

# SOLICITORS DISCIPLINARY TRIBUNAL

IN THE MATTER OF THE SOLICITORS ACT 1974

Case No: 12775-2025

**BETWEEN:**

THE SOLICITORS REGULATION AUTHORITY LTD Applicant

and

CLAIRE FRANCES GILL Respondent

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Before:

Ms A Kellett (Chair)

Ms H Hasan

Ms E Keen

Date of Hearing: 13<sup>th</sup> January & 2<sup>nd</sup> February 2026

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**Appearances**

David Price KC, Solicitor Advocate, leading Nicholas Hill and George McDonald of counsel, Outer Chambers, and 4 New Square Chambers respectively, instructed by James Danks, solicitor of Blake Morgan LLP, for the Applicant.

Richard Coleman KC, leading Samuel Burns of counsel both of Fountain Court Chambers, and Benjamin Williams KC of 4 New Square, for the Respondent.

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**JUDGMENT RE: COSTS  
AND  
FINAL ORDER**

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## Background

1. The facts and its decision on dismissal are set out in the Tribunal’s judgment dated 22<sup>nd</sup> December 2025.
2. In summary, the case concerned an allegation by the Solicitors Regulation Authority (SRA) against a Carter-Ruck partner, Ms Gill, for allegedly sending a letter to Jennifer McAdam in April 2017 that contained an improper threat of litigation. This letter was sent while representing Ruga Ignatova and OneCoin, which subsequently was found to be a fraudulent cryptocurrency scheme. The SRA argued that the letter was issued primarily to create a misleading public relations message that OneCoin was ready to vindicate its reputation, despite the Respondent knowing the client would not be able to provide the necessary evidence to open and/or sustain such proceedings. The SRA alleged this action represented a breach of integrity and public trust under the SRA Principles 2011. The Respondent applied for summary dismissal, contending that the allegation was legally unsustainable, speculative, and based on hindsight. Her counsel argued that solicitors are not obliged to verify client instructions beyond avoiding knowingly dishonest claims, and the letter was moderate, conventional, and consistent with professional duties. Authorities cited reinforced that suspicion is not equivalent to knowledge and that solicitors may act for clients with weak or controversial cases provided they do not knowingly assist in an abuse of process.
3. The Tribunal granted summary dismissal, finding the SRA’s case legally flawed and unsupported by evidence. It held that the Respondent acted professionally, sought appropriate advice, and was continuing to investigate facts at the time the letter was sent. There was no proof that she knew proceedings would not be pursued or that the letter conveyed a false message. The Tribunal rejected the “false PR message” theory as speculative and noted that the letter was moderate in tone and not misleading. Established case law confirmed that solicitors are not required to withdraw representation based on doubts alone, and the dividing line is knowledge of falsity or abuse. The Tribunal also criticised the prolonged delay in pursuing the matter, which compounded its disproportionate impact upon the Respondent.
4. Concluding that no triable issue of fact existed and the allegation could not meet the threshold for misconduct, the Tribunal dismissed the proceedings and directed written submissions on costs ahead of a remote hearing scheduled for 13<sup>th</sup> January 2026.

## The Costs Hearing

5. At the start of the hearing the parties acknowledged that the Applicant had, the day before, lodged grounds of appeal with the Administrative Court with respect to the Tribunal’s decision on dismissal dated 22<sup>nd</sup> December 2025. It was accepted that notwithstanding this pending appeal, the parties would make their respective submissions on costs on the basis of the findings made by the Tribunal.
6. Respondent’s Submissions
  - 6.1 The Respondent’s written and oral submissions were centred in Rule 43 of the Solicitors (Disciplinary Proceedings) Rules 2019 and section 47(2) of the Solicitors Act 1974. Whilst the starting point in disciplinary proceedings is that no order for costs is made

when allegations are dismissed, the Respondent argued that there were multiple factors amounting to “good reason” for departing from that position in this case. These were advanced under six headings.

- 6.2 First, the allegation was fundamentally flawed in law and should never have been pursued. The Tribunal’s summary dismissal confirmed that the case was not reasonably arguable. This was not a situation where new evidence undermined an initially sound case: the defect was present from the outset. The Respondent had repeatedly provided detailed representations and expert opinions, including the Dutton and Page Opinions, explaining why the allegation could not succeed. Despite these, the regulator continued to prosecute. On that basis, the proceedings could not be regarded as having been pursued reasonably under Rule 43(4)(a).
- 6.3 Second, the investigation and prosecution extended over several years, far exceeding the regulator’s own stated aim of concluding complaints within 12 months. No adequate explanation or apology was provided for this delay. Such delay had increased costs, prolonged uncertainty, and caused unnecessary prejudice. The Tribunal had previously recognised similar delays as unreasonable in cases such as *SRA v Tsang [2024] EWHC 1150 (Admin)*, and the Respondent submitted that this factor strongly supported a costs order.
- 6.4 Third, although disciplinary proceedings inevitably cause some stress, the impact here was exceptional given the absence of any arguable case. The proceedings caused significant anxiety, reputational harm, and loss of professional time, approximately 500 hours of chargeable time. Whilst the Respondent did not seek recovery for her own time, these consequences were relevant to assessing the overall reasonableness of the regulator’s conduct and the proportionality of continuing the case.
- 6.5 Fourth, the Rule 12 Statement was diffuse and unclear, requiring substantial work to identify the case to be met. The original allegation had been framed broadly and then later abandoned, and changes in investigative recommendations were not disclosed. These deficiencies increased the complexity and cost of the defence and fell short of the standards expected in regulatory proceedings. A properly focused case would have significantly reduced costs.
- 6.6 A fifth point, though not formally pursued, was based on the assertion that the decision to prosecute had been influenced by factors unrelated to the merits of the case, including political and media pressure surrounding SLAPPs and an expressed intention to run “test cases”. Mr Coleman observed that whilst policy considerations may inform regulatory priorities, they cannot justify advancing allegations lacking legal foundation. The regulator’s role requires decisions based on law, evidence, and public interest, not external pressures. Using disciplinary proceedings to test novel theories was said to be inconsistent with statutory duties and contrary to principles of fairness.
- 6.7 The Respondent invited the Tribunal to assess costs on the indemnity basis, as the regulator’s conduct took the case outside the norm. Costs should be recoverable from 12 July 2023, when the Respondent first learned of Dr Jones’ recommendation to close the investigation, marking the start of unreasonable conduct, or alternatively from 8 February 2024, when the flawed referral notice was served. She sought recovery of costs for the anonymisation and third-party disclosure issue (£25,830), opposed any

