SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974 Case No. 12594 -2024

BETWEEN:

SOLICITORS REGULATION AUTHORITY Applicant

and

CRAIG COOPER First Respondent

ERICH KURTZ Second Respondent

Before:

Mrs L Boyce (Chair)
Mr J Johnston
Mr P Hurley

Date of Hearing: 4 - 7 November 2024

Appearances

Peter Melleney, Counsel employed by Capsticks Solicitors LLP, Wellington House, 60-68 Wimbledon Hill Road, London, SW19 7PA, for the Applicant

Geoffrey Willams KC, Counsel, Farrar's Building, Temple, London, EC4Y 7BD, for the Respondent

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JUDGMENT

Allegations

The allegations against the Respondents, Craig Cooper ("the First Respondent") and Erich Kurtz ("the Second Respondent"), were that, while in practice as solicitors and as Managers and Owners of Barings Ltd (SRA ID: 522572) ("the Firm"):

1. Between around 1 April 2018 and 30 November 2018, in relation to the making of claims relating to the mis-selling of personal loans, they;

    1.1. Made misleading statements to clients and/or potential clients and, in doing so, breached all or any of Principles 2, 4 and 6 of the SRA Principles 2011;

    1.2. Failed to obtain clients' informed consent to submit complaints and/or claims on their behalf and, in doing so, breached all or any of Principles 2, 4 and 6 of the SRA Principles 2011

2. Between around 1 April 2018 and 30 November 2018, in relation to the making of claims relating to the mis-selling of personal loans, they failed properly to assess the merits of their clients' claims and/or complaints and, in doing so, breached all or any of Principles 4 and 6 of the SRA Principles 2011.

3. The allegation against the First Respondent only is that, between around 22 August 2018 and 3 September 2018, while in practice as a solicitor and as Manager and Owner of Barings Ltd (SRA ID 522572 with ("the Firm"), he received payment of £230,500 into the Firm's client account without having carried out adequate Client Due Diligence and, in doing so:

    3.1. Breached Regulations 27, 28, and 33 of the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("the MLRs 2017");

    3.2. Failed to comply with Outcome 7.5 of the SRA Code of Conduct 2011;

    3.3. Breached any or all of Principles 6, 7 and 8 of the SRA Principles 2011.

Executive Summary.

4. An SRA investigation into the conduct of the First and Second Respondent commenced in October 2018 following complaints in relation to the handling by the firm of high-cost short term credit ("Pay Day Loan") claims.

5. The conclusions of the SRA investigation were that the First and Second Respondent had made misleading statements to clients during the Firms onboarding process and they also failed to obtain clients informed consent to submit complaints and claims on their behalf. They furthermore failed properly to assess the merits of their clients' claims and complaints.

6. It was identified separately that the Firm had received five payments, totalling £230,500.00 into its client bank account in relation to property purchases on behalf of clients based outside of the jurisdiction.

7. This brought about an allegation (against the First Respondent only) that the Firm had failed to conduct any or adequate Client Due Diligence as required by the MLRs 2017 in relation to the proposed purchases on behalf of those international clients.

8. In respect of Allegations 1 and 2 against the First and Second Respondent the Tribunal found these allegations not proved against either of the Respondents.

9. In respect of Allegation 3 against the First Respondent only the Tribunal found this allegation not proved.

Sanction

10. The Tribunal found no allegations proved against either Respondent and therefore imposed no sanction in respect of either the First or Second Respondent.

Documents

11. The Tribunal reviewed all the documents submitted by the parties, which included:

Applicant

- Application and Rule 12 Statement with exhibit "HVL1" dated 24 April 2024
- Updated Schedule of Costs dated 1 November 2024

Respondents

- Answer to the Rule 12 Statement on behalf of the First and Second Respondent dated 13 June 2024
- Witness Statement of First Respondent dated 24 September 2024
- Witness Statement of Second Respondent dated 25 September 2024
- Respondents' Schedule of Costs dated 2 November 2024

Professional Details

12. The First Respondent was admitted as a solicitor on 15 June 2009 and has practised at the firm since 1 April 2010. Further, he has been a Director of the Firm since 21 February 2011 and the Compliance Officer for Legal Practice ("COLP") and Compliance Officer for Finance and Administration ("COFA") at the Firm since 18 December 2013.

13. The Second Respondent was admitted as a solicitor on 1 February 2016 and from 9 September 2013 to 1 July 2020, he practised at the Firm. He was an owner and manager of the Firm from 10 July 2017 to 1 July 2020.

Background

14. Between April 2018 and February 2019, the SRA received a total of 15 complaints from lenders, law firms and one from the Consumer Finance Association in relation to the handling by the firm of Pay Day Loan claims. An SRA investigation commenced in October 2018.

15. During the period from 17 July 2018 to 27 September 2018, the firm took on up to 4,191 Pay Day Loan clients and issued up to 18,475 letters of complaint and letters of claim to the corresponding lenders. The clients were taken on using an automated on-boarding process through one of two websites set up by the firm, "Pure Claims" and "Your Claims." The Firm had also developed an automated process for client identification and verification using a third-party credit referencing agency, namely Call Credit.

16. The conclusions of the SRA investigation were that the First and Second Respondent made misleading statements to clients in the course of the onboarding process and that they failed to obtain clients informed consent to submit complaints and claims on their behalf. They furthermore failed properly to assess the merits of their clients' claims and complaints.

17. During the SRA investigation, it was also identified separately that the Firm had received five payments, totalling £230,500.00, into its client bank account in relation to property purchases on behalf of clients based outside the jurisdiction.

18. The Firm had been introduced via a German intermediary to two international clients, one from Singapore and the other from Pakistan, regarding the purchase of two properties in the north of England. The sale prices were £3.5 million and £2.5 million, respectively. The attendance note on the Firm's file stated that the Firm was to seek out the properties. No investment advice was needed. The Firm would "simply provide option to purchase." The fees would be a fixed percentage of value and costs of 50% would be paid on account.

19. The SRA determined that in the circumstances presented the Firm had failed to conduct any or adequate Client Due Diligence as required by the MLRs 2017 in relation to the proposed purchases on behalf of those international clients.

Witnesses

20. The following witnesses provided statements and gave oral evidence:

- Mr Cooper – First Respondent
- Mr Kurtz - Second Respondent
- Oliver Baker, Forensic Investigation Officer ("the FIO") employed by the SRA between November 2011 – December 2021
- Louise Corley, Policy and Communication Manager at the Financial Ombudsman

- Micheal Hawthorne – Partner, Pinsent Mason LLP

- Fiona Gillett - Partner, Stewarts Law LLP

21. The written and oral evidence of the 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 and made notes of the oral evidence. 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.

Findings of Fact and Law

22. 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 their private and family life under Articles 6 and 8 of the European Convention for the Protection of Human Rights and Fundamental Freedoms.

Allegations against the First and Second Respondents

23. **Allegation 1 - Between around 1 April 2018 and 30 November 2018, in relation to the making of claims relating to the mis-selling of personal loans, they;**

1.1. Made misleading statements to clients and/or potential clients and, in doing so, breached all or any of Principles 2, 4 and 6 of the SRA Principles 2011;

1.2. Failed to obtain clients' informed consent to submit complaints and/or claims on their behalf and, in doing so, breached all or any of Principles 2, 4 and 6 of the SRA Principles 2011

The Applicant's Case

23.1 Mr Melleney referenced the numerous complaints received from lenders, law firms and the Consumer Finance Association in relation to the handling by the Firm of Pay Day Loan claims that had brought about the SRA investigation. These were related to the Firm having taken on 4,191 Pay Day Loan clients and issued up to 18,475 letters of complaint and letters of claim to the corresponding lenders during the period from 17 July 2018 to 27 September 2018.

23.2 The onboarding of these clients through the automated processes established by the Firm contained what were, in Mr Melleney's submission, misleading statements. The Pure Claims website contained, amongst others, the following statements: -

- Instant Claim Validation

- No paperwork
- Our clients receive over £1800 compensation; and
- Find out if you are due a refund in seconds. No paperwork needed.

23.3 These statements were misleading for the following reasons:

- It could take up to three days before claims could be "validated." This would only happen after the client had gone through the two websites and the three-stage process outlined in paragraphs 23.4 - 23.15 below;
- The ordinary meaning of "validate" is "check or prove the truth." The Firm did not validate claims as it did not instantly properly check or prove the merits.
- The claims process involved a number of documents, some of which contained detailed provisions.
- The Respondents have admitted that not every client received over £1,800 in compensation. They stated that this was an estimated average based on figures from the Financial Ombudsman Service and the settlement of one claim by the Firm for £1,572.23. There is no evidence to justify claiming even an average of £1,800 for the firm's clients. The Firm received 269 payments totalling £119,128 (i.e. a mean of £443). The Firm's clients received just over half of that after deduction of the Firm's costs. This is therefore about a sixth of the claimed average.

23.4 In relation to the process for clients navigating the "Pure Claims" website the prospective client selected a lender from a list which directed them on the website to several questions. Having answered these questions, clients could click on the "start my claim" button. This took the client to a webpage which stated:

- Great News. Based on your answers provided we believe you have a claim.
- Our clients receive over £1,800 compensation
- Find out if you are due a refund in seconds.
- No paperwork needed!

23.5 The statement "we believe you have a claim" was misleading. Nobody had carried out any analysis of the claim at that stage. Regardless of the answers given to the questions, the webpage always gave the same message. This was admitted by the First and Second Respondents during an interview with the FIO on 12 September 2019.

