10 August 2018 and 24 March 2020 the Respondent failed to discharge her clients' liabilities to HMRC in relation to SDLT payments.

In doing so she acted in breach of:

Solicitors Accounts Rules 2011 (prior to 25 November 2019)	**Accounts Rules 2019 (from 25 November 2019)**
Rule 7.1	Rule 6
SRA Principles 2011 (prior to 25 November 2019)	**SRA Principles 2019 (from 25 November 2019)**
Principle 2 Principle 4 Principle 6 Principle 10	Principle 2 Principle 7

2. On 4 December 2019 the Respondent inappropriately presented to an SRA Investigation Officer a client account balance which purported to demonstrate that the Firm had sufficient client monies.

In doing so she acted in breach of:

	SRA Principles 2019 (from 25 November 2019)
	Principle 2 Principle 4 Principle 6

2.1 Between 2015 and 24 March 2020 the Respondent failed to keep books of account.

In doing so she acted in breach of:

Solicitors Accounts Rules 2011 (prior to 25 November 2019)	**Accounts Rules 2019 (from 25 November 2019)**
Rule 29.1 Rule 29.2 Rule 29.4 Rule 29.11 Rule 29.12	Rule 8
SRA Principles 2011 (prior to 25 November 2019)	**SRA Principles 2019 (from 25 November 2019)**
Principle 4 Principle 6	Principle 2 Principle 7

2.2 Between 30 September 2019 and 24 March 2020, the Respondent failed to have in place valid Professional Indemnity Insurance.

In doing so she acted in breach of:

SRA Indemnity Rules 2013 (prior to 25 November 2019)	**SRA Indemnity Insurance Rules 2019 (from 25 November 2019)**
Rule 4 Rule 5.1 Rule 5.2	Rule 2 Rule 4.1
SRA Principles 2011 (prior to 25 November 2019)	**SRA Principles 2019 (from 25 November 2019)**
Principle 6 Principle 4	Principle 2 Principle 7

Dishonesty and/or Recklessness

3. In addition, allegations 1.1 and 1.2 are advanced on the basis that the Respondent's conduct was dishonest, alternatively reckless. Allegation 2 is advanced on the basis that the Respondent's conduct was dishonest. Dishonesty, alternatively for 1.1 and 1.2 recklessness, are alleged as aggravating features of the Respondent's misconduct but are not essential ingredients in proving the allegation.

Documents

4. The Tribunal considered all of the documents filed in the case which included:

- Amended Rule 12 Statement dated 12 February 2021 and Exhibit KS.
- Applicant's Schedule of Costs dated 18 August 2021.
- Breakdown of Forensic Investigation Officer's Costs.
- Applicant's Schedule of Costs dated 24 September 2021.

Issues that arose during the course of the hearing

5. Respondent's application to admit additional evidence

5.1 During the course of her evidence the Respondent sought permission to admit evidence which had not been previously filed at the Tribunal or served on the Applicant namely:

(i) An email from the Respondent to the Tribunal and the Applicant dated 11 August 2021 timed at 10.36 which set out her response to the allegations and which she sought to adopt as her primary evidence.

(ii) Supporting documents which included:

- Screenshots of Lloyd's account transactions and balances.

- Letter (regarding a loan) from Lloyds Bank to the Respondent dated 2 December 2019.

The Applicant's Position

5.2 Mr Bullock did not oppose the application.

The Tribunal's Decision

5.3 Notwithstanding the Respondent's repeated non-compliance with the Standard Directions, which had been varied on numerous occasions, setting out deadlines for the service of an Answer to the allegations and supporting evidence in that regard, the Tribunal granted the unopposed application.

6. Applicant's application to proceed in the Respondent's absence

6.1 Mr Bullock reminded the Tribunal that the Respondent attended the substantive hearing on 10 – 11 August 2021 and was present when the resuming date of 27 September 2021 was announced prior to the hearing adjourning part heard.

6.2 Mr Bullock referred the Tribunal to the Respondent's email timed at 8.19am on 27 September 2021 in which she stated:

> "I have a hearing today at 10am, but shall not be able to attend as I currently have the flu! I had hoped that I would be better after this weekend, as I have had it for over a week, but whilst my coughing is better, my head is worse.
>
> I sincerely apologise, but I am unable to concentrate at present and just need to sleep."

6.3 Mr Bullock submitted that the email represented a statement of fact (that the Respondent was not going to attend), was not supported by any medical evidence, did not seek an adjournment of the proceedings and fell far short of the evidence required to justify an adjournment in any event. The Tribunal had received the Respondent's evidence in its entirety and was awaiting her closing submissions, if any, before retiring to consider the allegations she faced.

6.4 Mr Bullock referred the Tribunal to the seminal authorities which set out the principles to be applied when considering an application to proceed in the Respondent's absence namely GMC v Hayat [2018] EWCA Civ 2796 as well as GMC v Adeogba [2016] EWCA Civ 162 and submitted that the Tribunal could and should properly exercise its discretion to proceed in the Respondent's absence.

The Tribunal's Decision

6.5 The Tribunal considered the representations made by the Applicant in conjunction with its powers pursuant to Rule 36 of the Solicitors (Disciplinary Proceedings) Rules 2019 which provides:

> "…If a party fails to attend and is not represented at the hearing and the Tribunal is satisfied that notice of the hearing was served on the party in accordance with these Rules, the Tribunal may hear and determine any application and make findings, hand down sanctions, order the payment of costs and make orders as it considers appropriate notwithstanding that the party failed to attend and is not represented at the hearing…"

6.6 The Tribunal applied the principles set out in the seminal authority of GMC v Adeogba and GMC v Visvardis [2016] EWCA Civ 162, in which Leveson P made plain that, with regards to regulatory proceedings, there was a need for fairness to the regulator as well as a Respondent. At §19 he stated:

> "… It would run entirely counter to the protection, promotion and maintenance of the health and safety of the public if a practitioner could effectively frustrate the process and challenge a refusal to adjourn when the practitioner had deliberately failed to engage with the process. The consequential cost and delay to other cases is real. Where there is good reason not to proceed, the case should be adjourned; where there is not, however, it is only right that it should proceed…"

6.7 Leveson P went on to state at §23 that discretion must be exercised:

> "…having regard to all the circumstances of which the Panel is aware with fairness to the practitioner being a prime consideration but fairness to the GMC and the interest of the public also taken into account…"

6.8 The Tribunal noted that (a) the Respondent was well aware of the resuming hearing date, (b) her email was sent hours before the resuming hearing was due to commence, (c) she had not adduced any medical evidence as to her inability to attend, (d) she had not applied for an adjournment, (e) she had not sought to file written closing submissions which could have been considered in her absence and (f) the Tribunal had already heard her primary evidence which was tested under cross examination.

6.9 Weighing all of the attendant circumstances in the balance the Tribunal determined that the Respondent had deliberately chosen not to exercise her right to be present or to give adequate instructions to enable lawyers to represent her without any good reason. The overarching public interest in the expeditious consideration of allegations and fairness to the Applicant required the matter to proceed in the Respondent's absence as there was nothing to suggest that she would attend a substantive hearing at a later date of the matter was adjourned.

6.10 The Tribunal therefore granted the application to proceed (on 27 September 2021) in the Respondent's absence.

7. Amendment of the Allegations

7.1 At the start of the hearing, the Tribunal noted that there were typographical errors within the allegations in relation to the numbering (which was not sequential) and certain words having been set out in the singular as opposed to plural.

7.2 The Tribunal enquired of Mr Bullock whether he had any submissions in respect of amendments that corrected those typographical oversights. Mr Bullock stated that he did not.

7.3 The Tribunal therefore exercised its power under Rule 6(1) of the Solicitors (Disciplinary Proceedings) Rules 2019 (the Tribunal's discretion to regulate its own procedure) to correct the typographical oversights.

Factual Background

8. The Respondent was admitted to the Roll of Solicitors in January 2000. She practised from Elliotts Solicitors, which was her recognised sole practice, in respect of which she was the sole solicitor, manager, Compliance Officer for Legal Practice ("COLP") and Compliance Officer for Finance and Administration ("COFA"). The Firm was based in Southampton and the main areas of work undertaken were Probate, Wills and Conveyancing.

9. All of the Firm's bank accounts, and the Respondent's personal bank account, were held at Lloyds TSB Bank plc. The Respondent had sole authority to effect transactions and had sole operation of the online banking facilities in respect of all accounts.

10. The following balances were confirmed by Lloyds and via bank statements as at 2 December 2019:

- Office Loan Account £6,178.40 (debit)
- Client Account £5,680.47 (credit)
- Office Account £35.68 (debit)

11. On 15 August 2019 the Applicant received a claim from the Compensation Fund from Client LT. On 29 August 2019 the Applicant received a report from solicitors acting for Client FW. The claim and the report raised concerns regarding (a) the Firm's failure to account to them and (b) failure to discharge their liability to Her Majesty's Revenue and Customs ("HMRC") in respect of Stamp Duty Land Tax ("SDLT").