order for the SRA's costs, and requested an interim payment of £752,755.05 (75% of claimed costs) if detailed assessment were ordered.

- 6.8 The updated Statement of Costs (dated 9<sup>th</sup> January 2026) totalled £1,003,673.40 (including VAT), broken down as follows:

Period	Total Costs (inc. VAT)
12 July 2023 – 07 Feb 2024	£14,268.00
08 Feb 2024 – 21 Mar 2025	£247,158.00
22 Mar 2025 – 01 Apr 2025	£20,838.00
02 Apr 2025 – 22 May 2025	£40,896.00
23 May 2025 onwards	£680,513.40
<b>Total</b>	<b>£1,003,673.40</b>

- 6.9 Counsel's fees amounted to £578,745.00, reflecting the engagement of leading silks and junior counsel for complex applications and hearings. Solicitors' work included extensive drafting, case management, and handling third-party disclosure issues. Additional costs included £3,110.00 for professional costs preparation by Practico Ltd.
- 6.10 The Respondent submitted that these factors, individually and collectively, constituted compelling reasons for a costs order under Rule 43 and invited the Tribunal to:
1. Order payment of her costs since July 2023 (or at least from February 2024, the date of Dr Jones' notice recommending referral to the Tribunal).
  2. Assess costs on the indemnity basis, with an interim payment of £752,755.05 within 14 days.
  3. Include costs of the anonymisation/third-party disclosure issue and reject any set-off for the disclosure application.
  4. Dismiss the SRA's indemnity principle objections as premature and misconceived.

## 7. The Applicant's Submissions

- 7.1 Mr Price, for the SRA, submitted that there should be no order as to costs following the Tribunal's summary dismissal of the allegation. He argued that in regulatory proceedings the principle that costs follow the event is displaced and that the starting point is no order unless there is a reason of comparable gravity to a case conducted as a "shambles from start to finish."
- 7.2 The SRA relied on authorities recognised in Tribunal guidance and later case law to emphasise that properly brought proceedings in the public interest should not automatically expose the regulator to adverse costs simply because the case was unsuccessful. The allegation had been certified by the Tribunal at the outset, pursued on a narrow and focused basis, and litigated reasonably. Whilst the Tribunal found the allegation legally unsustainable, it did not find bad faith or impropriety.

- 7.3 Mr Price contended that the perceived weakness of its legal argument could not, by itself, justify departing from the starting point, and that any adverse costs order risked a chilling effect on the discharge of its regulatory functions.
- 7.4 If the Tribunal was minded to depart from this starting point, Mr Price submitted that any recovery should be tightly limited. Costs arising from two failed applications anonymity/reporting restrictions and third-party disclosure, should be excluded because costs had been reserved and the SRA had successfully resisted those applications. Most pre-action costs should not be recoverable because they related to broader allegations, including those against Carter-Ruck the firm, that were not pursued in the Tribunal. The investigation had been into the firm; the Respondent was only personally put on notice in February 2024, and costs incurred before that date were the firm's own.
- 7.5 On quantum and assessment, Mr Price argued that the claim, which exceeded £900,000, was not suitable for summary assessment. He said the Statement of Costs lacked granularity, especially in relation to counsel's fees, which exceeded £500,000. The SRA contended that there had been heavy duplication by multiple Grade A fee earners, a lack of delegation to junior staff, and a reliance on two silks that was not proportionate to the nature of the applications and the two-day hearing. Hourly rates charged by Carter-Ruck were significantly above guideline rates without clear justification and had not varied over the years in line with guideline schedules. Certain items were plainly irrecoverable, including advice related to the Proceeds of Crime Act, which did not form part of the SRA's case.

#### The Indemnity Principle and the Chorley Principle

- 7.6 The SRA raised concerns under the indemnity principle, noting that the Respondent had entered into a CFA Lite (a type of Conditional Fee Agreement) with her firm in October 2025 which purported to apply retrospectively to work from July 2023, yet she had claimed costs under the Chorley principle instead.
- 7.7 Mr McDonald, specialist costs counsel for the Applicant, submitted that the Tribunal had no power to make any award of costs in favour of the Respondent because, on the proper application of the indemnity principle, no recoverable liability existed at the time the order was sought. It was said that the Respondent had entered into the "CFA Lite," under which she only became liable to pay her solicitors' fees in the event that she "won," but where "win" was defined as obtaining an order or agreement for costs in her favour.
- 7.8 The Applicant argued that this structure produced a circularity: the Tribunal could only make an order to indemnify an existing liability, but the Respondent had no liability unless and until such an order was made. Because the precondition for a costs order was not satisfied, it was submitted that the Tribunal lacked jurisdiction to award costs.
- 7.9 In support of this position, Mr McDonald relied upon *Customs and Excise v Vaz* [1995] STC 15, which was said to be directly analogous. In *Vaz*, a representative's entitlement to fees arose only if costs were recovered. The Court held that, in the absence of any existing liability, the tribunal in that case had no power to make a costs order. The Applicant contended that the same reasoning applied here.