23.6 Having completed the questions on the Pure Claims Website, and been told they had a claim, clients were then invited to click on a link "Start My Claim" which directed them to the "Your Claims" website.

23.7 Alternatively, some clients landed directly on the Your Claims website from a social media advertisement. These latter clients did not first pass through the Pure Claims website.

23.8 In relation to the process for clients navigating the "Your Claims", this website, according to the Respondents, fulfilled three primary functions:

- Stage 1 - Identification and Verification.
- Stage 2 – Information gathering. To obtain additional information to assist in the making of the claim.
- Stage 3 - Merit analysis.

23.9 At stage 1 the client had to provide their name, date of birth and address. They were then required to agree to:

- The Firm's Terms;
- The Firm's Privacy Policy;
- Call Credit Limited performing an identity check; and
- The Firm accessing their credit file through Call Credit Ltd.

23.10 Clients did not have to confirm that they had read and/or reviewed the Firm's Terms and Privacy Policy before confirming that they accepted them. Once the client had ticked the boxes on the webpage providing the required consents, Call Credit Ltd, a third-party credit reference agency used by the Firm, carried out an identification verification check

23.11 The Firm's contract with Call Credit Ltd started on 30 April 2018. It was suspended by Call Credit on 7 September 2018 and terminated by them on 13 September 2018.

23.12 At stage 2, the client selected the lender they wished to claim against from a dropdown list. They had to identify the total number of loans and the amount typically borrowed. They then selected from several "financial difficulty" statements, to confirm if they had taken out the loan before 2016 and if they were still in arrears.

23.13 The client then clicked on a link "Start My Claim". This moved the client on to stage 3. This involved Call Credit examining the client's credit file. The Respondents did not retain the reports produced by Call Credit. However, the analysis, according to the Respondents, checked for several "lender specific triggers" or criteria which, if any were present, would trigger a claim against the lender.

23.14 Once the client passed through this process:

- The Firm sent a client care letter to the client;
- The Firm sent a letter of claim to the lender;

- The Firm sent a letter of complaint to the lender [HVL1, pp396-399];
- The Firm opened a client file on the firm's case management system;
- An SMS message was sent to the client to confirm that the claim was being processed.

23.15 At the point when the Firm sent the letters of claim and complaint to the lender, the client had not provided instructions as to which route they wished to follow. The client care letter indicated that the client had two options; to take the case to the Financial Ombudsman Service (for which the client did not need a solicitor) or to take the case to court and stated: We will contact you shortly by SMS text to determine your choice. Text back "FOS" or "COURT" so that we can proceed with your case.

- The client also received a "Client Care Pack" by email containing the following:
- Terms and conditions;
- A Conditional Fee Agreement;
- After The Event Insurance Advice and Terms
- Letter(s) of Authority

23.16 The First and Second Respondents confirmed that the Firm received a total of 6,206 clients through the Your Claims website. It accepted 4,191 and rejected 2,015 for failing either Stage 1 or Stage 3 of the process. The Firm received 269 payments totalling £119,128.08 and it paid £62,906.87 to clients.

23.17 Between 28 February 2020 and 9 March 2020, the SRA contacted 101 clients referred to the Financial Ombudsman Service by the First and Second Respondent. 6 clients responded, 2 of them denied having instructed the Firm to make a claim on their behalf. One such client was **Client A** who provided a witness statement dated 17 July 2023 which confirmed that the Firm commenced legal proceedings on his behalf against a lender, Sunny Loans, without his knowledge or consent.

23.18 The Applicant relied on the evidence of Emma Turner, Customer Support at Western Circle Ltd, trading as Cash Float ("Western Circle") and her witness statement dated 27 July 2023. Western Circle received a claim from the Firm purportedly on behalf of one of their customers, **Client B**, on 17 August 2018. Western Circle contacted **Client B** who confirmed in an email of 21 August 2018 that she had never heard of the Firm, had no issues with Western Circle and no wish to complain. Even if she did wish to complain she would do so directly and not through a third party. Western Circle reported the Firm to the SRA on 21 August 2018.

23.19 The Applicant relied on the evidence of Fiona Gillett of Stewarts Law and her witness statement dated 11 August 2023. Ms Gillett acted on behalf of several lenders who received claims from the Firm. Stewarts Law contacted several of the individuals on

behalf of whom letters of claim were sent and identified 31 who did not authorise the Firm to make claims on their behalf.

23.20 Stewarts Law reported the matter to the SRA on 5 October 2018. The concerns expressed in the report included:

- failing to conduct an assessment of the merits of claims;
- making claims and complaints without authority from the clients;
- commencing legal proceedings without authority.

23.21 Mr Melleney submitted that clients did not give informed consent to the making of Payday Loan Claims on their behalf:

- Clients did not receive advice or any adequate advice on the merits of their claims;
- Clients did not receive advice or adequate advice on their ability to make a claim through the Financial Ombudsman without incurring legal and other costs;
- Clients were not given the opportunity to read and consider the Conditional Fee Agreement, Form of Authority and ATE insurance documentation before their claims were made;

23.22 Clients were not given an explanation, or an adequate explanation, of the Conditional Fee Agreement:

- What costs were and were not recoverable from the lender;
- The liability to pay a fixed fee of £600 in certain circumstances;
- The liability to pay £150 on account of disbursements;
- The recommendation to take out ATE insurance for a premium of £145;
- Clients were not given advice, or adequate advice, relating to taking out ATE insurance;
- Clients were not made aware of the amount of the ATE premium before a policy was taken out in their name;

23.24 Mr Melleney submitted that least 34 claims and complaints were made by the Respondents purportedly on behalf of clients who did not authorise the Firm to make claims on their behalf.

23.25 It was alleged by the Applicant that the First and Second Respondent had breached Principles 2, 4 and 6 of the SRA Principles 2011.

23.26 Principle 2 of the SRA Principles 2011 required solicitors to act with integrity. In Wingate v SRA [2018] EWCA Civ 366, the Court of Appeal stated that integrity connotes adherence to the ethical standards of one's profession. In giving the leading judgement, Lord Justice Jackson said: *Integrity is a broader concept than honesty. In professional codes of conduct the term "integrity" is a useful shorthand to express the higher standards which society expects from professional persons and which the professions expect from their own members.*

23.27 It was submitted on behalf of the Applicant that a solicitor of integrity, acting in accordance with the high ethical standards of the solicitors' profession would not make misleading statements to a prospective client about the merits of their claim and/or the manner in which it will be progressed. However, for the reasons set out in paragraphs 23.2 - 23.5 above the First and Second Respondents made misleading statements to prospective clients about the merit of their claims, the speed of the process involved, the lack of paperwork and the amount of compensation they might expect. They therefore breached Principle 2.

23.28 Further, a solicitor acting with integrity would ensure that clients were fully advised about all material matters: including the merits of the claim; the potential costs and liabilities which they might incur by bringing proceedings; and alternative means of bringing a claim at less cost. This is because a solicitor acting with integrity would ensure their client was entering into a retainer on a fully informed basis. The Respondents did not do so. Therefore, by failing to provide the advice and information summarised at paragraphs 23.21 - 23.22 above, and to obtain such informed consent, the Respondents breached Principle 2.

23.29 Principle 4 of the SRA Principles 2011 required solicitors to act in the best interests of each client. It was submitted on behalf of the Applicant that it was in the best interests of clients which, in the circumstances of this case, included prospective clients who subsequently became clients of the Firm in relation to Pay Day Loans claims, to be provided with accurate information about the merits, financial benefit, administrative ease and speed of pursuing a claim. By providing inaccurate and misleading information on the Firm's website, as set out in paragraphs 23.2 - 23.5, the Respondents breached Principle 4.

23.30 Further, it is in the best interests of clients to be given full information and advice about the merits of their claim, their ability to use the Financial Ombudsman Service (without charge), the documentation involved, and the potential costs and liabilities, in order for the client to give informed consent to engaging the Firm and the making of a claim on their behalf. By failing to provide the information set out in paragraphs 23.21 - 23.22 above and to obtain such informed consent, the Respondents breached Principle 4.

23.31 Principle 6 of the SRA Principles 2011 required solicitors to behave in a way that maintains the trust the public places in them and in the provision of legal services.

23.32 The public should be entitled to place trust in the accuracy of statements made by solicitors particularly when making important decisions about whether to instruct solicitors to pursue claims. It was submitted on behalf of the Applicant that by making the misleading statements alleged in paragraph 23.2 above which raise the

expectations of prospective clients as to the value of their claims and the ease and speed of progressing them, the public's trust was damaged. Principle 6 was therefore breached.

23.33 Further, the public would expect that solicitors would not issue claims on behalf of clients without obtaining the clients' informed consent. The Respondent's failure to provide the important advice and information set out in in paragraphs 23.21 - 23.22 above and their failure to obtain informed consent, would diminish the public's trust in the Respondents and in the provision of legal services. The Respondents breached Principle 6.

The Respondents' Case

23.34 Mr Williams KC stated on behalf of the First and Second Respondents that the burden of proof remained on the Applicant to prove its allegations to the civil standard. The First and Second Respondents did not have to prove anything.