12. The Applicant commenced an investigation into the Firm on 14 January 2020. Mr Cassini, Forensic Investigation Officer ("FIO") conducted an interview with the Respondent on 23 January 2020 and produced a Forensic Investigation Report ("FIR") dated 17 February 2020. Thereafter the Applicant sought and obtained intervention into the Firm by way of a report dated 3 March 2020.

Witnesses

13. The written and oral evidence of witnesses is quoted or summarised in the Findings of Fact and Law below. The evidence referred to will be that which was relevant to the findings of the Tribunal, and to facts or issues in dispute between the parties. For the avoidance of doubt, the Tribunal read all of the documents in the case, made notes of the oral evidence of the witnesses and the submissions made by the Applicant. The absence of any reference to particular evidence should not be taken as an indication that the Tribunal did not read, hear or consider that evidence.

14. The following witnesses gave oral evidence:

- Stephen Cassini (Forensic Investigation Officer)
- The Respondent

Findings of Fact and Law

15. The Applicant was required by Rule 5 of The Solicitors (Disciplinary Proceedings) Rules 2019 to prove the allegations to the standard applicable in civil proceedings (on the balance of probabilities). The Tribunal had due regard to its statutory duty, under section 6 of the Human Rights Act 1998, to act in a manner which was compatible with the Respondent's rights to a fair trial and to respect for her private and family life under Articles 6 and 8 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.

16. The relevant Solicitors Accounts Rules, Code of Conduct for Solicitors and SRA Indemnity Insurance Rules can be found at Appendix 1 and have not been set out in full within the Tribunal's findings below.

17. **Allegation 1.1 - Improper withdrawals from/shortages in the Client Account**

The Applicant's Case

17.1 Between 16 April 2018 and 16 December 2019 a total of £22,782.05 was transferred from the Client Account to the Respondent's personal account under the reference "BEX REPAY".

17.2 Between 7 September 2017 and 2 January 2018 a total of £2,800.00 was transferred, in six separate transactions, under the reference "E ELLIOTT INJECTION SALARY".

17.3 Between 11 October 2017 and 13 December 2019 a total of £10,760.00, in twelve separate transactions, was paid into the Firm's client account by "JAYS BARBERS" and a total of £5,980.00, in 13 separate transactions, was paid out under references such as "RANGE ROVER", "SALARY" AND "CAR".

17.4 Between 9 January 2019 and 3 January 2020 the Respondent transferred a total of £47,725.05 in numerous transactions from the Client Account to accounts connected with her namely (a) £23,238.00 to the Office Account, (b) £3,310.00 to an account linked to Jays Barbers and (c) £21,177.05 to the Respondent's personal account such that on 27 August 2019 the Respondent transferred the entirety of the Client Account into her personal account.

17.5 Following the Applicant's intervention into the Firm on 25 March 2020 a total of £5,680.47 of client money was recovered from the Firm. The Firm's liability to clients was assessed as at least £14,270.00, which left a shortage of at least £8,589.53 which had not been remedied as at the date of the substantive hearing.

17.6 During the investigation meeting with the FIO on 23 January 2020 the Respondent stated, amongst other matters, that she transferred the entirety of the Client Account into her personal account on 27 August 2019 to;

> "make sure they [Lloyds] didn't take the money and offset against the loan account".

17.7 The Respondent further stated, in an email dated 17 March 2020, that;

> "…With reference to the Bex repay payments these I believe were with reference to transfer of costs that were due to me over this period, this should become apparent once I have finished the accounts.
>
> This too is with regard to the injection salary payments as this was salary payments throughout this period.

> With reference to the payments into client account in the sum of £10,760.00 there were payments from [CM] who was a client of the firm (and my ex-partner) who made payments every month to Range Rovers debt collection for his car, whereupon I had set up a payment arrangement for him with the Car Company *(sic)* and such payments were made to "SD collection Account".
>
> … CM and I own two barber shops "Jays" and sometimes his payment for the car to SD Collection Account came from Jays to pay for the same and this is why payments were made into the account.
>
> Further, I have carried out work for Jays as a client of the firm and there would be transactions regarding the same…"

Accounts Rules Breaches

17.8 Mr Bullock submitted that all transfers to the Office Account from the Client Account in respect of costs should be made in accordance with the Solicitors Accounts Rules 2011 ("the 2011 Rules") and that the Respondent failed to comply with that duty in particular Rule 7.1 (which requires a solicitor to remedy any breach of the accounts rules promptly upon discovery), Rule 17 (which requires a solicitor to send a bill of costs or other written notification of costs to the client before a transfer is made) and Rule 20.1 (which provided that client money should only be withdrawn from the Client Account for the purpose for which it was held.

17.9 Mr Bullock further submitted that the transfers relied upon by the Applicant, undertaken by the Respondent, breached the Accounts Rules 2019 ("the 2019 Rules") in particular Rule 5.1 (which provides that a solicitor should only withdraw money from the Client Account (a) for the purpose for which it is being held, (b) following receipt of instructions from the client/third party for whom the money is held and (c) on the Applicant's prior instruction or in prescribed circumstances) and Rule 6 (which requires a solicitor to remedy any breach of the accounts rules promptly upon discovery).

Principle Breaches

17.10 Mr Bullock contended that, by making improper withdrawals from Client Account and/or causing a shortage on client account of at least £8,589.53 the Respondent failed to safeguard client money in that she mixed her own money with client money. The Accounts Rules only permit money to be transferred through a Client Account for the purposes of a legal transaction, not to pay a debt, and the rules do not allow payment of a client's debt or a personal debt. The Accounts Rules prohibit a solicitor from transferring client money to themselves for any other reason than in relation to their costs, and only after a bill of costs has been delivered. It was therefore not known whether the Respondent used any client money to meet her own outgoings.

17.11 Mr Bullock therefore asserted that the Respondent's failure to safeguard client money, which caused a shortfall in Client Account, and transferring money from Client Account into the Office account as well as her personal account contrary to the Accounts Rules the Responded failed to act with integrity in breach of Principle 2 of

the SRA Principles 2011 ("the 2011 Principles") and Principle 5 of the Principles 2019 ("the 2019 Principles").

The Respondent's Position

17.12 The Respondent set out the broad context of what she was experiencing at the material time in that (a) 2015 onwards she was suffering from health conditions that had a detrimental impact on her, (b) the acrimonious breakdown of her marriage and (c) she said that she experienced an unsupportive environment with a pressurised workload at Eric Robinsons. Her primary submission was that her ill health had "been the biggest factor of why everything went wrong at Elliotts".

17.13 With reference to the withdrawals from the account the Respondent confirmed that when completions took place, and the accounts were not up to date she kept a log of what monies were due to the Firm following which statement of accounts were drafted and the sent to clients. She further stated that the bills were always drawn up and she believed that there were only a few occasions that they were not.

17.14 The Respondent stated that the payments from Jays, whom she represented, to the Client Account and then the payments to the debt company, were in respect of Client CM who was her business partner in Jays and personal partner. CM had been pursued for a car debt and had entered into a Tomlin Order and "as his solicitor with the company insisted under the Tomlin Order that all payment came through the solicitors every month" CM often made such payments to Elliotts from Jays for those payments.

17.15 With regards to the two lump sum payments taken in August 2018 and December 2018, the Respondent stated that they were due to Lloyds Bank having issued at each time letters to her to say that a business loan account had arrears and that the accounts (all linked to the business) would go to receivership. The Respondent asserted that she had given those letters to the Mr Cassini during the Applicant's investigation but they were not included in his report and he stated that no evidence was given, which she did not accept. The Respondent stated that on those letters she made telephone notes which stated that when calling them, on three different occasions, that they stated that they would offset the loan against any monies held in the other accounts.

17.16 The Respondent contended that at the material time she was not aware that, legally, Lloyds could not do that because it was trust money in an account entitled "client". The Respondent asserted that she "panicked and transferred the money to my personal account and maybe whilst in hindsight this was not the best thing to do, [she] did it to protect the clients' money and what [she] believed to be in the best interests of [her] clients. [She] returned that money and had never done anything like that in the past but circumstances were that [she] had to act quick and carry out what I had thought was at that time the best course of action."

17.17 When cross examined by Mr Bullock, the Respondent accepted that she had made the withdrawals as particularised and maintained her position, as set out above, for so doing. She further accepted that (a) she did not remedy the shortage in the Client Account immediately upon resolution of the Lloyds Loan matter, nor for months

thereafter, (b) none of the Lloyd's letters, or her manuscript comments written thereon, referred to the Client Account or that it would be used to set off the loan, (c) she never filed/served in the Tribunal proceedings any correspondence from Lloyds prior to the substantive hearing, (d) there was a risk that the client monies transferred into her personal account could have been "swept up" by her personal outgoings, (e) there were no ledgers regarding client costs, (f) there were no bills of costs available in respect of client costs, (g) the Respondent asserted that she worked from completion statements and assessed costs in round sums and (h) that the withdrawals she made caused a shortage on the Client Account.

The Tribunal's Findings

17.18 The Tribunal noted that the Respondent did not deny, and indeed accepted, having made the withdrawals under scrutiny. The question for the Tribunal therefore was twofold namely (a) were the withdrawals improper and (b) did they cause a shortfall on the client account of at least £8,859.53.