- 7.10 Mr McDonald rejected the argument that the making of a costs order would “trigger” the Respondent’s liability under the CFA. It was submitted that this conflated cause and effect: the Tribunal’s task was first to determine whether a costs order was permissible, and a liability that arose only after the making of the order could not satisfy the requirement for a subsisting liability at the point of decision. He also observed that, unlike the Civil Procedure Rules (CPR) governing costs in civil litigation, the Tribunal’s procedural rules contain no provision which permitted recovery under a CFA Lite by disapplying or limiting the indemnity principle. It was said that, in the absence of an express statutory modification, the Tribunal could not override the common law requirement that a costs order must indemnify an existing liability.
- 7.11 It was further noted that the certification required in a statement of costs (that the costs claimed do not exceed the amount the client “is liable” to pay) could not presently be met, because the Respondent had no existing liability for the fees claimed.
- 7.12 As to the Respondent’s alternative reliance upon the Chorley Principle (*London & Scottish Benefit Society v Chorley (1884) 13 QBD 872*) the Applicant submitted that this could not operate in the present case. It was said that the Respondent and her firm had chosen to regulate their relationship by an express written agreement, and that it was not open to the Respondent to revert to an implied basis of recovery when the express agreement encountered difficulties.
- 7.13 The Applicant argued that the CFA Lite and the Chorley Principle were fundamentally inconsistent in any event. The CFA Lite purported to cover work undertaken from 2023, whereas the Chorley Principle could only apply from April 2025, when the Respondent became an equity partner in her firm. The recoverability of VAT differed between the two regimes, and under Chorley a solicitor could not claim for consulting or instructing herself, nor for internal attendances of the kind ordinarily claimed under a CFA Lite. These differences were said to make concurrent reliance upon both bases unworkable.
- 7.14 It was also pointed out that the Respondent had stated in her own evidence that she was unaware of the Chorley Principle when she entered into the CFA Lite. It was submitted that this demonstrated that the CFA Lite was intended to be the sole basis governing costs as between the Respondent and her firm. In response to the Respondent’s suggestion that the CFA Lite might be a nullity for want of consideration, the Applicant submitted that consideration was present. It was argued that a “win” could have occurred through agreement by the Applicant to pay costs, and that the firm obtained reputational benefit through acting for one of its partners, both of which were capable of constituting good consideration.
- 7.15 Finally, Mr McDonald submitted that if the Tribunal were against him on these points and considered the Chorley Principle to be applicable, recovery should be limited strictly to work undertaken after April 2025, and only in accordance with the narrow scope of that principle. It was suggested that the Respondent’s equity share appeared modest and that any prejudice arising from the refusal of a costs order would be minimal when set against the sum claimed, which approached £1 million.

## 8. The Respondent's Submissions

- 8.1 Mr Coleman, for the Respondent, developed an argument addressing both the indemnity principle and the Chorley principle. His overarching submission was that neither doctrine provided any basis for declining to make a costs order against the SRA, and that the SRA's position rested upon mischaracterisations of established legal principles.
- 8.2 Mr Coleman submitted first that the SRA's reliance on the indemnity principle amounted to what he described as a "legally misconceived" attempt to avoid what would otherwise be the natural outcome in a case where allegations have been dismissed in their entirety. His analysis of the indemnity principle comprised three strands.
- 8.3 The first was 'the timing point'. He argued that the Tribunal was not required, at the stage of deciding whether to make a costs order in principle, to satisfy itself that the indemnity principle had been met. That, he said, was a question that properly arises at the stage of detailed assessment, during which the receiving solicitor must certify compliance with the principle. The Tribunal's task, on his submission, was to consider whether there should be an order, not whether every element of the retainer could ultimately withstand detailed scrutiny.
- 8.4 His second point was a response to what he characterised as the SRA's "circularity" argument. The SRA submitted that because the Respondent's liability to Carter-Ruck arose only upon the making of a costs order, there was no liability capable of being indemnified at the moment the Tribunal came to consider costs. Mr Coleman argued that this misapprehended the structure of the CFA Lite. The making of a costs order was, under the terms of the CFA Lite, the very event which created the liability; that did not defeat the indemnity principle but satisfied it. He referred to the reasoning in *Thai Trading [1998] QB 781, 785* as illustrating that a liability contingent upon a specific event, such as a win or the making of a costs order, is nonetheless a genuine liability for the purposes of the indemnity principle.
- 8.5 His third point concerned alignment with the approach of the High Court. He noted that under rule 43(2) of the Tribunal's Rules, costs should broadly follow the High Court's approach unless there is a reason to do otherwise. In the High Court, CPR 44(1)(3) expressly permitted the recovery of costs incurred under "CFA Lite" arrangements. On that basis, he submitted that it would be inconsistent with the Tribunal's own rules to treat a CFA Lite as offending the indemnity principle when the High Court has expressly provided that it does not.
- 8.6 Mr Coleman then turned to what he described as a "robust fallback" argument grounded in the Chorley principle. He submitted that this principle provided an independent route for recovery which operated irrespective of the CFA Lite. He argued that the Respondent, as a partner of Carter-Ruck, derived a direct financial benefit from the firm's profits and a direct detriment from the time and resources expended on defending her before the Tribunal. Relying on *Malkinson v Trim [2003] 1 WLR 463*, he submitted that the time of one partner is of measurable value to another, because each contributes to and shares in the profits of the firm. On that basis, he contended that a loss is suffered when a firm's resources are diverted to defending one of its partners, even if the firm does not intend to render a bill or enforce payment.