23.35 In setting out the context regarding the pay day loan industry Mr Williams KC quoted the First Respondent's witness statement in which Mr Cooper had stated: -

> *"In 2014 the Archbishop of Canterbury promised he would put payday lenders out of business and referred to them as loan sharks. By comparison he referred to the practice of loan sharks coming to your house with a baseball bat for nonpayment and Pay day lender Wonga debt chasing using a fake and non-existent law firm. The Church of England made pleas about such unethical practices. The Government then entrusted the FCA to regulate the lenders from 2015 onwards."*

23.36 A further noteworthy quote in establishing the context in which this case arose came from the Master of the Rolls, The Right Hon. Sir Geoffrey Vos[1]: -

> *"The first thing to understand is that the digital justice system is not actually a new thing. It is simply a deliberate evolution of our current system. It brings together existing processes and providers that have been digitised and supports and encourages other to digitise. It uses the potential offered by digital technology to create a more coherent whole. The idea is that enabling individuals and businesses to access legal services and dispute resolution online in a coherent and interconnected way will provide greater access to justice. The system will be far better suited to the technological age in which we are all living. Of course, alternative equivalent access will be provided for the digitally disadvantaged."*

23.37 Mr Williams described the First and Second Respondents as pioneers, who had ingeniously enabled people to bring claims who would not otherwise have had access to justice. They were both successful, respected professionals with no adverse regulatory history who had acted with total transparency with their regulator. They were upstanding solicitors who could be believed in their evidence to the Tribunal.

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[1] At a Kings College lecture on Thursday 2 November 2023 entitled "*Justice in the digital age*" for the 150th Anniversary of the Technology and Construction Court.

23.38 In relation to the allegation that the First and Second Respondent had made misleading statements, Mr Williams clarified that the case had not been put on the basis that the misleading claims were deliberate. The statements complained of by the Applicant appear at Paragraph in paragraphs 23.21 - 23.22 above and are related to the Pure Claims website. This platform was not used to onboard any clients as it was a redundant test bed.

23.39 The process ultimately relied upon linked social media advertisements directly to the Your Claims platform. Clients were validated in minutes if not seconds on that platform so in Mr Williams KC's submission the claim of near instant verification statement was true and did not offend any professional rules as had been alleged.

23.40 There was no physical paperwork involved in the onboarding process and therefore that statement was similarly accurate.

23.41 In relation to potential quantum and the statement that "**…***clients receive over £1,800 compensation"* Mr Williams KC referred to the evidence of the First Respondent who had explained that clients generally had approximately 4 claims each so gross recovery figure not far off £1800. It was a statement made at the earliest stage of the process and was made in good faith; it was not a misleading effort to draw clients in. It was noteworthy that no client ever complained regarding the quantum of compensation received. Mr Williams KC submitted that mistakes in practice occur from time to time and that were made in good faith they do not automatically offend professional rules.

23.42 The First and Second Respondent's genuinely believed that clients had a claim and in fact it was borne out that they did have successful claims. The First and Second Respondents were not informing clients that they were bound to win, but rather that they had a claim. It was therefore a statement of genuine belief. There was no evidence to support the conclusion that the clients did not have a claim save for the 'fake' claims submitted by Stewarts Law LLP when they attempted to interrogate the Firm's processes. The clients were successful in their claims with every one succeeding and none failing. The Applicant had failed to come close to proving that this was a misleading statement.

23.43 All claims made before Call Credit withdrew their services (under pressure by lenders) were legitimate and succeeded. Thereafter what Mr Williams KC described as, dishonest and fake claims were made through the onboarding portal. However irrespective of that dishonest practice by the lenders solicitors, the Tribunal was presented with no evidence that any client was misled.

23.44 Therefore, the statements were true (subject to the caveat explained by the First Respondent in relation to figure of £1800) and secondly no clients saw them given the status of Pure Claims as a redundant test bed i.e. a website to which the public would not have been able to routinely access.

23.45 In relation to Allegation 1.2 and the alleged lack of informed consent prior to the Firm submitting clients complaints and/or claims, the Firm accepted 4191 clients and wrote 18,475 letters of claim with 269 payments recovered. If a solicitor incorrectly purported to act on someone's behalf, they would be expected to complain yet no

complaints were made to the Firm or to the SRA. The Applicant presented no primary evidence to the Tribunal whatsoever from clients who reported that they had been misled.

23.46 The Applicant had intended to call Client A however he declined to attend the Tribunal and give evidence. It also appeared that he had made the Applicant aware that he did not wish to participate in these proceedings some time ago which Mr Williams KC stated raised some questions regarding the provenance and content of Client A's witness statement that the Applicant had sought to rely on.

23.47 There were no aggrieved clients and the conclusion and irresistible inference to be drawn from that is that they were satisfied with the service provided by the Firm and had no issues with the Firms actions on their behalf.

23.48 Mr Williams KC submitted that this case was not advanced on basis of unhappy clients but rather on behalf of unhappy pay day loan companies and it was entirely proper that they be unhappy given their practices. The pay day loan companies were happily carrying on in the mis-selling of loans to vulnerable consumers only for them to be confronted with the claims advanced by the First and Second Respondents who were trying to recover losses for some of the most vulnerable people in society. The consumers were predominantly in low paid employment, by the end of the month they did have not enough money to last until pay day and so they approached a pay day loan company. They took out a high-interest loans which commenced a cycle of mis-sold monthly borrowing and ever-increasing debt leaving them in a hopeless position.

23.49 The likelihood of these consumers engaging a solicitor in the usual way was very low given their financial position. They engaged the Firm through social media to obtain access to justice and all clients succeeded in this litigation. Mr Williams KC submitted that fostering access to justice through technological advancement was supposedly a stated objective of the SRA. The Applicant had even invited the First Respondent to speak at one of its conferences on this subject after issuing proceedings against him.

23.50 The courts either found for the First and Second Respondent's clients or alternatively claims were settled in their favour by the lenders. Mr Williams KC stated that the lenders promptly entered insolvency and frustrated the Firm's clients recovery of amounts owed. Irrespective though, Mr Williams KC submitted that without the Firm these clients would have had no opportunity to pursue justice.

23.51 Mr Williams KC stated that the evidence presented to the Tribunal was from people acting on behalf of aggrieved lenders. Their evidence referenced numerous lender clients who were supposedly misled or who had had claims brought on their behalf that they had not consented to. The Applicant though had presented no primary witnesses whose evidence has been tested in cross examination. The Applicant relied on the complaints of anonymous people and a significant amount of prejudicial hearsay evidence. Rule 27(2) of the Solicitors (Disciplinary Proceedings) Rules 2019 provides, in relation to the admission of evidence, that the Tribunal may exclude evidence where it would be unfair, disproportionate or contrary to the interest of justice to admit the evidence.

23.52 Mr Williams KC submitted that the Tribunal therefore had two decisions to make; firstly, should that evidence be admitted at all where the First and Second Respondents are given no opportunity to challenge it and secondly if it was admitted how much weight to attach to it.

23.53 Mr Williams KC submitted that it would be unfair to admit evidence of individuals whose identity is known but who have not been presented before the Tribunal to be challenged in cross-examination. The Applicant's Costs Schedule set out that they approached 14 potential witnesses to come to the Tribunal and give evidence yet none did. The Applicant approached a further 101 clients during its investigation, none came forward. The Applicant produced Ms Gillett of Stewarts LLP who gave evidence regarding 15 'faked' claims submitted through the Firm's portal to entrap them. Therefore, no primary evidence had been adduced demonstrating a lack of informed consent by clients prior to the Firm submitting their claims.

23.54 Mr Williams KC submitted that it did not befit a regulator to rely on evidence that had been dishonestly obtained, let alone to make such evidence a central plank of its case. Mr Williams KC submitted that no finding was sought on that issue however it did further support his submission that the evidence should be excluded or given no weight.

23.55 The Applicant's approach represented a desperate attempt to sustain a case by relying on dishonestly obtained evidence that could not be properly tested and it would be unfair to make findings against the First and Second Respondent based on it.

The Tribunal's Decision – 1.1

23.56 The Applicant had cited several statements made by the Firms online advertising presence and onboarding process which was said to be misleading to clients. The First and Second Respondent's addressed this criticism in their evidence. The Tribunal found the First and Second Respondents to be credible witnesses who provided cogent explanations concerning the Firm's marketing approach generally and the onboarding processes that had brought about this allegation.

23.57 The Applicant cited four examples of specific statements that were alleged to be misleading. These included claims being instantly validated, no paperwork being required, the Firm's clients typically receiving over £1800 compensation and clients finding out in seconds if they were due a refund. The Firm operated two platforms that were cited by the Applicant as being of relevance to this allegation; Pure Claims and Your Claims.

23.58 The First and Second Respondent gave clear evidence in relation to the purpose and operation of the Pure Claims website. This platform was not used to onboard any legitimate clients as it was a redundant test bed. There was no evidence before the Tribunal from any client who had been misled by these statements. The Tribunal found that any allegations of misleading statements relating to the Pure Claims website were therefore unsustainable.

23.59 The Firm's onboarding process for new clients with potential claims relied upon social media advertisements directing interested parties to it's Your Claims platform.

23.60 The Tribunal considered that in relation to the websites claim of "*Claim Validation*" being "*Instant*" this was not a misleading statement as the Firm's processes made validation as close to instantly as was possible and therefore it was reasonable to include it within the information displayed to prospective clients. The Firm's onboarding process was paperless and therefore the "*No Paperwork*" statement was similarly not misleading.

23.61 The First and Second Respondent had explained in their evidence how the figure of £1800 was arrived at, essentially representing an aggregate amount from several claims for each client using information published by the Financial Ombudsman. It was, the First Respondent stated a "*genuine attempt to understand what a claim would reach"* he maintained that it was made in good faith displayed at the at the earliest stage of the process. The First and Second Respondent accepted that the amount of potential compensation could have been explained in clearer terms.