17.19 *Impropriety of withdrawals*

17.19.1 The "offending" withdrawals were referred to by the Respondent on the bank statements as "BEX REPAY", "E ELLIOT INJECTION SALARY", "JAYS BARBERS", "RANGE ROVER", SALARY" and "CAR". They were paid into the Firm's Office Account, the Respondent's Personal Account and Jay's Barbers in which she had an interest. The references given to those withdrawals signified the improper nature of the same and demonstrated to the Tribunal that it was more likely than not that they did not relate to any underlying legal service and were therefore improper. The transfers made out of the client account which were referenced as "COSTS" were not supported by a Bill of Costs, an invoice or indeed any document sent to the client which set out the costs due to the Firm. They were round figures which appeared to the Tribunal to have been arrived at by the Respondent absent any justification as to entitlement of the same. For those reasons the Tribunal was satisfied that it was more likely than not that they were improper as it was evident on the documentary evidence that the Respondent was using the Client Account as a "piggy bank".

17.19.2 For the avoidance of doubt, the Tribunal rejected the Respondent's assertions that she was trying to safeguard the Client Account from Lloyds offsetting it against the Firm's loan. The Tribunal did not accept that any solicitor, in particular one with the level of experience held by the Respondent at the material time, would have believed that a bank could seize the content of a Client Account and deploy it against the Firm's own liabilities.

17.20 *Shortage on the Client Account*

17.20.1 The Tribunal paid significant regard to the Intervention Report dated 3 March 2020 which had been adopted by the Applicant in the evidence presented to the Tribunal and which had not been challenged by the

Respondent during the course of the intervention or during the Tribunal proceedings.

17.20.2 That report identified that, between 9 January 2019 and 3 January 2020, the Respondent transferred a total of £47,725.05 from the Client Account to accounts connected with her. During the course of the intervention the client liabilities of the Firm, unchallenged by the Respondent, were assessed as at least £14,270.00. On 3 January 2020, when the Client Account was closed, the balance was nil. A total of £5,680.47 was recovered from the Firm which left a shortfall of at least £8,589.53 according to the Intervention Investigation Officer. The FIO in his report dated 17 February 2020, unchallenged by the Respondent, assessed client liabilities as at least £15,300.00, concurred that the client cash available was £5,680.47 and therefore concluded that there was a minimum cash shortage of at least £9,619.53. The FIO further noted that the Respondent accepted his findings during the course of the investigation interview.

17.20.3 The Tribunal was therefore satisfied that it was more likely than not that on 3 January 2020 there was a shortage on the Client Account of at least £8,589.53 as alleged.

17.21 On the basis of the facts found proved, the Tribunal determined that the Respondent:

17.21.1 *Accounts Rules Breaches*

- Failed to remedy her breaches of the 2011 Rules (by way of the improper withdrawals) promptly upon discovery contrary to Rule 7.1 of the 2011 Rules and Rule 6 of the 2019 Rules.

- Failed to send a bill of costs or any form of written notification of costs to clients before withdrawals were made from the Client Account purportedly in respect of costs contrary to Rule 17 of the 2011 Rules.

- Withdrew money from the Client Account for purposes other than that which it was held contrary to Rule 20.1 of the 2011 Rules and Rule 5.1 of the 2019 Rules.

17.21.2 *Principle Breaches*

- Principle 2 of the 2011 Principles and Principle 5 of the 2019 Principles required the Respondent to act with integrity. The Tribunal found that no solicitor acting with integrity would make improper withdrawals from the Client Account and certainly not as the Respondent did, on numerous occasions over a protracted period of time, leaving such a shortfall on the Client Account.

- Principle 6 of the 2011 Principles required the Respondent to behave in a manner which maintained public confidence in her and in the provision of legal services. The Tribunal found that the Respondent's

use of the Client Account as a "piggy bank" undoubtedly undermined public confidence in her and in the provision of legal services.

- Principle 10 of the 2011 Principles required the Respondent to protect client money and assets. It was plain to the Tribunal that the shortfall on the Client Account such that client liabilities could not be met amounted to a flagrant breach of Principle 10.

17.21.3 *Code of Conduct for Solicitors 2019*

- Rule 4.2 required the Respondent to safeguard client money and assets which, by virtue of her misconduct, the Respondent plainly failed to do.

17.22 The Tribunal therefore found Allegation 1.1 and all of the breaches alleged proved on a balance of probabilities.

18. **Allegation 1.2 - Failure to pay clients' stamp duty liabilities to HMRC**

The Applicant's Case

Client FW

18.1 The Respondent acted for Client FW in the purchase of a property. The matter completed on 10 August 2018. On 10 August 2018 the Respondent was provided with funds in the sum of £900 to cover her client's SDLT liability. This payment of £900 was included as part of the total paid by FW to the Firm on 10 August 2018. The Respondent failed to pay the £900.00 to HMRC in respect of the SDLT nor did she return the same to Client FW.

Client LT

18.2 The Respondent acted for Client LT in the purchase of a property. The matter completed on 2 November 2018. During the Forensic Investigation the FIO identified a manuscript completion statement recording a total of £509,915.78 was required to complete which included the item "S/D 28,400.00" which represented the SDLT liability to HMRC.

18.3 The purchased property was Client LT's second property as they were still to sell their existing home. Due to HMRC requirements a second property surcharge of 3% was applied and the required SDLT payment was calculated at £28,400.00.

18.4 On 1 November 2018 the Respondent received the sum of £509,915.78 into the Client Account from Client LT which included the clients' SDLT liability to HMRC of £28,400.00. The Respondent was required to submit SDLT1 and pay the SDLT within 30 days of completion. That was not done.

18.5 Between 25 March 2019 and 22 July 2019 the Respondent engaged in a text message exchange with Client LT during the course of which she broadly asserted:

- On 28 May 2019 that she had left the SDLT reference in her other office in circumstances where the SDLT5 showed that registration and submission of the SDLT1 had not been done until 29 May 2019.

- On 4 July 2019 that her "bookkeeper" was making transfers to Client LT and establishing what happened to Client LT's money.

18.6 Client LT's liability for SDLT was reduced to £14,000.00 (because their other property was sold) and on 29 July 2019 the Respondent refunded £14,000.00 to Client LT with the remaining £14,400 being payable to HMRC. There was no evidence on the matter file that the payment to HMRC had been made. The Respondent referred to that transaction as a "refund" which it could not be, as she had never paid anything to HMRC in respect of Client LT's SDLT.

18.7 On 14 August 2019 Client LT received a "Notice of warning of enforcement by taking control of goods", due to his failure to discharge his liability for SDLT to HMRC. The correspondence from HMRC was addressed directly to Client LT and stated "you must make payment in full now. If you do not, we will take control of your goods". Client LT also incurred penalties and interest in the sum of £517.97.

18.8 In interview with the FIO on 23 January 2020 the Respondent confirmed she had failed to account for £14,400.00 being the balance of the total £28,400.00 paid by Client LT on 1 November 2018 in respect of SDLT.

Accounts Rules Breaches

18.9 Mr Bullock submitted that the Respondent failed to comply with Rule 7.1 of the 2011 Rules which required her to remedy any breach of the accounts rules promptly upon discovery).

18.10 Mr Bullock further submitted that the Respondent failed to comply with Rule 6 of the 2019 Rules which required her to remedy any breach of the accounts rules promptly upon discovery.

Principle Breaches

18.11 Mr Bullock contended that the public would be very concerned to learn that a payment to a solicitor was not used for its intended purpose and further that the non-payment resulted in penalty charge liability to the client.

18.12 The Respondent's failures in that regard rendered her in breach of Principle 6 of the 2011 Rules and Principle 2 of the 2019 Rules both of which required her to act in a way that upholds public trust and confidence in her, in solicitors and in the provision of legal services.

18.13 Mr Bullock submitted that by not paying SDLT in the these matters the Respondent has exposed her clients to financial penalties and interest and failed to protect client money she had therefore failed to act in the best interests of her clients in breach of Principle 4, which required her to act in the best interests of the client and Principle 10, which required her to protect client money and assets, of the 2011 Rules as well as

Principle 7, which required her to act in the best interests of the client, of the 2019 Rules.

18.14 Mr Bullock further submitted that by making payments from the Client Account into her personal account, rather than settling her clients SDLT liability, the Respondent failed to act with integrity in breach of Principle 2 of the 2011 Rules as a solicitor acting with integrity would only deploy client funds for client purposes.

The Respondent's Position

18.15 The Respondent stated that she had thought that the SDLT in respect of LT had been paid as his registration had been completed and she had no reason to believe otherwise. The Respondent asserted that Client LT had been sent a draft completion statement which was how he knew the amount payable which did not change upon final completion.

18.16 When the failure to pay SDLT was brought to her attention in 2019 she was working in Eric Robinsons. She tried to look into the matter, but had limited time to do so. It was also brought to her attention regarding FW at the same time. In that regard she managed to locate the file and pay the SDLT and register the title.

18.17 The Respondent stated that "when [she] had finished the last transactions, [she] did not have the time to finalise all the post completion work as [she] had been ill and [it] had been overlooked. [That] was purely due to illness and lack of time".