- 8.7 The Chorley principle did not depend upon the existence of an express retainer. It was rooted instead in the recognition of a real diversion of resources that has an economic value. Even if the CFA Lite was, as the SRA argued, a nullity incapable of giving rise to any liability, the common law would imply a retainer where solicitors have acted with the client’s knowledge and consent. He relied on the decision in *R v Miller [1983] 1 W.L.R.* in support of the proposition that such an implied retainer is sufficient to establish the necessary liability for the indemnity principle to be satisfied, regardless of whether the firm intends to enforce that liability in practice.
- 8.8 Finally, he submitted that the SRA’s contention that the CFA Lite could never be triggered because of its definition of a “win” was an unsustainable “gotcha” point. If correct, it would render the CFA entirely devoid of consideration and therefore void, which would in turn activate the implied retainer analysis. Either way, under the CFA, or under an implied retainer, i.e. the Chorley principle, he submitted that the Respondent, had a sufficient liability for the purposes of the indemnity principle and that there was no bar to the Tribunal making a costs order against the SRA.
9. Post Hearing Submissions
- 9.1 Whilst deliberating on its decision the Tribunal asked for assistance from the parties to assist in answering a further five questions (as set out below).

Tribunal’s Question	Respondent’s Answer [ <i>with input from Mr Benjamin Williams KC</i> ]	Applicant’s Response [ <i>Mr MacDonald</i> ]
Q.1 Does a CFA Lite breach the indemnity principle? If so, why; if not, on what basis?	A CFA Lite does not breach the indemnity principle. The essence of the indemnity principle is that costs awards are compensatory. The principle is satisfied because, on assessment, Ms Gill’s recovery would not exceed the reasonable costs that she is liable to pay Carter-Ruck.	Yes, CFA Lites do breach the indemnity principle. The principle prevents a party from recovering costs for which they have not actually incurred a liability to their own lawyers. Under a CFA Lite, a client is generally only liable to pay their solicitor what is recovered from the opposing side; therefore, without statutory intervention to “abrogate” or “disapply” the principle, these costs would be unrecoverable. The breach is particularly stark where the “Win” trigger is defined such that no liability exists until a costs order is actually made, creating an inherent circularity.
Q.2 Is it legally correct that the principle in <i>Chorley</i> is	It is fundamentally incorrect that the Chorley principle is	Yes, an express contractual arrangement for

<p>displaced where there is a separate express contractual arrangement? That is, are these alternatives mutually exclusive, and what authority (if any) supports this position?</p>	<p>displaced where there is a separate express contractual arrangement. That is clear both from the decision of the Court of Appeal in <i>Malkinson</i>, the leading case binding on the Tribunal, and as a matter of principle. There is no authority to support the SRA's contention to the contrary (and none has been cited).</p>	<p>representation and payment displaces the Chorley principle. The Respondent elected to become a “client” of her partners through an express agreement, effectively circumventing the indemnity principle. Legal principles prohibit a party from “approbating and reprobating”; the Respondent cannot rely on a CFA Lite and then fall back on the inconsistent Chorley principle when it suits her.</p>
<p>Q.3 Where the contractual arrangement does not create a valid right to recovery: Does <i>Chorley</i> then create an alternative right of recovery? Is it open to the Respondent to choose the basis upon which she seeks to recover (contractual or common law)?</p>	<p>i. It follows from the answer to Q2 that where the contractual arrangement does not create a valid right to recovery, <i>Chorley</i> does indeed create an alternative right of recovery. That was the case in <i>Malkinson</i>.  ii. The further question whether a respondent can choose the basis on which she seeks to recover costs (contractual or <i>Chorley</i>) arises only if the Tribunal finds that the CFA does not satisfy the indemnity principle: if so, then <i>Chorley</i> provides the only basis of recovery (see (i) above); but if the CFA does satisfy the indemnity principle then, on assessment (whether conducted summarily by the Tribunal or in detail by a costs judge), the respondent can choose the more favourable basis of recovery.</p>	<p>No, <i>Chorley</i> does not create an alternative right of recovery if the contract is invalid, and the Respondent cannot choose between them. The express contract governs the position once entered, and the CFA was not a nullity because valid consideration existed—the “Win” could have been triggered by a settlement agreement as well as a Tribunal order. Once the Respondent entered the CFA, reliance on an alternative basis for recovery is lost.</p>
<p>Q.4 Are there any other cases of relevance where the definition of “win” as used in the CFA Lite has been considered by the courts?</p>	<p>While there are many cases where a CFA's definition of a “win” will comprise or include obtaining an award of costs in a similar way to the CFA in this case, they are not cases that can assist the Tribunal, because they were</p>	<p>Yes, <i>Customs &amp; Excise Commissioners v Vaz</i> (1995) is directly relevant. In <i>Vaz</i>, the court held that an agreement where liability only arose if a costs award was made breached the indemnity principle. As a</p>