23.62 The Firm had succeeded widely in respect of these claims with a significant number of successful clients. The Tribunal was presented with no evidence from any clients who complained about the quantum ultimately received from their successful claims.

23.63 The redundant status of the Pure Claims website meant that it was likely that no clients saw any statement on that platform and the Applicant had not presented evidence to the contrary. Allied to the absence of evidence demonstrating that there were any clients who had been misled by the Your Claims platform, this meant that the Applicant had failed on a balance of probabilities to prove that the statement relating to the potential amount of compensation was misleading.

23.64 The Tribunal similarly determined that in view of the redundant status of the Pure Claims website "*find out if you are due a refund in seconds*" was not a misleading statement that had been made to clients or potential clients.

23.65 The Tribunal found Allegation 1.1 **not proved** on a balance of probabilities.

The Tribunal's Decision – 1.2

23.66 The Applicant's case regarding the absence of client's informed consent to the making of Payday Loan Claims on their behalf was founded upon evidence from Client A (a primary witness and former client of the Firm who would speak to a lack of informed consent regarding his claim). The Applicant had separately contacted over 100 former clients of the Firm to check, *inter alia*, whether informed consent had been obtained from them by the Firm to submits complaints/claims on their behalf. Client A was the only witness to provide a witness statement to that effect. Client A did not attend the Tribunal and had in fact previously indicated in correspondence to the Applicant that he did not wish to participate in the proceedings as a witness.

23.67 The Applicant relied on evidence from Emma Turner, Customer Support at Western Circle. Ms Turner exhibited evidence from Client B, a customer of Western Circle, who had stated to Western Circle that she had never heard of the Firm, had no issues with Western Circle and no wish to complain. The Applicant therefore maintained that this was a case in which there was a lack of informed consent.

23.68 The Applicant relied on evidence from Fiona Gillett of Stewarts Law. Ms Gillett acted on behalf of several lenders who received claims from the Firm. Ms Gillett's evidence identified 31 claims made by clients who she stated had not authorised the Firm to make claims on their behalf. The Applicant relied on Ms Gillett's assessment of these claims when submitting to the Tribunal that clients did not receive advice or any adequate advice on the merits of their claims or about the alternative option to make a claim through the Financial Ombudsman without incurring legal and other costs. Furthermore, Ms Gillett maintained that clients were not given the opportunity to read and consider the Conditional Fee Agreement, Form of Authority or the ATE insurance documentation before their claims were made.

23.69 In view of Client A's position the only evidence that sustained this allegation came from Ms Turner exhibiting Client B's evidence and Ms Gillett exhibiting, *inter alia*, the former clients that she had identified who had not provided informed consent.

23.70 Mr Williams KC persuasively emphasised that there was no primary evidence in support of this allegation and that the Applicant essentially relied on the complaints of anonymous people and a significant amount of prejudicial hearsay evidence that was submitted by those acting on behalf of aggrieved pay day loan companies.

23.71 The Tribunal attached very little weight to the evidence submitted by Ms Turner and Ms Gillett on that basis. Likewise, no weight could be appropriately attached to Client A's evidence not least because of the uncertainties and unresolved issues surrounding the provenance of his witness statement.

23.72 The absence of any primary evidence from clients willing to confirm and sustain the Applicant's case was significant, particularly given the extent to which efforts had been made to engage over 100 former clients both during the investigation and through to the commencement of the Substantive Hearing before the Tribunal. Every case that the First and Second Respondent brought against the lenders in question had been successful and this further emphasised the importance of primary evidence from clients to the Applicant's case in advancing this allegation.

23.73 The Tribunal determined that the client consent obtained by the Firm at the outset of the case being onboarded through the online platform was sufficient based on the evidence presented by the parties. The requirement to ensure informed consent continues as a case develops remains of course, however the Tribunal was presented with no primary evidence to demonstrate that the First and Second Respondent had failed in this regard.

23.74 The Applicant had failed on a balance of probabilities to prove that the First and Second Respondent failed to obtain clients' informed consent to submit complaints and/or claims on their behalf. The Tribunal found Allegation 1.2 **not proved** on a balance of probabilities.

24. **Allegation 2 - Between around 1 April 2018 and 30 November 2018, in relation to the making of claims relating to the mis-selling of personal loans, they failed properly to assess the merits of their clients' claims and/or complaints and, in doing so, breached all or any of Principles 4 and 6 of the SRA Principles 2011.**

The Applicant's Case

24.1 Mr Melleney reiterated that the background facts regarding the "onboarding process" by which client claims were taken on by the Firm as set out at Paragraph 23 applied to this allegation also.

24.2 Mr Melleney submitted that there were two aspects to the allegation that the First and Second Respondents had failed to properly to assess the merits of their clients' claims and/or complaints.

24.3 Firstly, Mr Melleney submitted, the algorithm operated through the Firm's Your Claims website was not a sufficient analysis of the merits of clients claims. The Applicant relied on the evidence from the FIO as to the process and insufficiency of the analysis of client claims. Additionally, evidence from Mr Hawthorn and Ms Gillett who represented several lenders who had received claims from the Firm and subsequently complained to the SRA. These witnesses explained that the letters of claim did not particularise or individually set out the merits of that client.

24.4 Secondly within the material period related to this charge was the suspension of the Call Claims verification service on 7 September 2018, after which point numerous claims were submitted by the Firm with no assessment of their merits whatsoever before the letters of claim were automatically sent out by the First and Second Respondents.

24.5 The FIO had conducted interviews with the First and Second Respondent during which he made enquiries about the triggers by which a claim would be instigated as prospective clients entered their details on the Firm's claims website. The triggers included, *inter alia*, the frequency of loans particularly where lenders "rollover" or refinance loans shortly before or after their final repayment date in effect ensuring or indicating that the lender is unable to escape the loan cycle. Other triggers included sustained arrears, defaults or County Court Judgments.

24.6 The First and Second Respondent each confirmed that the presence of one trigger entered on the Firm's claims website was enough for the claim to be automatically instigated. Mr Melleney submitted that the Respondents issued the claims/complaints relating to the mis-selling of personal loans without assessing the merits of those claims either adequately or at all.

24.7 Mr Hawthorne referred in his evidence to 74 claims / complaints that the Firm sent to his client, Temple Finance. Temple was in the process of setting up a redress scheme for its customers under the supervision of the Financial Conduct Authority which involved writing off outstanding loans and making repayments. Mr Hawthorne stated, *inter alia*, that:

- The FCA considered that the scheme would be a better outcome for customers than bringing individual claims through the courts or the Ombudsman;

- The Firm sent the 74 claim/complaint letters at the time Temple was setting up its redress scheme;

- The letters were non-individualised. Each appeared to be a template with no specific facts about the particular customer;

- There were parts of the letters which were untrue, which gave the impression that the letters had been assembled from text from other complaints;

- They did not articulate a comprehensible claim. Notwithstanding this, the letters demanded both disclosure and a full response within six weeks;

24.8 The letters simultaneously threatened court proceedings and a referral of the claim to the Ombudsman.

24.9 Mr Hawthorne reported the Firm to the SRA on 8 February 2019.

24.10 Ms Gillett confirmed in her evidence that Stewarts Law LLP acted for three lenders who received letters of claim from the Firm and reported the Respondents to the SRA on 5 October 2018. The concerns expressed in the report included the Firm:

- failing to conduct an assessment of the merits of claims.

- making claims and complaints without authority from the clients; and

- commencing legal proceedings without authority.

24.11 Stewarts Law LLP identified that the letters of claim were formulaic, standard form letters which did not provide details of the loans taken out by the individuals concerned. Ms Gillett maintained that the Firm was sending further letters without individuals' approval and the Respondents did not conduct any (or any adequate) assessment of the merits of claims before sending letters of claim and complaint.

24.12 On 19 September 2018, Stewarts Law LLP used the Firm's Pure Claims website to process a fictitious claim using a fabricated customer name "Mr A Moomin" with the address "I Moon, Moontown, MO00MIN". Despite this and answering in the negative to the various questions posed on the website, the website informed them that Mr Moomin had a claim. The Firm sent a letter of claim and letter of complaint purportedly authorised by Mr Moomin to the lender (Stewarts Law's client).

24.13 Stewarts Law tested the Respondent's websites on several other occasions using fabricated names including "Kash Regista", "Mickey Mouse" and "Donald Duck". As with the Mr Moomin example, the Firm sent letters of claim and complaint to the lender purportedly on behalf of these fictitious individuals.

24.14 The position of the First and Second Respondents was that the analysis of the merits of a client's claim was through the third-party service provided by Call Credit. This was an automated service which (a) sought to validate the information the client had provided at Stage 2 of the process to determine against which lenders a claim should be advanced and (b) identified the existence of "triggers" or criteria which, according to the Respondents, if present, indicated that there was a claim. This was an automated process and there was no manual or human analysis of any of the claims.

24.15 Call Credit provided information to the SRA confirming that its services to the Firm were suspended on the morning of 7 September 2018. Further, the agreement to provide services to the Firm was terminated by a notice sent to the Firm on 13 September 2018 and delivered on 14 September 2018. The effect of this was that clients were being accepted through the Your Claims website without going through the Call Credit checks at Stage 1 and Stage 3 of the process outlined above. In effect, there was no verification or analysis of the merits of any of the claims passing through the process after 7 September 2018.