18.18 When cross examined by Mr Bullock the Respondent accepted that (a) the FIO could not find any evidence of completion statements on the client files, (b) she had not and could not produce the client completion statements that she sought to rely upon because she "wasn't specifically asked [to] and [she] was unwell" at the material time (c) she "didn't think to look any deeper" than she had and (d) whilst she, on 29 July 2019, returned the excess payment to LT (£14,000.00) she still failed to discharge his SDLT liability of £14,400.00 as at 7 August 2019 as there were insufficient funds in the client account to cover that liability because she made a "BEX REPAY" transfer, on 27 August 2019, in the sum of £7,596.58 in respect of which she "knew [she] had money owed to clients and [she] probably shouldn't have made the August payment".

The Tribunal's Findings

18.19 The Tribunal noted that the Respondent (stated that it was with the benefit of hindsight) did not deny, and indeed accepted, that she had failed to discharge Client FW and Client LT's liabilities to HMRC in respect of Stamp Duty. The Respondent asserted that at the material time she had believed that the Stamp Duty had been paid. When she became aware that was not the case with regards to both clients in 2019, she "tried to look into the matter".

18.20 The Tribunal rejected her assertions on the basis that (a) the conveyances completed in August and November 2018, (b) the Respondent was required to pay the Stamp Duty liabilities to HMRC within 30 days of completion but failed to do so, and (c) there was no evidence on the matter files that either completion statements were sent

to Client's FW and LT and/or that the Stamp Duty liability had been met by the Respondent after the proceeds of sale were deposited into the Client Account.

18.21 With regards to Client LT, the Tribunal noted that the Stamp Duty liability was reduced from £28,400.00 to £14,000.00. The text messages between Client LT and the Respondent between March and July 2019 (namely 4 – 8 months post completion) revealed the lengths Client LT had to go to in order to obtain the excess funds of £14,400.00 from the Respondent who delayed and gave various excuses in that regard. When the Respondent eventually did return the excess funds (on or around 22 July 2019) she still did not pay the Stamp Duty owed to HMRC. Ultimately it was paid by the Compensation Fund.

18.22 The Tribunal was therefore satisfied that it was more likely than not that the Respondent failed to discharge Client FW and Client LT's liabilities to HMRC in relation to Stamp Duty.

18.23 On the basis of the facts found proved, the Tribunal determined that the Respondent:

18.23.1 *Accounts Rules Breaches*

- Failed to remedy her breaches of the 2011 Rules (namely her improper use of the Client Account which resulted in insufficient funds to meet client liabilities and payment of Stamp Duty) of promptly upon discovery contrary to Rule 7.1 of the 2011 Rules and Rule 6 of the 2019 Rules.

18.23.2 *Principle Breaches*

- Principle 2 of the 2011 Principles required the Respondent to act with integrity. The Tribunal found that no solicitor acting with integrity would use client money for anything other than client purposes.

- Principle 4 of the 2011 Principles and Principle 7 of the 2019 Principles required the Respondent to act in the best interests of her clients. The Respondent failed to do so and instead exposed them to financial penalties and interest imposed by HMRC.

- Principle 10 of the 2011 Principles required the Respondent to protect client money and assets. It was plain to the Tribunal that the Respondent's failures amounted to a flagrant breach of Principle 10.

- Principle 6 of the 2011 Principles and Principle 2 of the 2019 Principles required the Respondent to behave in a manner which maintained public confidence in her and in the provision of legal services. The Tribunal found that the Respondent failure to pay Stamp Duty on behalf of two clients as required or at all undermined public confidence in her and in the provision of legal services. Her misconduct was exacerbated by her failure to remedy the situation when it was brought to her attention in 2019 and even more so by the

"run around" she gave Client LT from March – July 2019 via text messages.

18.24 The Tribunal therefore found Allegation 1.2 and all of the breaches alleged proved on a balance of probabilities.

19. **Allegation 2 - Screenshot of the Client Account balance provided to the Applicant**

The Applicant's Case

19.1 During the investigation the Respondent informed the FIO that the contents of the Client Account had been transferred to her personal account on 27 August 2019. She stated that the reason for the transfer was to negate concerns that Lloyds planned to use the money in the firms Client Account to offset the firm's loan account which was in arrears.

19.2 In October 2019 £598.00 was transferred into the Client Account and a further transfer of £13,732.15 on 2 December 2019 which therefore showed a Client Account balance of £14,330.35. Before those transfers it stood at nil.

19.3 On 4 December 2019, the Respondent provided the Applicant's Investigation officer ("IO") with a screen shot (dated 2 December 2019) of the balance on client account showing £14,330.35 which indicated to the IO that the Respondent had a functioning client account. On 11 August 2021 she stated in an email to the SDT that her intention was to show that she could meet the SDLT (although it was short of the required amount).

19.4 However, the totality of the Client Account was transferred from the client account in several separate transactions, between 2 December 2019 (before the screen shot was provided to the IO) and16 December 2019 including £5,680.47 being transferred to the Respondent's personal account which left a nil balance The account was closed on 3 January 2020 and the liability to Client LT was not met.

19.5 On 18 March 2020 the Respondent stated, in a response to enquiries raised by the IO, that she had done this because she had "Panicked".

Principle Breaches

19.6 Mr Bullock submitted that by making transfers of funds to the Client Account immediately before informing the Applicant that the Client Account contained sufficient funds to cover client liability the Respondent intended to mislead and present the impression she held enough funds to discharge clients' liabilities. Mr Bullock contended that in so doing the Respondent breached Principle 2 of the 2011 Rules and Principle 6 of the 2019 Rules which required her to act with integrity.

19.7 Mr Bullock further submitted that the public was entitled to trust solicitors to be candid, open and transparent in their dealings, especially so to their regulator, whose role it is to oversee and investigate solicitors in the public interest. Mr Bullock contended that the Respondent's attempt to mislead the Applicant undermined public

trust in her, in solicitors and in the provision of legal services contrary to Principle 2 of the 2019 Rules.

The Respondent's Position

19.8 The Respondent stated (in the email cited above) that when she "became aware that there was insufficient funds in the client account [she] panicked and had every intention to pay the required amount into the account to sort out the problem but [she] was unable to do so. [She] therefore panicked and placed sufficient funds into the account to allow me time to be able to obtain the funds to do so".

19.9 When cross examined by Mr Bullock the Respondent accepted that she (a) borrowed £4,300.00 from her mother on or 2 December 2019, (b) her mother deposited that into her personal account, (c) she then transferred it into the office account, (d) she further transferred it into the client account which showed a balance thereafter of £14,330.35, (e) she then took the screenshot on 2 December 2019 when the client account was "almost where it should have been", (f) later on the same date (after having taken the screenshot) she transferred £7,950.00 in four separate transactions (including paying her mother back) out of the client account (h) then sent that screenshot to the IO two days later on 4 December 2019 which showed the balance of £14,330.35 when the actual balance on 3 December 2019 was £9,380.35, (h) she then proceeded to make further transfers out of the client account (into her personal account) which culminated in a nil balance on 16 December 2019 and (i) she confirmed that she had no dealings with Lloyds between August and December 2019 other than the September letter which reassured her that the client account could not be offset against the loan.

The Tribunal's Findings

19.10 The Tribunal noted that the Respondent did not deny, and indeed accepted, having sent the screenshot of the Client Account balance to the Investigation Officer on 4 December 2019.

19.11 The Tribunal further noted that the Respondent accepted having made all of the transactions put to her in cross examination by Mr Bullock.

19.12 The Tribunal found, on the evidence before it and the concessions made by the Respondent, that in December 2019 she (a) was under investigation by the Applicant, (b) knew that there were insufficient funds within the Client Account to meet client liabilities (because her client account had a zero balance), (c) knew that the Client Account could not be offset against the loan and (d) knew that she had to explain the shortage to the Applicant.

19.13 The Tribunal further found that against the context set out above, the Respondent made a series of deliberate activities (to borrow money from her mother, take the screenshot, return the money borrowed, before sending the screenshot to the IO (so that when she sent it to her she knew it was false) and make other payments out of the Client Account which ultimately reduced the balance to nil on 16 December 2019) to create a misleading impression of the Client Account. The Tribunal rejected the Respondent's assertions that she behaved in the manner that she did out of "panic".

That position could not be reconciled with the fact that she took the screenshot on 2 December 2019 and sent it to the Investigating Officer on 4 December 2019 by which time she had already paid out much of the money (which merely rested there for a short time) and the balance of the Client Account was less than the client liabilities.

19.14 The Tribunal was therefore satisfied that it was more likely than not that the Respondent inappropriately presented a Client Account balance to the Investigating Officer which purported to show that the Firm held sufficient client monies when in fact it did not.

Principle Breaches

19.15 On the basis of the facts found proved, the Tribunal determined that, in respect of the 2019 Principles, the Respondent' conduct (a) undermined public trust in her and in the provision of legal services contrary to Principle 2, (b) was dishonest contrary to Principle 4 and (c) lacked integrity contrary to Principle 6.