	<p>determined under the CPR, rule 44.1(3), which even the SRA accepts puts the recovery of costs in these circumstances beyond doubt. It is only because that the SDPR does not contain a rule with equivalent wording that the SRA takes the point it does here.</p>	<p>result, the tribunal had no power to make a costs order because there was “nothing which could be indemnified.</p>
<p>Q.5 Does the Tribunal have power to override the indemnity principle by applying the overriding objective of fairness (and, by equivalence, the provisions of CPR 44.1(3))?</p>	<p>The Tribunal should generally respect the indemnity principle on the basis that costs orders are compensatory. However, the broad jurisdiction under section 47(2) of the Solicitors Act 1974 and Rule 43 of the SDPRs enables it to approach the indemnity principle with the same flexibility as is permitted in the High Court under CPR 44.1(3), and to develop the indemnity principle accordingly. CPR 44.1(3) was introduced to meet the justice of the case described in that rule, and the Tribunal has the same power under section 47(2) and Rule 43 (construed and applied in accordance with the overriding objective in Rule 4). In any event, as the formulation of question 5 implies, the question arises only in relation to the CFA.</p>	<p>No, the Tribunal does not have this power. The indemnity principle is a well-established legal rule that can only be displaced by statute. The “overriding objective of fairness” does not provide a legal basis to ignore the principle, and the SDT rules do not incorporate the specific Civil Procedure Rules that allow other courts to disapply it. There is no unfairness in applying the principle here, as the experienced lawyers involved drafted an agreement that was known to conflict with established law.</p>

### *Variation of the CFA Lite*

- 9.2 The Respondent submitted that the SRA's resistance to a costs order based on the indemnity principle was misconceived and constituted an unreasonable exercise in maintaining an obviously wrong contention that the indemnity principle was relevant to whether costs should be awarded in principle.
- 9.3 Nevertheless, to eliminate needless complication, the Respondent and her partners had recently amended the CFA to redefine ‘Win’, so it was no longer purely contingent on obtaining a costs order. Under the variation agreement (entered into since the previous costs hearing), a ‘Win’ now also resulted from the dismissal of the SRA's case. Since

dismissal had occurred, the Respondent's payment obligation had been triggered in a manner that satisfied the indemnity principle.

- 9.4 The Respondent acknowledged this was a “stratagem” to defeat the SRA's technical objection, describing it as “*fighting fire with fire*”. The Respondent relied on Lord Hoffmann's observation in *Norglen v Reeds Rains Prudential [1999] 2 AC 1* that such devices “either work or they do not”.
- 9.5 The Respondent submitted that authority demonstrated a solicitor's retainer could properly be amended at any time until the final costs order to eliminate indemnity principle objections. The indemnity principle was not a trap to give the losing party a sporting chance of escaping liability; it was intended to prevent over-compensation. Lord Phillips MR had stated in *Thornley* that courts generally had “no truck” with such arguments and would adopt artificial approaches to defeat them where necessary. There was no question of over-compensation here, and the Respondent sought to ensure her firm was properly remunerated for vindicating her defence.
- 9.6 The Respondent relied on two cases. First, *Radford & Anor v Frade & Ors [2018] EWCA Civ 119*, where the Court of Appeal accepted that amending a CFA to remove limitations was effective in principle. The amendment there failed only because it was executed after the costs order had been made, which was the crystallising moment after which a retainer could no longer be amended. In the present case, no costs order had yet been made, so the Respondent was entitled to amend her retainer.
- 9.7 Secondly, in *Forde v Birmingham City Council [2009] 1 WLR 2732*, Christopher Clarke J held that a solicitor and client could enter into a replacement CFA of fully retrospective effect the day before settlement to defeat an indemnity principle challenge. The judge held it was perfectly understandable that the claimant would cooperate to ensure the solicitor was paid, observing that many would regard it as unacceptable for the solicitors to receive nothing for their work.
- 9.8 The Respondent submitted her case was stronger than *Forde*, which showed that client and solicitor could collaborate to defeat an indemnity principle objection even where the CFA was ‘illegal.’ Here, there was no suggestion of illegality, only an abstruse circularity objection which the judge in *Vaz* himself had considered unjust.
- 9.9 The amendment provided a convenient and legally irrefutable shortcut to dispose of the SRA's circularity objection and determine whether the Respondent was entitled to costs on the merits. It was because the answer to that question was so self-evidently affirmative that the SRA had resorted to desperate and misconceived points about the indemnity principle.
10. The Applicant's Further Submissions
- 10.1 In addition to his written submissions to the questions, Mr MacDonald submitted that the belated attempt by the Applicant to vary the CFA Lite should not be permitted as it constituted an entirely new case.
- 10.2 The Respondent's CFA Lite contained two critical provisions. The ‘Win’ trigger provided that a Win was only achieved if costs were awarded or agreed in the

Respondent's favour. The “Amount Payable” provision meant the Respondent was only liable to pay amounts recoverable from the SRA, rendering it a CFA Lite. The Win trigger (as defined in this instance) was not an ordinary feature of CFA Lites.