24.16 The First and Second Respondents accepted that, between 11 September 2018 and 11 October 2018, the Firm accepted 976 further clients after the Call Credit services were suspended. Of these, 767 were subsequently checked and accepted using another credit reference agency, Experian. 113 claims were rejected. The Firm identified 15 claims which were clearly not genuine as the client names were false including:

- Kash Regista;
- Test;
- Dfgdfgdfg;
- Mickey Mouse;
- Donald Duck.

24.17 It is relevant to note that the claims identified Kash Regista, Mickey Mouse and Donald Duck, were some of the fictitious claims submitted by Stewarts Law to interrogate the Firm's onboarding processes.

24.18 The Respondents were aware of both the suspension of Call Credit's services on 7 September 2018 and the subsequent termination of the services on 13 September 2018.

24.19 Mr Melleney submitted that the Applicant relied on evidence provided by Call Credit which included: -

- Email from Call Credit to the Firm dated 7 September 2018 confirming that they were considering terminating the contract and suggesting a telephone call.
- Email from the First Respondent to Call Credit, copied to the Second Respondent, dated 10 September 2018 in which the First Respondent confirms the suspension of the services;
- Call Credit notice of termination of the contract dated 13 September 2018.
- Royal Mail proof of delivery of notice of termination dated 14 September 2018.

- Email from the First Respondent to Call Credit, copied to the Second Respondent, dated 18 September 2018 confirming receipt of "recent correspondence" and the following alleged breaches:

  Pure Claims Website has mislead customers Unlawful Processing of Personal Data [sic];

The email of 18 September went on to state:

We confirm that the website has been modified to run without the benefit of Call Credit until the matter has been resolved

- Letter from Call Credit to the Firm dated 4 October 2018 confirming the termination of the Agreement

24.20 Therefore, during at least the period between 7 September 2018 and 11 October 2018, and to the Respondent's knowledge, no validation of client information or identification of "triggers" was carried out because the Call Credit system had been withdrawn. The Respondent's failure to assess the merits of claims either adequately or at all, extended beyond this period and throughout the period when they were making of claims relating to the mis-selling of personal loans.

24.21 Principle 4 of the SRA Principles 2011 required solicitors to act in the best interests of each client. It was not in the best interests of clients for claims to be submitted on their behalf without the merits of those claims being adequately considered and assessed. As a minimum this was a waste of a client's time and it unfairly raised their expectations of obtaining compensation. At worst, doing so potentially exposed clients to adverse costs consequences. By failing to do this the First and Second Respondents breached Principle 4.

24.22 Principle 6 of the SRA Principles 2011 required solicitors to behave in a way that maintains the trust the public places in them and in the provision of legal services. The public would expect that solicitors would not issue claims on behalf of clients unless the merits of these claims had been adequately considered and assessed. Sending almost one thousand claims with no or no adequate assessment having been made of their merit is the type of litigation which undermines confidence in the legal profession. First and Second Respondents failures therefore damaged public trust in breach of Principle 6.

<u>The Respondents' Case</u>

24.23 Mr Williams KC submitted that this allegation could only relate to the pre-action correspondence sent by the Firm on behalf of clients. All save for the fictitious 15 or so claims submitted by (or on behalf of) the lenders were for legitimate claims. The Applicant had clearly put its case on the basis that before these claims were issued by the First and Second Respondent they should have investigated and satisfied themselves that they were valid claims with merit. Turning to the law in relation to the existence of such a duty, Mr Williams KC submitted that the Tribunal was assisted by Orchard v South Eastern Electricity Board [1987] QB 565:

> *"…it must never be forgotten that it is not for solicitors or counsel to impose a pre-trial screen through which a litigant must pass before he can put his complaint or defence before the court."*

24.24 Mr Williams KC submitted that this point was further emphasised by Mr Justice Fancourt in Mohammed Hassan El Haddad v Khulood Abdulla Hassan Al Rostamani et al [2024] EWHC 448 (Ch): -

> *"Even skilled advocates mistake a fact or a legal argument from time to time: the adversarial process provides ample opportunity to the other side to correct any such mistake.*
>
> *Subject to the overriding duty to the court, the lawyer's duty is present the facts as their client alleges them to be and advance arguments based on those facts. Importantly for present purposes, a lawyer does not owe the court or another party to the case any duty to investigate the facts or to ascertain the truth, before advancing the factual case on behalf of their client. That is so even if they have doubts about the likelihood that what their client tells them is true. What the lawyer advises their client confidentially about the strength or weakness of the evidence is of course privileged, and not something into which the court or another party can inquire."*

24.25 Mr Williams KC submitted that this allegation of failure to assess the merits of claims supported only by evidence of aggrieved lenders is simply an allegation of a breach of a duty that does not exist in law. In fact, the merits were assessed as the Tribunal heard evidence of the filtering of claims and the onboarding of clients from the First and Second Respondent. The First and Second Respondent pursued only legitimate and successful claims having filtered out the bad ones. Mr Williams KC submitted that the Applicant's own Rule 12 statement had conceded this merit assessment taking place at Paragraph 28 where it stated:

> *"The Respondents have confirmed that the Firm received a total of 6,206 clients through the Your Claims website. It accepted 4,191, and rejected 2,015 for failing either Stage 1 or Stage 3 of the process"*

24.26 Mr Williams KC submitted therefore that the allegation failed not only on that basis but also on the more fundamental basis that it would have made no difference had the Firm's systems not performed an assessment of the merits in any event as there was no duty in law to do so.

24.27 Mr Williams KC finally reiterated that no clients complained at any stage, only the lenders and with an obvious motivation of commercial self-interest on their part.

<u>The Tribunal's Decision</u>

24.28 The Applicant criticised the Firm's automated onboarding processes that submitted claims against lenders if certain 'triggers' were met based on the online information inputted by clients. The Applicant's case called into question the sufficiency of the analysis of these claims by the First and Second Respondent. Mr Hawthorn and Ms Gillett represented lenders who had received claims from the Firm and

subsequently complained to the SRA. They referenced that the Firm's letters of claim did not particularise or individually set out the merits of the individual client. This suggested insufficient rigour in respect of the Firm's assessment of the merits of the particular claims.

24.29 The Applicant relied on what were referred to during the proceedings as "*fake claims*" that were submitted by those acting on behalf of the lenders to demonstrate that the onboarding processes utilised by the Firm were automated to the extent that overtly fictitious claims could be processed and submitted without proper (or any) scrutiny**.**

24.30 It was common ground between the parties that between 11 September 2018 and 11 October 2018, the Firm had accepted 976 further clients after Call Credit services were suspended. This was significant, according to the Applicant, as previously the Firm had relied on Call Credit to perform all validation checks of client information and identification of "triggers" that allowed the automated onboarding process to operate effectively. In this period the Applicant submitted that because the Call Credit system had been withdrawn there was no assessment of the merits of the particular claims.

24.31 The Tribunal considered the evidence of the First Respondent in relation to each of these points to be credible and reliable. The First Respondent provided a detailed explanation regarding the Firm's innovations to facilitate and advance access to justice using technology. The litigation brought against the pay day lenders was an example of this.

24.32 The First Respondent explained that the online process replicated the questions that a solicitor working in a traditional face to face setting would have asked the client to establish if they had a valid claim. The onboarding process operated an algorithm to assess the merits based on the information provided. The First Respondent maintained that the uniformly successful outcomes in the litigation that arose from this process was evidence that the Firm had properly assessed the merits of the claims pursued. The First Respondent explained that no clients ever lost in claims made by the Firm against the lenders and no lenders ever won in litigation against the Firm's clients.

24.33 The Tribunal noted that allied to this success rate that the First and Second Respondent achieved in their work on behalf of their clients no complaints were received from clients and the Applicant had presented no primary evidence from clients who were dissatisfied with the assessment of the merits of their claims and/or complaints against lenders.

24.34 The Tribunal noted that the '*fake claims*' were entered through the Pure Claims platform to which members of the public would not have been routinely able to access. The '*fake claims*' were submitted duplicitously by those acting on behalf the lenders and did not constitute evidence that supported the Applicants case. The '*fake claims'* were not scrutinised in the usual way as they were submitted during the period that Call Credit had withdrawn its services.

24.35 The Firm accepted 976 clients after the Call Credit services were suspended. These claims were subsequently checked by Experian who had been engaged by the Firm to replace Call Credit. 113 claims were rejected and the 15 '*fake claims*' were identified during this process as they were clearly not genuine as the client names were false.

24.36 The First Respondent maintained that the claims could be rejected at any of various stages of the onboarding process if they for example failed the identification checks or did not activate any of the triggers when submitting their details in relation to their previous lending. The First Respondent cited 33% as a figure of potential claims that were rejected by this process and this was broadly consistent with the information stated in the Applicant's Rule 12 statement that Mr Williams KC had also referred to his submissions.

24.37 There was no evidence that any spurious or fictitious claims had been accepted during the period that Call Credit services had been in place. The Tribunal noted that the First and Second Respondents had acted responsibly in engaging a replacement company to step in and replace the verification function that Call Credit had previously fulfilled to restore the checks to its processes.

24.38 The Tribunal determined that the Applicant had therefore failed on a balance of probabilities to prove that the First and Second Respondent failed to properly to assess the merits of their clients' claims and/or complaints.