19.16 The Tribunal therefore found Allegation 2 and all of the Principle breaches alleged proved on a balance of probabilities.

20. **Allegation 2.1 - Failure to keep books of account**

The Applicant's Case

20.1 At the investigation interview on 23 January 2020, the Respondent was unable to provide the FIO with any bookkeeping or accounting information and did not subsequently provide any such information to the Applicant during the course of the investigation as she had not maintained her software licence and did not have hard-copy records.

20.2 The most recent and available Accountant's Report dated 30 September 2014 was for the period 31 July 2013 to 30 November 2013.

20.3 The Respondent confirmed in the investigation interview that she had not completed a client bank reconciliation since July 2017. The client bank reconciliation for July 2017 was not available.

20.4 Due to the lack of accounting documents, the FIO was not able to form an opinion about whether the firm could meet its liabilities to its clients. In interview the Respondent stated that she "[hadn't] been on top of books because [she] hadn't been well since 2015 on and off is a multitude of issues".

Accounts Rules Breaches

20.5 Mr Bullock submitted that the Respondent failed to keep books of accounts in breach of Rules 29.1, 29.2, 29.4, 29.11, 29.12 of the 2011 Rules and Rule 8 of the 2019 Rules. All of the Rules address the duties incumbent on solicitors in relation to client accounting systems and controls and accounting records for client accounts in particular that Firms (a) must keep accurate, contemporaneous and chronological

client ledgers, (b) records are "properly written up to show your dealings with client money received" and (c) conduct client account reconciliations every five weeks.

20.6 Mr Bullock contended therefore that the Respondent failed to comply with the Rules for the following reasons:

- The client cash account had not been written up since at least July 2017.
- The client cash account had not been reconciled to client bank account statements since at least July 2017.
- A list of all the balances shown by the client ledger accounts had not been prepared and compared on a monthly basis to the client cash account since at least July 2017.

Principle Breaches

20.7 Mr Bullock submitted that the Respondent failed to act with integrity in breach of Principle 2 of the 2011 Principles and Principle 5 of the 2019 Principles. The Respondent could not demonstrate that she could account to clients for their money. She then continued to accept client money when she knew that she was not keeping a proper account. By continuing to accept money into client account when she had not been keeping accurate and up to date records, she had put client money at risk and therefore acted without integrity.

20.8 Mr Bullock further submitted that the public was entitled to expect solicitors to keep client money safe and keep clear and accurate accounts of liabilities. By failing to keep any books of account at all, the Respondent undermined public trust in her, in solicitors and in the provision of legal services. The public would, Mr Bullock contended, be concerned to learn that a solicitor did not keep records of client monies in accordance with the Rules and Regulations surrounding this. Consequently the Respondent breached Principle 6 of the 2011 Principles and Principle 2 of the 2019 Principles.

<u>The Respondent's Position</u>

20.9 The Respondent stated that she "had the accounts on an accounting system called Osprey and [she] had a licence with them. [She] owed them two quarters fees … and they stated that they were terminating [her] licence and as [she] was shutting down Elliotts. [She] thought that [she] didn't need to use them anymore bearing in mind [she] had used them continuously since 2000 back with Footners [her previous firm]." Mr Cassini stated that the last accounting report from the accountant was 2013 but it was agreed … that the reports only need to be submitted to the Law Society if they [were] qualified and they were carried out by [her] Accountant every year and were not qualified and so were not required to be submitted".

20.10 The Respondent asserted that Osprey's "then arranged for the transfer of the information to be sent to [her] but an error occurred and they couldn't retrieve the accounts even though an engineer tried to do so. They were not transferred when said

and then the timescale lapsed and they couldn't retrieve them. Therefore when I was intervened I was unable to give accounts to Mr Cassini".

20.11 The Respondent stated that "at the time of the intervention [she] had every intention to finish the accounts the best [she] could but due to illness this never happened".

20.12 The Respondent further relied upon her background of ill health being the biggest factor as to the lack of accounts. She asserted that "because of the continuous illnesses and being bed ridden and having no time [she] was not up to date with the accounts and could not catch up. Even though [she] had every intention to catch up and close the firm correctly logistically looking back [she] did not have the time and therefore time passed and the firm was left stagnant".

20.13 When cross examined by Mr Bullock the Respondent accepted that (a) she last completed a client bank reconciliation in July 2017, (b) she failed to keep books of account since 2015, (c) she had access to "Osprey" from 2015 and (c) she had access to "Osprey" up until she decided not to renew the licence in 2018.

The Tribunal's Findings

20.14 The Tribunal noted that the Respondent did not deny, and indeed accepted, having failed to keep books of account between 2015 and March 2020. The Tribunal found that the Respondent's admission of such an egregious breach of the accounts rules could not be explained or excused by her prevarication by the various excuses she had advanced for those failures. For the avoidance of doubt, the Tribunal rejected her assertions in respect of her access to the "Osprey" software and/or the suggestion that her ill health prevented her from keeping books of account over a five year period.

20.15 The Tribunal was therefore satisfied that it was more likely than not that the Respondent failed to keep books of account as alleged.

20.16 On the basis of the facts found proved, the Tribunal determined that the Respondent:

20.16.1 *Accounts Rules Breaches*

- In respect of the 2011 Rules:
    - Failed to keep accounting records properly written up contrary to Rule 29.1.
    - Failed to appropriately record all dealing with client monies contrary to Rule 29.2.
    - Failed to appropriately record all dealings with office money relating to client matters contrary to Rule 29.4.
    - Failed to obtain statements from Lloyds (in respect of the Firm's Office and Client Account) and therefore failed to save the requisite statements in the Firm's accounting records contrary to Rule 29.11.
    - Failed to undertake Client Account reconciliations every five weeks contrary to Rule 29.12.

- The Tribunal further determined that the failures particularised above were also contrary to Rule 8 of the 2019 Rules.

20.16.2 *Principle Breaches*

- The Tribunal found that the Respondent's failures significantly undermined public trust in her and in the provision of legal services contrary to Principle 6 of the 2011 Principles and Principle 2 of the 2019 Principles.

- The Tribunal further found that the failure to keep books of account so as to ensure that there were sufficient funds in the Client Account to meet client liabilities was plainly not in the clients' best interests.

20.17 The Tribunal therefore found Allegation 2.1 and all of the Accounts/Principal breaches alleged proved on a balance of probabilities.

21. **Allegation 2.2 - Failure to have in place valid Professional Indemnity Insurance ("PII")**

The Applicant's Case

21.1 The Respondent's PII policy expired on 30 September 2019. The Respondent failed to obtain a new PII policy, despite being aware that renewal was due from the previous year. Furthermore, the Respondent failed to take any steps to close her Practice.

SRA Indemnity Insurance Rules Breaches

21.2 Mr Bullock submitted that the Respondent failed to comply with the requirements of Rules 2 and 4.1 of the SRA Indemnity Insurance Rules 2013 and Rules 4, 5.1 and 5.2 of the SRA Indemnity Insurance Rules 2019.

21.3 The Rules relied upon broadly require authorised bodies (including recognised sole practises) to (a) take out and maintain professional indemnity insurance, (b) obtain a policy of qualifying insurance prior to expiration of their policy period, (c) if unable to do so the authorised body must obtain a policy of qualifying insurance during or prior to the expiry of the Extended Indemnity Period, (d) if a firm is unable to obtain insurance, it must close promptly.

Principle Breaches

21.4 Mr Bullock submitted that the Respondent, by virtue of her conduct, had undermined public trust in her, in solicitors and in the provision of legal services in that the public (a) would be concerned to learn a solicitor had failed to obtain valid PII and (b) was entitled to expect Respondent to comply with the Rules, including prompt renewal of PII and having failed to obtain insurance, compliance with the Rules regarding the prompt closure of the firm. Mr Bullock contended that the Respondent failed to do so and therefore breached Principle 6 of the 2011 Principles and Principle 2 of the 2019 Principles.

21.5 Mr Bullock further submitted that by not obtaining valid PII the Respondent failed to protect the best interest of her clients, in that the work undertaken was not protected by insurance. Her failure to comply with the Indemnity Rules was therefore a breach of Principle 4 of the 2011 Principle and Principle 7 of the 2019 Principles.

The Respondent's Position

21.6 The Respondent confirmed that "whilst [she] felt that [she] was closing the firm in 2018, [she] had requested a quotation from [her] current insurers who were happy to provide a policy (as [she] only had one previous claim in 20 years for £3,000 for lack of licence over verderers land) but they wanted payment in full of nearly £10,000 which [she] did not have as [she] had always paid monthly. As [she] was not taking on new work [she] believed that [she] would be covered by the current insurance and would try to negotiate further with them".

The Tribunal's Findings

21.7 The Tribunal noted that the Respondent did not deny, and indeed accepted, having failed to have in place valid Professional Indemnity Insurance between 30 September 2019 and 24 March 2020.

21.8 The Tribunal rejected the Respondent's various assertions that she believed that she did not require insurance as she was not taking on new work and/or the suggestion that she was trying to negotiate the premium down from a one of payment of £10,000.00. Even if those assertions were true, it did not negate the fact that the Respondent failed to have in place the requisite insurance whilst the Firm was operating and/or winding down.