- 10.3 CFA Lites breached the indemnity principle. Legislative changes on 2 June 2003 brought section 31 of the Access to Justice Act 1999 into force and introduced CPR rule 44.1(3), which abrogated the indemnity principle for CFA Lites. The Explanatory Note stated these amendments enabled solicitors to agree lawfully not to seek recovery beyond what the court awarded. This was confirmed in *Jones v Wrexham BC* [2008] 1 WLR 1590, citing Lord Phillips' explanation that such agreements violated the indemnity principle, and by Lord Justice Jackson's Review of Civil Litigation Costs. As stated in *Process & Industrial Developments Ltd v Federal Republic of Nigeria* [2025] UKSC 36, the indemnity principle prevented recovery of costs for which no liability had been incurred.
- 10.4 The definition of “Win” created inherent circularity: no liability arose unless costs were ordered. In *Vaz*, the court held such an agreement breached the indemnity principle and no costs order could be made since there was nothing to indemnify. The Respondent's reliance on *Sharratt v London Central Bus Co* (2003) EWHC 9020 (Costs) was misplaced; that decision was shown to be incorrect by subsequent legislation and *Jones v Wrexham*.
- 10.5 Mr MacDonald maintained that *Chorley* was displaced by the express contractual arrangement. The Respondent had entered into an express agreement with her partners retrospectively covering over two years to circumvent the indemnity principle. *Radford v Frade* [2018] 1 Costs LR 59 confirmed a receiving party could not rely on an implied retainer where an express retainer applied. The principle against approbation and reprobation also applied: *Express Newspapers v News Ltd* [1990] 1 WLR 1320. Moreover, the Respondent's case was that the CFA was an agreement with her partners personally, so *Chorley* could not apply.
- 10.6 The SRA submitted *Chorley* did not create an alternative right where the express contract failed. The CFA was not a “nullity” as the definition of ‘Win’ included agreement to pay costs, providing consideration. Once entered into, the CFA governed the position. In this context the Tribunal had no power to override the indemnity principle through the overriding objective. Only statute could displace it: *Thornley v Lang* [2004] 1 WLR 378. There was no basis for applying CPR rule 44.1(3) “by equivalence”; the SDT rules did not incorporate the CPR. The Respondent had no liability under the CFA. As experienced lawyers, the Respondent and her partners should have been aware of the indemnity principle when drafting an agreement to circumvent it.

### **Tribunal’s Decision on the making of a Costs Order**

11. The Tribunal acknowledged that the matters before it engaged a particularly complex and finely balanced area of law, in which the parties had presented detailed and diametrically opposed arguments. This rendered the determination of the appropriate course far from straightforward. Notwithstanding the challenges, the Tribunal approached its task with attention to the overriding objective, and to ensure that the outcome reflected both legal principle and practical justice. In all respects, the Tribunal

sought to remain true to this guiding principle, applying it to the submissions before it, and this approach informed the reasoning and conclusions set out below.

12. The Tribunal considered first whether an order should be made.
13. Both sides had addressed section 47(2) Solicitors Act 1974 and Rule 43 SDPR 2019. The commonly stated “starting point” in disciplinary matters is no order as to costs when allegations are dismissed, unless there is “good reason” to depart from this position.
14. The Tribunal carefully considered whether the present case warranted a departure from the ordinary starting point, namely that no order for costs should be made where allegations have been dismissed. In exercising this discretion, the Tribunal took into account both the conduct of the proceedings and the particular circumstances of the parties as it was required to under Rule 43 of the SDPR 2019.
15. The substantive allegation against the Respondent had been summarily dismissed on 22<sup>nd</sup> December 2025 on the basis that it was legally flawed and unsupported by evidence. The Tribunal observed that the SRA’s handling of the case involved prolonged and unexplained delay, original allegations that had been framed in a diffuse and shifting manner, and legal inaccuracies. These factors cumulatively caused disproportionate prejudice to the Respondent, including substantial personal and professional impact. In these circumstances, the Tribunal was satisfied that “good reason” existed to depart from the default position of no order for costs, if it considered it was right to do so.
16. This conclusion was informed by the principles articulated in *Tsang* and related authorities, which recognised that the Tribunal may exercise its discretion to make an order where fairness, proportionality, and the proper administration of justice demanded it.
17. The Tribunal emphasised that its role was not to penalise the regulator, but to recognise that the conduct of the proceedings had made the Respondent’s entitlement to costs a matter of principle.
18. Having established the entitlement, the Tribunal turned to the mechanics by which costs might operate. The Tribunal recognised that, at common law, the indemnity principle requires a costs order to indemnify an existing liability.
19. The SRA had contended that recovery was barred because the Respondent’s liability to pay the firm arose only upon the making of a costs order, the Tribunal noted that, in accordance with *Fraser (PC)* and *Hollins v Russell [2003] 4All ER 590*, the principle was properly policed at the stage of detailed assessment which the Tribunal was minded to direct. It did not constitute a gateway bar to the Tribunal making an order in principle. In other words, the fact that liability under a CFA Lite might only crystallise upon a costs order did not prevent the Tribunal from recognising the Respondent’s entitlement at a principled level. This approach was consistent with CPR 44.1(3) and as applied in cases such as *Sharratt*, where costs may be ordered in principle before detailed assessment of quantum.