24.39 The Tribunal found Allegation 2 **not proved** on a balance of probabilities.

Allegation against the First Respondent only

25. **Allegation 3 - The allegation against the First Respondent only is that, between around 22 August 2018 and 3 September 2018, while in practice as a solicitor and as Manager and Owner of Barings Ltd (SRA ID 522572 with ("the Firm"), he received payment of £230,500 into the Firm's client account without having carried out adequate Client Due Diligence and, in doing so:**

3.1 Breached Regulations 27, 28, and 33 of the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("the MLRs 2017");

3.2. Failed to comply with Outcome 7.5 of the SRA Code of Conduct 2011;

3.3. Breached any or all of Principles 6, 7 and 8 of the SRA Principles 2011.

25.1 Mr Melleney referred to the FIR prepared by the FIO and evidence obtained by the Applicant from Barclaycard.

25.2 Mr Melleney submitted that during the period 20 August 2018 to 3 September 2018, the First Respondent allowed £230,500 to be paid into the Firm's client account in circumstances where the Firm failed to conduct any or any adequate Client Due Diligence as required by the MLRs 2017.

25.3 According to the Firm's attendance note on or around 6 August 2018, the Firm was contacted by a Mr "Holger Fieger", a German national, who wanted the Firm to represent two international clients, one from Singapore and the other from Pakistan, in relation to the purchase of two properties in the north of England. The sale prices were £3.5 million and £2.5 million, respectively. The attendance note on the Firm's file stated that the Firm was to seek out the properties. No investment advice was needed. The Firm would "*simply provide option to purchase*." The fees would be a fixed percentage of value and costs of 50% would be paid on account. The attendance note recorded Mr Fieger asking if payment could be made by card and he was told it could be.

25.4 The Firm provided the Applicant with two client care letters, one addressed to the client in Singapore and one to the client in Pakistan, both dated 6 August 2018. Both client care letters stated that the First Respondent was responsible for the conduct of the matter. The Firm also provided uncertified photocopies of the clients' passports. The First Respondent did not ask for any further identity documentation or supporting evidence from either client. The client care letters also stated:

> *"Following recent legislation, all firms carrying out legal transactional services now have various obligations in order to detect and report any suspicion regarding money laundering. Therefore, we may ask you to provide evidence of identity in respect of your name and address,* ***although such evidence is not required at this stage***." [Emphasis added].

25.5 The First Respondent did not seek any proof of identity or verification documentation from the third party, Mr Fieger. Nor did he receive or chase a response to the client care letters. In fact, he received no communication at all from the two purported clients. The First Respondent made no further enquiries about the proposed transactions and made no enquiries into source of funds.

25.6 Between around 20 and 31 August 2018, the Firm received six payments into the client account totalling £230,500. Four of these payments were made using one credit card. Two were made with another credit card. These payments were identified by Barclaycard as suspicious because the normal authorisation process was essentially bypassed. Between 24 and 28 August 2018, the Firm transferred £105,000 from client account to its office account.

25.7 Corresponding bills of costs were issued to the Singaporean client as follows:

- 22 August 2018 for £9,500;
- 24 August 2018 for £40,500;
- 29 August 2018 for £55,000

25.8 On 31 August 2018, Barclaycard sent an email to the First Respondent stating that it suspected that the payments of £230,500 may have been fraudulent. Four of the transactions were made involving a card which had been blocked by the Singapore bank which issued it. Barclaycard had no information on the other card but all the transactions had authorisation codes which were not issued by them and that they

were manually keyed in by the Firm's card terminal which added suspicion. The Firm's accounts had been blocked to ensure that the funds were retained. The First Respondent was asked for information about the transactions.

25.9 On 4 September 2018, the First Respondent replied to Barclaycard and confirmed, amongst other things, the following:

> *"An advanced payment was taken over the telephone which I am advised was a visa debit card. The card holders instructed us to take payment which required an 'authorisation code from the bank' and explained this was normal due to the size of the payment…We were instructed to switch the terminal to authorisation mode and then took a note of the long card number as it was read out over the phone and followed the instructions on the terminal. The terminal asked for the code and the card holder provided a coded number from his bank which we keyed in… Payment was immediately accepted…"* [underlining as in original email].

25.10 The First Respondent proposed further training on the use of the machine. Barclaycard wrote to the First Respondent again on 4 September 2018 seeking further information including:

- What due diligence was carried out on the two clients;
- The identification documents supplied by the clients which would be required under Anti-Money Laundering regulations;
- Details of the properties involved; and
- Whether the cardholder instructed the staff to switch the terminal to authorisation mode and were the Firm's staff not suspicious.

25.11 The letter added that the authorisation code was always supplied by the bank, and not the cardholder.

25.12 The First Respondent replied on 5 September 2018. He confirmed that the clients had been referred by "*Holger Fieberg*." He said the Firm's money laundering policy when receiving money from third parties required them to obtain identification from the sender which they did in the form of a passport. He provided a summary of the instructions from each client. He confirmed the Firm was satisfied that the persons they were acting for were the persons who were instructing them *"as verified by the passports and that the card used to make the transactions was owned by the persons instructing us and hence the payments being made were authorised by the card holder."*

25.13 Barclaycard wrote to the First Respondent again on 6 September 2018 seeking further information including further information relation to Mr Fieberg; whether the First Respondent had possession of the clients' passports; and why the transactions were carried out by card rather than bank transfers. The First Respondent replied on 7 September 2018 stating:

"We do have an email address for the gentleman who referred the work to us …but according to our system we do not have a record of this gentleman prior to referral… We now allow customers to pay for services on their card as a more flexible way of making payments in addition to bank transfers… It was also the request of the card holders to make the payment on their card… we will report this to the police and revert back to you with the reference number for your records"

25.14 On 11 September 2018, Barclaycard debited £189,958 from the Firm's client account. As a result of this, a cash shortage was created in the Firm's client account totalling £68,458. The Firm made an office account to client account transfer on 11 October 2018 to remedy this. Barclaycard took a further £41,374 from the Firm's office account on 12 September 2018. The block on the Firm's accounts was removed on 12 September 2018.

25.15 At an interview with the FIO on 21 November 2019, the First Respondent stated, amongst other things:

- The Firm did not have an authorised MLRO as, he claimed, the Firm was not engaged in regulated activities;
- He provided an updated Anti-Money Laundering ("AML") policy which he claimed was the same as the version in place at the time of the transactions;
- Neither the First or Second Respondent nor the Firm had ever dealt with a commercial conveyancing matter;
- There was no documented risk assessment carried out for the transaction;
- The Firm received the payments before Client Due Diligence ("CDD") had been completed;
- With the benefit of hindsight, he would not have accepted the payment
- He never met either of the clients or Mr Fieger;
- Fieger had provided the instructions to the Firm's receptionist;
- He accepted that the fees were high and that, if the transactions had gone through, the Firm would have earned £475,000 in costs;
- The First Respondent did not conduct CDD on Mr Fieger. He claimed the Firm would have but here was no documented CDD form;
- There was no identification documentation for Mr Fieger or any signed authority allowing him to act for the two clients;
- It would have been prudent to conduct Enhanced Due Diligence ("EDD") in circumstances where the clients were not present;

- The card payments were taken on a Barclaycard terminal in the Firm's reception. Customers would come in and make a payment. The payment would have been taken by the Firm's receptionist. The transaction took place on the Firm's premises. Mr Fieger was physically present when the payments were made. However, these were "*card not present transactions*;"

- Mr Fieger provided the card details and the authorisation number;

- There was no documentation showing the CDD for the two clients. The CDD was evidenced, he said, by the fact the firm had obtained photographic identification and had written to both clients to confirm instructions;

- The Firm had not obtained certified copies of the passports;

- The Firm relied on Barclaycard for source of funds checks and Enhanced Due Diligence;

- The First Respondent had reported the matter to Action Fraud but not the SRA;

- The Respondent claimed that CDD was not required as this was not a regulated transaction.

25.16 It was submitted on behalf of the Applicant that the First Respondent failed to conduct adequate CDD and EDD before accepting the payments despite a number of factors which should have alerted him to an increased risk of money laundering or terrorist financing.

25.17 It was the Applicant's case that the presenting risk factors included:

- The Firm was approached by a previously unknown third party to act for previously unknown clients in connection with a high value property transaction;

- The Firm had no experience in property transactions and did not market itself as offering property services;

- No one at the Firm met the clients or Mr Fieger face to face;

- No written communication was received from either of the clients;

- One of the clients was resident in Pakistan, a jurisdiction which had, since 27 July 2018, been designated a high risk third country by the EU;

- Although the First Respondent asserts that the payments were to account for fees, the Firm's fees, according to the client care letters, were to be 10% of the value of one transaction, and 5% of the value of the second, plus VAT. The letter asked for 50% to account of costs. At the time the payments were made, no specific properties had been identified. The percentage fee therefore could not have been calculated at that point. Nor does the payment made (£230,500) correspond to

the relevant percentages of the budget for each property or to the fee notes subsequently issued by the Firm [HVL1, pp130-132]

- The manner in which the payments were made gave rise to suspicion. In particular:
    - The amount of the payment not corresponding to the Firm's request for payment on account;
    - the use of a card, which was "not present;"
    - the apparent involvement, on the first Respondent's explanation, of Mr Fieger in making a payment using a card belonging to the two clients;
    - the instructions to switch the terminal to "authorisation mode;"
    - the provision of authorisation codes, which would normally have been provided by the bank, by the person making the payment.

25.18 The Legal Sector Affinity Group ("LSAG") Anti-Money Laundering Guidance issued in March 2018 was relevant and applied in these situations.