21.9 The Tribunal therefore found, on the evidence before it and the concessions made by the Respondent, that it was more likely than not that she did not hold Professional Indemnity Insurance during the relevant period as alleged.

21.10 On the basis of the facts found proved, the Tribunal determined that the Respondent:

21.10.1 *Indemnity Insurance Rules*

- Failed to take out and maintain qualifying insurance (including run off insurance) contrary to Rule 4 of the Indemnity Insurance Rules 2011 and Rule 2 of the Indemnity Insurance Rules 2019.

- Failed, in her capacity as Principal of the Firm, to take out and maintain qualifying insurance (including run off insurance) contrary to Rule 5.1 and 5.2 of the Indemnity Insurance Rules 2011 and Rule 4.1 of the Indemnity Insurance Rules 2019.

21.10.2 *Principle Breaches*

- The Tribunal found that the Respondent's failure to have in place the requisite insurance for the Firm to operate and during the closure of the Firm exposed her clients to risk which the profession had to redress, by

way of the Solicitors Compensation Fund in respect of Client LT. The Tribunal determined that her failure plainly undermined public confidence in her, as a responsible solicitor, and in the provision of legal services contrary to Principle 6 of the 2011 Principles and Principle 2 of the 2019 Principles.

- The Tribunal further found that in so doing, the Respondent failed to protect the best interests of her clients contrary to Principle 4 of the 2011 Principles and Principle 7 of the 2019 Principles.

21.11 The Tribunal therefore found Allegation 2.2 and all of the Indemnity Insurance/Principal breaches alleged proved on a balance of probabilities.

22. **Dishonesty**

22.1 Mr Bullock submitted that the Respondents actions in Allegations 1.1, 1.2 and 2 were dishonest and relied upon the test for dishonesty promulgated by the Supreme Court in Ivey v Genting Casinos [2017] UKSC 67, namely:

> "§74 When dishonesty is in question the fact-finding tribunal must first ascertain (subjectively) the actual state of the individual's knowledge or belief as to the facts. The reasonableness or otherwise of his belief is a matter of evidence (often in practice determinative) going to whether he held the belief, but it is not an additional requirement that his belief must be reasonable; the question is whether it is genuinely held. When once his actual state of mind as to knowledge or belief as to facts is established, the question whether his conduct was honest or dishonest is to be determined by the fact-finder by applying the (objective) standards of ordinary decent people. There is no requirement that the defendant must appreciate that what he has done is, by those standards, dishonest."

22.2 Mr Bullock reminded the Tribunal that the Respondent used client money for personal gain which caused a shortage on client account, including when she knew that payment was due to HMRC in relation to SDLT. The Respondent further sought to mislead an Investigation Officer in the course of investigation in respect of the screenshot balance of the Client Account dated 2 December 2019.

22.3 Mr Bullock contended that, at all material times, the Respondent knew that her actions were dishonest in that she:

- Was an experienced solicitor who knew money in client account was client money and was not to be used for car debt payments or to boost a salary.

- Was well aware of the outstanding SDLT liabilities due to HMRC in relation to Client LT but chose of her own volition to pay a personal debt with those funds rather than discharge Client LT's liability.

- From 10 August 2018 was aware of her duty to make payments to HMRC in relation to payments she had received. Instead of discharging those duties she

chose of her own volition to continue to transfer monies out of Client Account for her personal benefit and in flagrant disregard of the Accounts Rules.

- Actively took steps to transfer funds to the Client Account so the balance would cover the outstanding liabilities being investigated by the Applicant.

- Elected to transfer funds to Client Account for the purposes of misleading the IO demonstrably shown by the steps taken to transfer the funds back shortly thereafter.

22.4 Mr Bullock therefore submitted that, given all the attendant factors, the Respondent's conduct was dishonest by the standards of ordinary decent people in accordance with the Ivey test.

The Respondent's Position

22.5 The Respondent denied that her conduct in respect of Allegation 1.1 (improper withdrawals from the Client Account) and Allegation 1.2 (failure to pay SDLT) was dishonest. She broadly asserted that "she panicked and wanted to buy some time to resolve the issue".

22.6 The Respondent predominantly advanced ill health, the breakdown of her long term relationship and unsupportive working conditions while employed by another firm to explain her state of mind at the material time. She set out the background to her professional career and personal circumstances in that regard:

- She was a partner of Footners in 2000 and then opened her office in Southampton.

- She had a medical condition which she did not take too seriously due to her age, she was 25 years old at that time.

- She suffered a close family bereavement.

- She was not looking after herself very well.

- She became a sole practitioner in 2007 a week after she gave birth to her first child.

- In 2015 she became very ill, took a lot of time off work to recover and started to get behind with her "accounting".

- Since then she experienced continued issues with her health "which … deterred [her] further".

- In 2018 she was diagnosed with a health condition that left her in considerable paid and bedridden for around 8 months.

- Consequently, she "attended the office less …but [she] had missed so much time in the office it was around the 3rd/4th quarter of 2018 that [she] decided that [she]

would probably close Elliotts as [her] work load had diminished immensely and [she] could no longer catch up with the accounts and due to [her] illnesses [she] felt that [she] was able to maintain the running of the business. It was at that time [she] decided to stop taking on new work and to finalise everything, clear all monies in the account and account to everyone and check all files were closed and inform everyone".

- In February 2019 she went to work for Eric Robinsons as a senior conveyancing solicitor and headed up their Winchester branch.

- She then suffered from a further deterioration on health but was "not allowed to maintain my [medical] appointments as Eric Robinsons would not allow and gave [her] no assistance so [she] became very busy (also inheriting most of the work of their Basingstoke office which they closed) together with [her] own caseload without a secretary or assistant and [she] had to do everything from opening files and photocopying etc."

- The Respondent stated that she "was unable to take leave as [she] had no cover and [she] missed all appointments. In the end this made [her] very ill again as [she] was working silly hours which [she] couldn't sustain and had repeatedly asked for help but due to Eric Robinsons financial situation they did not listen and then [she] started to come into work late having changed [her] working hours once to 9.30 and this then affected [her] mental state".

- The Respondent further stated that "around Christmas of 2018 [her] relationship with [her] children's father also broke down and by the end of November [she] had not been able to clear up the Elliotts clients or close the firm down as [she] had been struggling to maintain [her] position as Eric Robinsons until they dismissed [her] in November due to time keeping as [she] was utterly exhausted having worked 9.30 until 8 most nights and then on the laptop at home and most weekends".

22.7 The Respondent submitted that from early 2020 she suffered further health setbacks and that "with [her] health problems still ongoing, the breakdown of [her] 15 years relationship … the closure of Elliotts and everything still left to do with that and the terrible working conditions of Eric Robinsons and trying to look after [her] children on [her] own" she was not in a good place mentally or emotionally".

22.8 The Respondent submitted that she had "given Mr Cassini in depth medical notes but he [had] not attached [them] to his report which [was] a vital part of [her] defence. [She had] also been trying to get further medical notes up to date but due to COVID … had great difficulties in seeing my doctor or getting anything from them."

22.9 The Respondent further stated that in "20 years of having a practice [she] had not taken money from the accounts that wasn't due to [her] and until [she] became very ill [she] had ran a pretty smooth practice with very little complaints and as [she] said just one small claim in all those years. It was due to [her] illnesses and lack of time and not being able to attend [her] offices to clear up the last final matters that this has arisen but still believe that whilst there is a deficit [she] had not taken money that wasn't due to [her] and that [she] knows that there was money due and owing to the

firm when it closed from previous clients which would more than account for the deficit. [She] truly [understood] that [her] position [was] not good and [she was] disappointed that it has come to this but there was no dishonesty at any time and [she] tried to do what [she] thought was best at the time. As [she has] stated [she had] not taken money not due to [her] in 20 years and [her] circumstances as they were at the time was a huge factor as to the current situation".

The Tribunal's Findings

22.10 The Tribunal applied the Ivey test to each allegation in turn.

22.11 *Allegation 1.1 - (Improper withdrawals)*

22.11.1 The Tribunal considered the Respondent's state of mind at the material time. In so doing it determined that the sacrosanct nature of the Client Account was a fundamental tenet of the profession and one which is known to all solicitors upon admission to the Roll. The Respondent qualified in 2000, at the material time she held between 17 and 20 years post qualification experience, was a sole practitioner, ran her own Firm and held all managerial positions therein. The Tribunal found it inconceivable that she was not familiar with and was not aware of the accounts rules regarding withdrawals from the Client Account. The Tribunal therefore determined that the Respondent knew the rules applicable to the Client Account but made a conscious decision to make the withdrawals that she did in any event.

22.11.2 Against that context the Tribunal proceeded to assess whether "ordinary decent people" would consider the withdrawals she made to have been dishonest. There were repeated withdrawals over a three year period. The references given to those withdrawals by the Respondent ("RANGE ROVER, SALARY, CAR etc") made plain that there was no underlying legal transaction and that they were not related to the client file. Given the rejection of the Respondent's evidence that some of the withdrawals related to "round sum costs" owed by the client and absent any Bills of Costs, invoices or ledgers in that regard, the Tribunal considered there to have been no underlying legal transaction in that regard. Further, the pretext she had put forward – that she was "protecting" client account from the bank – while not credible in any event was belied by the fact that when that asserted threat from the bank was withdrawn in September retained that money in her personal account, mixed with her own money, for months.