20. The Tribunal examined the original/unvaried CFA Lite agreement entered into by the Respondent and her firm. This agreement defined a 'Win' as obtaining a costs order in the Respondent's favour, which created practical and logical difficulties. However, the Tribunal noted the CFA Lite had not expressly excluded the Respondent's common law rights as represented by the Chorley principle. The Tribunal was satisfied therefore that the CFA Lite, properly construed, did not, on its face, preclude a costs order being made at first instance.
21. Any perceived circularity or potential conflict with the indemnity principle was a matter more properly to be addressed at the stage of detailed assessment and did not operate as a threshold bar to making an order in principle.
22. The Tribunal noted that the Respondent, in its latest submissions, had purported to vary the CFA Lite, so that a 'win' now included dismissal of the SRA's case. While such a variation might, in principle, address any technical circularity, the Tribunal observed that it was neither sought nor directed by the Tribunal, and its introduction at such a late stage was, at best, a questionable 'stratagem,' a term which the Respondent had used in her own submission. The Tribunal did not consider itself obliged to address the variation and declined to do so; the making of a costs order was to be made by reference to the factual context of the original funding arrangement and not the purported variation. As to the original arrangement the Tribunal found that the Respondent's common law rights remained arguably extant.
23. Further, the Tribunal considered that the Chorley principle provided a legitimate independent basis for costs recovery. Where a partner in a firm was represented by that firm, and the firm diverted its own resources to fund the partner's defence, the economic loss recognised under Chorley may be viewed as real, compensable, and distinct from any contractual liability under a retainer. The existence of a CFA Lite agreement did not, necessarily, displace the operation of Chorley in these circumstances, particularly where the agreement did not expressly exclude common law rights.
24. The Tribunal was satisfied that, should any challenge to the CFA Lite arise, the Chorley principle could provide an alternative basis for recovery unless expressly prevented. This reasoning appeared to be supported by the authority of *Malkinson*, recognising that a firm's diversion of resources to support a partner constituted recoverable loss even absent a personal contractual liability.
25. In light of the foregoing, the Tribunal decided to make an order for costs in favour of the Respondent. The order did not constitute an assessment of quantum; that task was reserved for detailed assessment by a Costs Judge of the High Court. Further, the Tribunal had deliberately not set out a view on how much, if any of the costs claimed would ultimately be recoverable either under the CFA Lite (varied or unvaried) or the common law. These were matters for determination on detailed assessment.
26. The Tribunal therefore considered that no interim payment was necessary or appropriate, given that the determination of entitlement, quantum, and any potential deductions were properly matters for detailed assessment. This approach ensured that the Respondent's entitlement was recognised without the Tribunal engaging in premature or speculative determinations.

## Conclusion

27. The Tribunal ordered that the SRA was to pay the Respondent's costs of the proceedings. Detailed quantum and related issues were reserved for assessment by the High Court. No order for an interim payment was made, and the Tribunal declined to consider the late variation of the CFA Lite for the purposes of this decision. The Tribunal was content that this reflected the Tribunal's assessment of fairness, proportionality, and the proper administration of justice, and was made on the basis of both statutory rules and common law principles.

## Related Matters

28. Following the decision as to whether a costs order should be made in the Respondent's favour, the parties made submissions on the following related matters:
- (i) At what point in time should the order for costs commence? ("the relevant date")
  - (ii) Whether detailed assessment should be on the standard or indemnity basis?
  - (iii) How the costs of the two failed applications made by the Respondent should be dealt with.
29. Issue 1: The Relevant Date
- 29.1 Mr Williams and Mr MacDonald proposed several different "candidate dates" as to when a cost order should begin.
- 29.2 Mr Williams, for the Respondent, submitted that this should be the date on which the SRA's conduct in pursuing the proceedings could be considered unreasonable. He argued for an earlier start date, primarily based on when the SRA's own expert, Dr Jones, recommended discontinuing the investigation. To this end, 12<sup>th</sup> July 2023 was his primary candidate date, calculated by taking the date of Dr Jones' initial recommendation (May 2023) and allowing the SRA three months to "*read, mark, learn, and inwardly digest*" the finding. He argued this was the point at which the SRA should have "*stopped the sausage machine.*"
- 29.3 Next, he identified the date of Dr Jones' subsequent "reconsidered recommendation," where she suggested proceeding despite her earlier view. As another alternative he suggested the date the SRA formally decided to refer the matter and finally, he acknowledged the date after the Rule 12 statement was served (23<sup>rd</sup> May 2025) was also a potential candidate, though he maintained the earliest date was most appropriate given the SRA's "misconceived" prosecution.
- 29.4 Mr MacDonald argued for significantly later dates, primarily because he contended that early SRA work related to the firm, which was not a party, rather than the Respondent alone. Therefore, 8<sup>th</sup> February 2024 was his earliest suggested date, marking when the notice was served on the Respondent personally recommending her referral to the Tribunal.
- 29.5 Alternatively, he suggested 22<sup>nd</sup> July 2024 as this was the date Ms Gill provided her formal response to the referral notice.