25.19 The Law Society Guidance relied on by the First Respondent suggested that taking payment on account of costs is out of scope of the MLRs 2017. However, the guidance states that this should be viewed with caution and it would be prudent to undertake CDD first. The First Respondent accepted during his interview with the FIO that it would have been prudent to conduct EDD before accepting the payments. Further, it is not accepted by the Applicant that the payments were, or were wholly, paid on account of costs.

25.20 The Respondents were not entitled in the circumstances to rely on a third party, in this case Barclaycard, to carry out CDD.

25.21 The First Respondent understood the instruction to be a commercial conveyance and Mr Melleney submitted that the MLRs 2017 were engaged. Mr Melleney submitted that the risks associated with the work proposed should have been clear to the First Respondent who was an experienced solicitor.

Regulatory requirements

25.22 The MLRs 2017 applied to the Firm at all material times from 26 June 2017. Regulation 27 required the Firm to apply CDD measures if a person:

- Establishes a business relationship;
- Carries out an occasional transaction that amounts to a transfer of funds exceeding €1000;
- Suspects money laundering or terrorist financing;

- Doubts the veracity of documents or information previously obtained for the purposes of identification or verification;

- At other appropriate times to existing clients on a risk based approach. In determining when it was appropriate to take CDD steps in relation to existing clients the Firm should take into account, amongst other things, any matter which might affect its assessment of the money laundering or terrorist financing risk.

25.23 Regulation 28 set out the steps required for CDD which included:

- Identifying the client and verifying the client's identity;

- Conducting ongoing monitoring of the business relationship including scrutiny of transactions throughout the course of the relationship including, where necessary, source of funds;

- Conducted CDD on any person purporting to act on behalf of a client. In the circumstances, this included Mr Feiberg

25.24 Regulation 30 required CDD to be carried out before the establishment of a business relationship.

25.25 Regulation 33 required the firm to apply EDD and enhanced ongoing monitoring:

- In any case identified as one where there was a high risk of money laundering or terrorist financing;

- In any business relationship or transaction with a person established in a high risk third country;
- In any other case which, by its nature can present a higher risk of money laundering or terrorist financing

25.26 Regulation 33 also provided that EDD may include, amongst other things:

- Seeking additional independent, reliable sources to verify information provided to the Firm;

- Taking additional measures to understand better the background, ownership and financial situation of the client and other parties to the transaction;

- Asking further steps to be satisfied that the transaction is consistent with the purpose and intended nature of the business relationship;

- Increasing the monitoring of the business relationship, including greater scrutiny of transactions.

25.27 Regulation 39 sets out he circumstances in which reliance may be placed on a third party to carry out CDD. None of these circumstances applied in this case and the Firm was not therefore entitled to rely on Barclaycard to carry out CDD.

25.28 The MLRs 2017 applied to the Firm. However, the SRA Code of Conduct makes it clear that overarching responsibility for compliance with the Firm's regulatory obligations, including the MLRs, rests with the managers of the Firm. Chapter 7 of the SRA Code states:

> *"Everyone has a role to play in the efficient running of a business, although of course the role will depend on the individual's position within the organisation. However, overarching responsibility for the management of the business in the broadest sense rests with the manager(s). The managers should determine what arrangements are appropriate to meet the Outcomes."*

Professional misconduct

25.29 The First Respondent held the COLP and COFA roles at the Firm from 18 December 2012 onwards. The First Respondent was an owner and manager at the Firm from 21 February 2011 onwards. The First Respondent had overall responsibility for compliance with the Firm's regulatory obligations in respect of the transactions set out within this allegation.

25.30 Outcome 7.5 of the SRA Code required solicitors to comply with legislation applicable to their business, including anti money-laundering and data protection legislation. It was submitted on behalf of the Applicant that the First Respondent failed to comply with Regulations 27, 28 and 33 of the MLRs 2017 by failing to conduct adequate CDD and failing to conduct EDD before accepting the material payments.

25.31 Principle 6 of the SRA Principles 2011 required solicitors to behave in a way that maintains the trust that the public places in them and in the provision of legal services. The Public expects solicitors to comply with the anti-money laundering legislation because of their role as gatekeepers in the fight against money-laundering, an activity which has serious social consequences because it fuels corruption and all forms of criminality. This is spelled out by the SRA's Warning Notice published in November 2014 which states that the SRA considered money laundering to be a key risk because of the potential for damage to public confidence in legal services which it causes. It was submitted on behalf of the Applicant that by failing to comply with MLRs 2017 and failing to conduct adequate CDD and EDD, the First Respondent breached SRA Principle 6.

25.32 Principle 7 of the SRA Principles 2011 required solicitors to comply with their legal and regulatory obligations. In the Applicant's submission, by failing to comply with MLRs 2017 and failing to conduct adequate CDD and EDD the First Respondent breached SRA Principle 7.

25.33 Principle 8 of the SRA Principles states that solicitors must run their business or carry out their roles in the business effectively and in accordance with proper governance and sound financial and risk management principles. By accepting the material payments and failing to conduct adequate CDD and EDD despite the red flags and identifiable associated risks the Applicant submitted the First Respondent breached Principle 8.

The First Respondent's Case

25.34 Mr Williams KC submitted that this allegation was founded on evidence stretching back some six years. The allegation related to a breach of MLRs 2017 albeit in this case there was no money being laundered.

25.35 The First Respondent proceeded by reference to the applicable Law Society Guidance. Essentially CDD had been partially carried out, with more to come. The facts were straightforward, the introducer (who was not an intermediary which Mr Willams KC emphasised was an important point to note) Mr Fieberg, arrived at the Firm's office regarding a proposed conveyancing matter.

25.36 Client care letters were prepared reflecting the work proposed by the introducer however no contact with or response from either of the clients was received by the Firm and no work was undertaken. Barclaycard had their own due diligence systems and initially authorised the payments to the Firm.

25.37 The FIO investigated these matters to determine, *inter alia*, whether there were any potential breaches of the SRA Accounts Rules. The Firm received payments on account of costs and Mr Williams KC submitted that if they were not legitimate payments on account of costs and were transferred to office account this would have been a flagrant breach of the SRA Accounts Rules. No such breach of the SRA Accounts Rules was alleged by the Applicant and Mr Williams KC submitted that the Tribunal must therefore conclude that the payments were indeed on account of costs.

25.38 Mr Williams KC submitted that in the course of cross examination, the FIO had been asked about the Law Society Guidance. In light of it and in the context of this transaction the FIO acknowledged that the First Respondent's actions may have been compliant with the MLRs 2017 if viewed in a "…*vacuum*" but that the wider circumstances were suspicious and may have borne the hallmarks of fraud which is what the FIO had in mind when conducting the investigation.

25.39 Mr Williams KC reiterated in his submissions to the Tribunal that the allegation was framed as a breach of the MLRs 2017 and this approach was misconceived by the Applicant because of the Law Society Guidance.

25.40 Mr Williams KC submitted that the key question for the Tribunal was whether the applicable Law Society Guidance entitled the First Respondent to act as did.

25.41 Mr Williams KC referenced submissions to the Applicant made on behalf of the First Respondent during its investigation: -

> *"During the interview with the SRA Investigation Officer on 21 November 2019, Mr Cooper explained to the Investigation Officer that the firm was entitled to accept the payments on account of costs before completing the due diligence process because the Law Society Guidance states that payments can be made for costs before completion of the due diligence process.*

132. I understand the SRA accepts that payments on account of costs can be made before completion of the due diligence process. In case that is in doubt, the following guidance can be referred to:

132.1. The Law Society Guidance states in relation to the timing of CDD: "CDD must be completed before you:

- ***Deliver substantive work***
- ***Permit funds to be deposited in your practice's client account unless they are for fees and disbursements…..****"* (emphasis added)

132.2. The Law Society's Anti-money laundering Q&As provides confirmation that a payment on account of costs can be made before customer due diligence has been completed as follows:

*"**Are we able to take money on account of costs before we have received proof of ID and therefore before due diligence is complete?***

***HMT has confirmed that a payment on account of costs to a legal professional or payment of a legal professional's bill would not be viewed as participating in a financial transaction and therefore is not within the scope of the Regulations**."* (emphasis added)

25.42 Mr Williams KC submitted that the First Respondent prudently relied on what the regulator told him to do in the circumstances presented by this case. Mr Williams KC submitted that this was a complete defence to a charge of a breach of the MLRs 2017 and he reiterated that payments on account of costs are outside of the scope of these regulations.

The Tribunal's Decision

25.43 The Firm received a payment of £230,500 into the Firm's client account relating to the purchase of two high value properties in the north of England. The work was introduced to the Firm via a German national and the purchasers were understood by the First Respondent to be Pakistani and Singaporean nationals. The Tribunal was required to consider whether by accepting this payment without having carried out adequate Client Due Diligence the First Respondent had breached, *inter alia*, the MLRs 2017.

25.44 The risks associated with the proposed work were clear and had been cogently set out by Mr Melleney. The First Respondent should have acted with caution when considering the proposed instructions. The Tribunal considered that the First Respondent was ill advised to proceed in the manner that he did in view of the presenting circumstances.

25.45 The Tribunal accepted the First Respondent's evidence that he had undertaken no substantive work in relation to this matter. The First Respondent sent out client care letters to the purchaser clients but received no response and ultimately closed their files.

25.46 The First Respondent had raised bills and fees were taken on account of costs. There was no evidence to indicate that the payment into the Firm of £230,500 was not a legitimate payment on account of costs and Mr Williams KC had correctly submitted that there was no breach of the SRA Accounts Rules pleaded by the Applicant which indicated that this position was accepted, at least tacitly, by the Applicant.