22.11.3 The Tribunal therefore concluded that using client monies from 2017 until 2020 in order to meet personal financial obligations was dishonest by the standards of "ordinary decent people".

22.11.4 The Tribunal therefore found dishonesty proved on a balance of probabilities in relation to Allegation 1.1

22.12 *Allegation 1.2 - (Failure to pay Stamp Duty)*

22.12.1 The Tribunal considered the Respondent's state of mind at the material time. In so doing found the level of the experience of the Respondent and the fact that she ran her own Firm as sole solicitor conducting "Probate. Wills and Conveyancing" to have been highly significant. The Respondent must have been, and the Tribunal found that she was, well aware of the duty incumbent on her to pay Stamp Duty on behalf of clients to HMRC within 30 days of completion. The Respondent could not have been in any doubt as to when completion had been effected due to the large deposit that would have been made into the Client Account to fund the purchases.

22.12.2 Against that context the Tribunal proceeded to assess whether "ordinary decent people" would consider the Respondent's failures to pay Stamp Duty on behalf of Clients FW and LT and choosing to use their monies to meet personal financial obligations as dishonest. The Tribunal had no difficulty in so finding particularly in the case of Client LT in which the Respondent returned excess funds to the client, wrongly describing them as a "refund", but still failed to pay the reduced Stamp Duty liability to HMRC.

22.12.3 The Tribunal therefore found dishonesty proved on a balance of probabilities in relation to Allegation 1.2.

22.13 *Allegation 2 - (Misleading screenshot)*

22.13.1 The Tribunal considered the Respondent's state of mind at the material time. In so doing it considered the actions undertaken by her. In short, she was well aware that the Applicant was scrutinising the Client Account and endeavouring to assess whether there were sufficient funds contained therein to meet client liabilities. The Respondent knew that there was not hence the "loan" from her mother which was ultimately deposited into the Client Account to inflate the balance. That "loan" was almost immediately transferred back out of the Client Account once the Respondent had taken the screenshot of the inflated balance. The Respondent then proceeded to make further withdrawals from the Client Account such that, by the time she sent the screenshot to the Investigating Officer two days later it did not reflect the true position, which she knew, having herself paid the money out of client account before sending it to the IO.

22.13.2 Against that context the Tribunal proceeded to assess whether "ordinary decent people" would consider the Respondent's conduct to have been dishonest. The Tribunal considered that her conduct was intentional, predicated on an (admitted) intention to create a false impression, was calculated, repeated and not borne out of panic. The Tribunal had no difficulty in finding her conduct would be considered dishonest by "ordinary decent people".

22.13.3 The Tribunal therefore found dishonesty proved on a balance of probabilities in relation to Allegation 2.

23. **Recklessness**

23.1 Mr Bullock submitted in the alternative that the Respondents conduct with regards to Allegations 1.1 and 1.2 were reckless and relied upon the test promulgated in Brett v SRA [2014] EWHC 1974, namely:

> " §78 …with respect to (i) a circumstance when he is aware of a risk that it exists or will exist and (ii) a result when he is aware that a risk will occur and it is, in circumstances known to him, unreasonable for him to take the risk…"

23.2 Mr Bullock contended that, at all material times, the Respondent's conduct was reckless in that she:

- Mixed her personal monies with client monies to such an extent that the FIO could not identify whether client liabilities could be met.
- Continued to make transfers out of Client Account in circumstances where she was aware that the Firm had outstanding liabilities to HMRC and therefore risked the Firm having insufficient funds to meet these liabilities.
- Failed to discharge her client/s liability to HMRC in a timely manner and therefore exposed her clients to the risk of penalties.

23.3 Mr Bullock further contended that a result of the known risks taken by the Respondent:

- There was a shortage on client account.
- The Firm was unable to discharge its liabilities to HMRC.
- Clients of the Firm were detrimentally impacted in that funds paid to the Firm on their behalf following the sale of property was not been used for its intended purpose, namely to discharge SDLT liabilities to HMRC.
- Client LT was required to make a claim to the Solicitors Compensation Fund in order to recover outstanding funds owed to him at a cost to the profession at large.

23.4 Mr Bullock therefore submitted that, given all attendant factors the Respondent's conduct, if not dishonest, was reckless in accordance with the Brett test.

The Respondent's Position

23.5 The Respondent denied that her conduct in respect of Allegation 1.1 and Allegation 1.2 and Allegation 2 was reckless for all of the reasons advanced in respect of dishonesty set out above.

The Tribunal's Findings

23.6 Having determined that the Respondent's conduct in relation to Allegation 1.1, 1.2 and 2 was dishonest, the Tribunal was not required to consider recklessness.

Previous Disciplinary Matters

24. None.

Mitigation

25. None.

Sanction

26. The Tribunal referred to its Guidance Note on Sanctions (Eighth Edition) when considering sanction.

27. When assessing culpability, the Tribunal found that the Respondent had direct control of and responsibility for her misconduct. She was significantly experienced at the material time and, by virtue of the misleading screenshot, deliberately sought to mislead the Applicant. The Tribunal therefore determined that her culpability was extremely high.

28. When assessing harm, the Tribunal found that the Respondent had caused direct harm to her clients (particularly Client LT), direct harm to the reputation of the profession (in light of her flagrant disregard for the sacrosanct nature of the Client Account and dishonest engagement with the Applicant) and indirect harm to public (in that she was a solicitor of significant standing who had repeatedly acted dishonesty over a protracted period of time). The harm caused was intended and must have been foreseen by the Respondent. The Tribunal considered the Respondent's departure from the standards expected of her to have been grave and of the utmost seriousness.

29. The Tribunal found a number of aggravating features to the Respondent's misconduct namely (a) dishonesty on numerous occasions, (b) deliberate, calculated and repeated misconduct over a protracted period of time, (c) she sought to conceal her wrongdoing, (d) the detrimental financial impact on clients, (e) the excuses advanced by the Respondent, which was unsupported by any evidence in circumstances where sole responsibility lay with her, (f) the Respondent knew/ought reasonably to have known that she was conducting herself in a manner that materially breached her obligation to protect the public and the reputation of the legal profession and (g) the total lack of insight and/or remorse into her own failings.

30. The Tribunal did not find any mitigating features to the Respondent's misconduct.

31. The Tribunal therefore assessed the seriousness of the Respondent's misconduct at the highest level. Given that assessment and in light of the three findings of deliberate, repeated and calculated dishonesty between September 2017 and March 2020, the Tribunal determined that the public interest would not be served by the imposition of No Order, Reprimand, Fine or Suspension. The seriousness of the misconduct found

was such that the protection of the public and the reputation of the legal profession required the Respondent's name to be Stuck Off the Roll of Solicitors.

Costs

The Applicant's Application

32. Mr Bullock applied for costs in the sum of £16,968.20 as particularised in the Applicant's Schedule of Costs dated 24 September 2021. However, he acknowledged that a reduction to that figure would be fair to the Respondent in light of the fact that the last day of the hearing concluded in far less than the full day allocated.

The Respondent's Position

33. The Respondent failed to file at the Tribunal or serve on the Applicant a Personal Statement of Financial Means.

The Tribunal's Decision

34. The Tribunal considered the costs claimed to be reasonable and proportionate to the case but reduced the same to reflect the time it took on the resuming day to conclude proceedings. The Tribunal therefore determined that costs in the sum of £16,500.00 was due to the Applicant.

Statement of Full Order

35. The Tribunal Ordered that the Respondent, Rebecca Elliott, solicitor, be STRUCK OFF the Roll of Solicitors and it further Ordered that she do pay the costs of and incidental to this application and enquiry fixed in the sum of £16,500.00.

Dated this 27th day of October 2021
On behalf of the Tribunal

D Green
Chair

APPENDIX 1

Solicitors Accounts Rules 2011

Rule 7: Duty to remedy breaches

Rule 7.1 Any breach of the rules must be remedied promptly upon discovery. This includes the replacement of any money improperly withheld or withdrawn from a client account.

Rule 17 Receipt and transfer of costs

Rule 17.1 When you receive money paid in full or part settlement of your bill (or other notification of costs) you must follow one of the following five options:

(a) determine the composition of the payment without delay, and deal with the money accordingly:

(i) if the sum comprises office money and/or out-of scope money only, it must be placed in an office account;

(ii) if the sum comprises only client money, the entire sum must be placed in a client account; (

(iii) if the sum includes both office money and client money, or client money and out-of-scope money, or client money, out-of-scope money and office money, you must follow rule 18 (receipt of mixed payments); or

(b) as certain that the payment comprises only office money and/or out-of-scope money, and/or client money in the form of professional disbursements incurred but not yet paid, and deal with the payment as follows:

(i) place the entire sum in an office account at a bank or building society branch (or head office) in England and Wales; and

(ii) by the end of the second working day following receipt, either pay any unpaid professional disbursement, or transfer a sum for its settlement to a client account; or

(c) pay the entire sum into a client account (regardless of its composition), and transfer any office money and/or out-of-scope money out of the client account within 14 days of receipt; or

(d) on receipt of costs from the Legal Aid Agency, follow the option in rule 19.1(b); or

(e) in relation to a cheque paid into a client account under rule 14.2(e), transfer the costs element out of the client account within 14 days of receipt.

Rule 17.2 If you properly require payment of your fees from money held for a client or trust in a client account, you must first give or send a bill of costs, or other written notification of the costs incurred, to the client or the paying party.

Rule 17.3 Once you have complied with rule 17.2 above, the money earmarked for costs becomes office money and must be transferred out of the client account within 14 days.

Rule 17.4 A payment on account of costs generally in respect of those activities for which the practice is regulated by the SRA is client money, and must be held in a client account until you have complied with rule 17.2 above.

Rule 17.5 A payment for an agreed fee must be paid into an office account. An "agreed fee" is one that is fixed - not a fee that can be varied upwards, nor a fee that is dependent on the transaction being completed. An agreed fee must be evidenced in writing.

Rule 17.6 You will not be in breach of rule 17 as a result of a misdirected electronic payment or other direct transfer from a client or paying third party, provided:

(a) appropriate systems are in place to ensure compliance;

(b) appropriate instructions were given to the client or paying third party;

(c) the client's or paying third party's mistake is remedied promptly upon discovery; and

(d) appropriate steps are taken to avoid future errors by the client or paying third party.

Rule 17.7 Costs transferred out of a client account in accordance with rule 17.2 and 17.3 must be specific sums relating to the bill or other written notification of costs, and covered by the amount held for the particular client or trust. Round sum withdrawals on account of costs are a breach of the rules.

Rule 17.8 In the case of a trust of which the only trustee(s) are within the firm, the paying party will be the trustee(s) themselves. You must keep the original bill or notification of costs on the file, in addition to complying with rule 29.15 (central record or file of copy bills, etc.)

Rule 17.9 Undrawn costs must not remain in a client account as a "cushion" against any future errors which could result in a shortage on that account, and cannot be regarded as available to set off against any general shortage on client account.

Rule 20 Withdrawals from a client account

Rule 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.

Rule 29 Accounting records for client accounts, etc.

Accounting records which must be kept

Rule 29.1 You must at all times keep accounting records properly written up to show your dealings with:

(a) client money received, held or paid by you; including client money held outside a client account under rule 15.1(a) or rule 16.1(d); and

(b) any office money relating to any client or trust matter.

Rule 29.2 All dealings with client money must be appropriately recorded:

(a) in a client cash account or in a record of sums transferred from one client ledger account to another; and

(b) on the client side of a separate client ledger account for each client (or other person, or trust). No other entries may be made in these records.

Rule 29.4 All dealings with office money relating to any client matter, or to any trust matter, must be appropriately recorded in an office cash account and on the office side of the appropriate client ledger account.

Rule 29.11 Statements from banks, building societies and other financial institutions 29.11 You must, at least every 5 weeks:

(a) obtain hard copy statements (or duplicate statements permitted in lieu of the originals by rule 9.3 or 9.4 from banks, building societies or other financial institutions, or

(b) obtain and save in the firm's accounting records, in a format which cannot be altered, an electronic version of the bank's, building society's or other financial institution's on-line record, in respect of:

(i) any general client account or separate designated client account;

(ii) any joint account held under rule 9;

(iii) any account which is not a client account but in which you hold client money under rule 15.1(a) or rule 16.1(d); and

(iv) any office account maintained in relation to the firm; and each statement or electronic version must begin at the end of the previous statement.

This provision does not apply in respect of passbook-operated accounts, nor in respect of the office accounts of an MDP operated solely for activities not subject to SRA regulation.

Reconciliations

Rule 29.12 You must, at least once every five weeks:

(a) compare the balance on the client cash account(s) with the balances shown on the statements and passbooks (after allowing for all unpresented items) of all general client accounts and separate designated client accounts, and

of any account which is not a client account but in which you hold client money under rule 15.1(a) or rule 16.1(d), and any client money held by you in cash; and

(b) as at the same date prepare a listing of all the balances shown by the client ledger accounts of the liabilities to clients (and other persons, and trusts) and compare the total of those balances with the balance on the client cash account; and also

(c) prepare a reconciliation statement; this statement must show the cause of the difference, if any, shown by each of the above comparisons.

Solicitors Accounts Rules 2019

Rule 5 Withdrawals from client account

Rule 5.1 You only withdraw client money from a client account:

(a) for the purpose for which it is being held;

(b) following receipt of instructions from the client, or the third party for whom the money is held; or

(c) on the SRA's prior written authorisation or in prescribed circumstances.

Rule 6 Duty to correct breaches upon discovery

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:

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

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

(ii) 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;

b) 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

c) provide a cash book showing a running total of all transactions through client accounts held or operated by you.

Rule 8.2 You obtain, at least every five weeks, statements from banks, building societies and other financial institutions for all client accounts and business 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.

Rule 8.4 You keep readily accessible a central record of all bills or other written notifications of costs given by you.

SRA Principles 2011

Principle 2 You must act with integrity.

Principle 4 You must act in the best interests of each client.

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

Principle 10 You must protect client money and assets.

SRA Principles 2019

Principle 2 You act in a way that upholds public trust and confidence in the solicitors' profession and in legal services provided by authorised persons.

Principle 4 You act with honesty.

Principle 5 You act with integrity.

Principle 7 You act in the best interests of each client.

Code of Conduct for Solicitors 2019

Rule 4.2 You safeguard money and assets entrusted to you by clients and others.

SRA Indemnity Rules 2013

Rule 4 Obligation to effect insurance.

Rule 4.1 All firms carrying on a practice during any indemnity period beginning on or after 1 October 2013 must take out and maintain qualifying insurance under these Rules.

Rule 4.2 A firm must in respect of its obligation to effect and maintain qualifying insurance:

(a) obtain a policy of qualifying insurance prior to the expiry of the policy period that provides cover incepting on and with effect from the expiry of the policy period;

(b) if the firm has been unable to obtain a policy of qualifying insurance prior to the expiry of the policy period in accordance with Rule 4.2(a), obtain a policy of qualifying insurance during or prior to the expiry of the extended indemnity period that provides cover incepting on and with effect from the expiry of the policy period; and

(c) if the firm has been unable to obtain a policy of qualifying insurance prior to the expiry of the extended indemnity period in accordance with Rule 4.2(b), cease practice promptly, and by no later than the expiration of the cessation period, unless the firm obtains a policy of qualifying insurance during or prior to the expiry of the cessation period that provides cover incepting on and with effect from the expiry of the policy period and covers all activities in connection with private legal practice carried out by the firm including, without limitation, any carried out in breach of Rule 5.2.

Rule 4.3 A solicitor or REL is not required to take out and maintain qualifying insurance under these Rules in respect of work done as an employee or whilst otherwise directly engaged in the practice of another firm (including without limitation as an appointed person), where that firm is required by these Rules to take out and maintain qualifying insurance.

Rule 5 Responsibility

Rule 5.1 Each firm carrying on a practice on or after 1 October 2013, and any person who is a principal of such a firm, must ensure that the firm takes out and maintains qualifying insurance at all times.

Rule 5.2 Each firm that has been unable to obtain a policy of qualifying insurance prior to the expiration of the extended indemnity period, and any person who is a principal of such a firm, must ensure that the firm, and each principal or employee of such firm, undertakes no activities in connection with private legal practice and accepts no instructions in respect of any such activities during the cessation period save to the extent that the activity in connection with private legal practice is undertaken to discharge its obligations within the scope of the firm's existing instructions or is necessary in connection with the discharge of such obligations.

SRA Indemnity Insurance Rules 2019

Rule 2 Obligation to effect insurance

Rule 2.1 An authorised body carrying on a practice during any indemnity period beginning on or after 25 November 2019 must take out and maintain qualifying insurance under these rules with a participating insurer.

Rule 2.2 In respect of its obligation under rule 2.1, an authorised body must obtain a policy of qualifying insurance prior to the expiry of the policy period, that provides cover incepting on and with effect from the expiry of the policy period.

Rule 2.3 If the authorised body has been unable to comply with rule 2.2, the authorised body must obtain a policy of qualifying insurance during or prior to the expiry of the extended policy period that provides cover incepting on and with effect from the expiry of the policy period.

Rule 2.4 If the authorised body has been unable to comply with either rule 2.2 or rule 2.3, the authorised body must cease practice promptly, and by no later than the expiry of the cessation period, unless the authorised body obtains a policy of qualifying insurance during or prior to the expiry of the cessation period that provides cover incepting on and with effect from the expiry of the policy period and covers all activities in connection with private legal practice carried out by the authorised body including, without limitation, any carried out in breach of rule 4.2.

Rule 4 Responsibility

Rule 4.1 Each authorised body, and any principal of such a body, must ensure that the authorised body complies with these rules.