25.47 It was fortunate that Barclaycard identified the risks and irregularities arising from the payments expeditiously and prior to the commencement of any substantive work being undertaken by the First Respondent. However, Mr Williams KC helpfully referenced and recited the applicable Law Society Guidance and the Tribunal determined that it was reasonable for the First Respondent to rely upon it.

25.48 The First Respondent had followed the applicable Law Society Guidance in relation to the timing of CDD which stated that CDD must be completed before substantive work is delivered and furthermore, that funds should not be deposited into the Firms client account prior to the completion of CDD unless they comprise fees and disbursements. As the material payments in this case were payments on account of costs they were outside the scope of the regulations cited within the allegation.

25.49 The Tribunal determined that the Applicant had failed on a balance of probabilities to prove that the First Respondent received payment of £230,500 into the Firm's client account without having carried out adequate Client Due Diligence in breach of the MLRs 2017. The Tribunal also found the pleaded breaches of the SRA Code of Conduct 2011 and SRA Principles 2011 not proved as the First Respondent had been acting in accordance with the applicable Law Society Guidance throughout.

25.50 The Tribunal found Allegation 3 **not proved** on a balance of probabilities.

Costs

26. The Applicant made no application in respect of its costs.

27. Mr Williams KC invited the Tribunal to make an application for costs and referred to the First and Second Respondent's Schedule of Costs dated 2 November 2024.

First and Second Respondent's Application for Costs

28. Mr Williams KC referred the Tribunal to the First and Second Respondent's Schedule of Costs and although the total figure claimed was £119,184.00 he conceded that there would likely be some reductions were a costs order to be made in favour of his clients.

29. Mr Williams KC acknowledged that successful respondents are generally constrained by the principles set out in Baxendale-Walker v The Law Society [2007] EWCA Civ 233 ("Baxendale-Walker"). Nevertheless, the features of this case were such that a cost order in favour of the First and Second Respondent was appropriate particularly as the Applicant's case had failed in its entirety.

30. Mr Williams KC conceded that the Applicant was entitled to conduct its investigation. The First and Second Respondent has self-reported to the SRA which

brought about its investigation and the associated costs of that were deducted from the amount claimed by the First and Second Respondent.

31. Mr Williams KC referred to the submissions to the Applicant on behalf of the First and Second Respondent prior to their referral to the Tribunal and submitted that their case has remained the same since that stage without modification. The Applicant had brought a case without any primary evidence and its investigation had involved a delay of several years. Mr Williams KC stated that the delay presumably arose as the Applicant had expended considerable efforts to obtain primary evidence before ultimately proceeding without it.

32. Mr Williams KC acknowledged the "*chilling effect*" on regulators that could arise from adverse costs orders following unsuccessful cases however in the circumstances there was a good reason to depart from the default position. In view of the principles set out in Baxendale-Walker the First and Second Respondent limited their application for costs to £30,000.

Applicant's Position

33. Mr Melleney opposed the costs application made on behalf of the First and Second Respondent.

34. Mr Melleney referred to the factors set out in Rule 43(4) of The Solicitors (Disciplinary Proceedings) Rules 2019 submitting that the Tribunal should have regard for the conduct of the parties and whether the allegations were pursued reasonably which in this case he submitted they were. The Applicant had complied with the Tribunal's directions and time limits imposed. The Applicant had spent a proportionate and reasonable amount of time on the case in view of the complexities and evidence involved.

35. In relation to the origins of the investigation concerning the First and Second Respondent, Mr Williams KC had referred to their self-report to the Applicant, in fact several reports were received from various 3rd parties regarding the conduct of the First and Second Respondent and therefore the investigation was wide ranging requiring production orders to be secured so that evidence could be obtained and put before the Tribunal. This had understandably taken time and was not a proper basis on which a costs order ought to be made against the Applicant.

36. Mr Melleney referred the Tribunal to Paragraph 40 of Baxendale-Walker: -

> *"…Unless the complaint is improperly brought, or, for example, proceeds as it did in Gorlov, as a "shambles from start to finish," when the Law Society is discharging its responsibilities as a regulator of the profession, an order for costs should not ordinarily be made against it on the basis that costs follow the event. The "event" is simply one factor for consideration. It is not a starting point. There is no assumption that an order for costs in favour of a solicitor who has successfully defeated an allegation of professional misconduct will automatically follow. One crucial feature which should inform the Tribunal's costs decision is that the proceedings were brought by the Law Society in exercise of its regulatory responsibility,*

> *in the public interest and the maintenance of proper professional standards. For the Law Society to be exposed to the risk of an adverse costs order simply because properly brought proceedings were unsuccessful might have a chilling effect on the exercise of its regulatory obligations, to the public disadvantage."*

37. Mr Melleney submitted that this case did not fall into that category as it was properly investigated and properly brought before the Tribunal. The case was certified by Tribunal and no submission of no case to answer or abuse of process had been lodged by the First and Second Respondents. It would therefore be wrong to conclude that the case was improperly brought or a "*shambles from start to finish*."

38 Although Mr Williams KC had referenced Baxendale-Walker Mr Melleney stated that the proposal to merely reduce any adverse costs order in favour of the First and Second Respondent's based on the principles of that case would lead irrespectively to the "*chilling effect*" on the functions of the regulator that were warned of in Baxendale-Walker.

39. Mr Melleney referred the Tribunal to Paragraph 57 of Solicitors' Regulatory Authority v Tsang [2024] EWHC 1150 (KB) (Admin): -

> *"The principle that costs follow the event is displaced in cases of this kind and, instead, when an allegation is dismissed the starting point is that there should be no order as to costs. For costs to be awarded against the SRA there must be a good reason justifying the departure from that starting point. In considering whether there is such a good reason the fact that the proceedings were brought in exercise of the SRA's regulatory function is to be seen as a crucial factor and regard is to be had to the risk that the making of adverse costs orders will have a chilling effect on the exercise of the regulatory jurisdiction."*

40. Mr Melleney submitted that no order as to costs should therefore be the starting point and there was no good reason to depart from that position in this case. Mr Melleney invited the Tribunal to refuse the costs application made on behalf of the First and Second Respondents.

The Tribunal's Decision on Costs

41. The Tribunal considered the submissions with care. It agreed that the starting position was one of no order as to costs. The authorities on the point were clear; there needed to be a "*good reason*" to depart from the starting point of no order as to costs:

> *"Good reasons are not confined to those cases where the proceedings have been improperly brought or so badly conducted as to have amounted to "a shambles from start to finish." However, those examples are to be seen as indicating the kind of matters which can amount to a good reason and for other matters to amount to a good reason they must be of a comparable gravity."* (Tsang)

42. Accordingly, in considering the application for costs, the Tribunal was required to determine whether there was any reason that was comparatively grave to the

proceedings being improperly brought or a shambles from start to finish, such that it was appropriate to depart from the starting point of no order as to costs. This approach applied irrespectively notwithstanding that the Applicant's case had failed in its entirety.

43. The First and Second Respondents had self-reported to the Applicant. The Applicant had also received complaints separately from interested 3rd parties regarding the conduct of the First and Second Respondent. The Applicant's investigation that followed was therefore necessary, legitimate and diligently conducted by the FIO.

44. The FIR was dated 23 March 2020. The First and Second Respondents position had been clearly detailed during the Applicant's investigation and was recorded by FIO within the FIR. The First and Second Respondents case was subsequently set out in detail by those acting on their behalf and provided to the Applicant at an early stage of its regulatory process. The First and Second Respondents case remained consistent throughout and required the Applicant to conduct further enquiries to ensure that the evidence was objective, particularly given the source of the complaints against the First and Second Respondents.

45. The Applicant was obliged to keep under review and maintain an ongoing assessment as to whether the evidence indicated that the case should be pursued. The Applicant engaged in significant and extensive efforts in the years after the FIR had been finalised to engage with the Firm's clients, *inter alia*, to obtain primary evidence to substantiate the information provided to the Applicant by self-motivated pay day lenders and those acting upon their behalf. When it became clear that primary evidence could not be obtained, the Applicant failed to reassess the evidential position and proceeded to the Substantive Hearing without sufficient objective, primary evidence that was required to sustain its case.

46. The Tribunal identified that this oversight represented a feature of the requisite "*comparable gravity*" as set down in Tsang. The Tribunal therefore considered that there was a good reason to depart from the starting point of no order as to costs. The Tribunal reviewed the First and Second Respondent's Costs Schedule and also closely scrutinised the proposed reductions set out by Mr Williams KC.

47. The Tribunal summarily assessed costs payable to the First Respondent in the sum of £20,000 and to the Second Respondent in the sum of £10,000. The Tribunal accordingly ordered that the Applicant pay costs in the summarily assessed amounts.

Statement of Full Order

First Respondent

48. The Tribunal ORDERED the allegations against CRAIG COOPER, solicitor, be DISMISSED and it further ORDERED that the Applicant, the Solicitors Regulation Authority Ltd, pay the Respondent's costs of and incidental to this application and enquiry fixed in the sum of £20,000.

Second Respondent

49. The Tribunal ORDERED that the allegations against ERICH KURTZ, solicitor, be DISMISSED and it further ORDERED that the Applicant, the Solicitors Regulation Authority Ltd, pay the Respondent's costs of and incidental to this application and enquiry fixed in the sum of £10,000.

Dated this 21st day of February 2025
On behalf of the Tribunal

L. Boyce

JUDGMENT FILED WITH THE LAW SOCIETY
21 FEBRUARY 2025

Mrs L. Boyce
Chair