- 29.6 Adopting Mr Williams' logic of a three-month grace period, he suggested 22<sup>nd</sup> October 2024 as this date allowed the period of three months for the SRA to have considered the Respondent's July response before deciding to proceed.
- 29.7 His final alternative was the 23 May 2025, the date of the Rule 12 statement. He argued this was a logical point because the Rule 12 statement had narrowed the case to a single allegation, the case the Respondent had had to answer.
30. Issue 2: The basis of assessment
- 30.1 Mr Williams argued that the SRA's conduct and the nature of the litigation took the case out of the norm, justifying an assessment on the indemnity basis. He explained that while the standard basis awards "reasonable and proportionate" costs (with the benefit of the doubt given to the payer), the indemnity basis awards "reasonable" costs (with the benefit of the doubt given to the claimant). He argued that neither is penal, but indemnity is slightly more generous.
- 30.2 Drawing on the authority of *Excelsior Commercial & Industrial Holdings Ltd v Salisbury Hammer Aspden & Johnson & Ors* [2002 CP Rep 67], Mr Williams argued that an indemnity order is appropriate when a party is unwittingly or unwillingly caught up in a "test case" used to establish wider legal points. He asserted that the SRA pursued the Respondent as part of a wider strategic position on SLAPPs. This was egregious conduct in circumstances where the SRA's prosecution had been entirely without merit and legally misconceived and therefore deserving of an order for costs on the indemnity basis.
- 30.3 Mr Williams rejected the idea that indemnity costs constituted a double penalty. He argued that the SRA possesses a special privilege or immunity from costs as a regulator, and once they lose that protection through egregious conduct, they should be liable for the Respondent's full reasonable costs.
- 30.4 Mr MacDonald countered that the Tribunal should adhere to the standard basis, consistent with its usual practice and procedure. He contended that the SRA was already being penalised by the Tribunal's decision to depart from the "no order" starting point. He argued that applying the indemnity basis on top of this would be unfair as it used the same conduct to justify both the order itself and the higher basis of assessment.
- 30.5 As to proportionality, Mr MacDonald described the Respondent's costs as "extraordinary," exceeding £500,000 and involving four KCs. He argued the assessment must include a proportionality check, a feature of the standard basis, to ensure the SRA was not held liable for costs inflated by the Respondent's choice of extremely expensive lawyers.
- 30.6 He fundamentally rejected the label of "Test Case", noting it was not the first of its type. He further argued that the Respondent had previously withdrawn allegations regarding improper "strategic" motives and should not be allowed to reinstate them during the costs hearing.

31. Issue 3: Costs of the failed applications

*The Disclosure Application*

- 31.1 This application involved the Respondent seeking internal SRA documents, specifically the recommendations of Dr Jones and communications regarding potential internal communications where the matter was escalated for consideration by more senior colleagues.
- 31.2 Mr MacDonald argued that the Respondent should pay the SRA's costs because the application had been based solely on speculative inferences. The Tribunal had previously found that the “investigation issue” was not a substantive issue in the case and that no evidence of bad faith or improper influence had been demonstrated. He noted that the SRA had been put to considerable cost responding to these wide-ranging requests. Mr McDonald noted that the Tribunal had refused the Respondent’s application.
- 31.3 Mr Williams argued for “no order as to costs”. He contended the application had been reasonable and had achieved a goal of great value, namely the revelation that Dr Jones had originally recommended discontinuing the investigation. He described this as a critical achievement that likely influenced the Tribunal's broader view of the SRA’s conduct.

*Anonymity and Privilege Applications*

32. These applications concerned the protection of former clients' identities and the assertion of legal professional privilege (LPP) over communications.
33. Mr MacDonald argued that the Respondent had not adopted a neutral stance but instead actively opposed disclosure and advanced a positive case to delay proceedings. He said that the Tribunal ultimately found no privilege existed because the retainer was entered into in furtherance of fraud (the “iniquity exception”) involving Dr Ruja Ignatova and OneCoin. Consequently, he argued the SRA should recover the costs of litigating these points.
34. Mr Williams argued that a solicitor has an absolute professional duty to protect a client's privilege until a competent tribunal rules otherwise. He asserted that “the lawyer's mouth is shut forever” and they must claim privilege whenever it is at least arguable. He maintained that the Respondent had been neutral on the *fact* of iniquity but required the Tribunal to make the legal determination before she could professionally disgorge the information.
35. Mr Burns, also for the Respondent, clarified that the anonymity issue was originally a standard request for directions that “spiralled” only after media organisations made third-party applications for disclosure.

**Tribunal’s Decision on the Related Matters**

36. Issue 1: The Relevant Date

- 36.1 The Tribunal considered the question of the relevant date from which the SRA was to be liable to pay the Respondent's costs. It reviewed the various candidate dates proposed by the parties, taking into account the course of the proceedings and the conduct of the SRA.
- 36.2 The Tribunal recognised that the Respondent was entitled to investigate the matter, and that the SRA, in carrying out its regulatory functions, was justified in pursuing an initial investigation to protect the reputation of the profession and in the public interest. However, the Tribunal found the representations submitted by the Respondent on 7<sup>th</sup> April 2025 which included an opinion by Ms Adrienne Page KC (dated 4<sup>th</sup> April 2025) to have been a pivotal point. These representations set out the deficiencies in the SRA's case and demonstrated its inherent weaknesses.
- 36.3 Allowing a reasonable period of approximately three weeks for the SRA to consider and reflect upon the representations, the Tribunal concluded that 2<sup>nd</sup> May 2025 was a reasonable date by which the SRA ought to have recognised that the case should not continue. This was the mid-way point between the receipt of the representations and the production of the Rule 12 Statement, so it was a reasonable point at which the SRA could have made an informed decision as to which route it wished to take, either discontinuance or continuation. Accordingly, the Tribunal determined that, prior to 2<sup>nd</sup> May 2025, the Respondent's costs were not recoverable. Costs incurred after this date, however, were properly recoverable, as it was from that point the SRA's continued pursuit of the case became unreasonable.
- 36.4 On this basis, the Tribunal ordered that the Respondent's entitlement to costs was to commence from 2<sup>nd</sup> May 2025.
37. Issue 2: The basis of assessment
- 37.1 As observed earlier in this judgment the Tribunal noted that it had a broad discretion to make orders as to costs. This naturally included determining the basis on which they were to be assessed. While it was not the usual practice for the Tribunal to direct that costs be assessed on the indemnity basis, nothing in the Tribunal's rules or in established procedure precluded such a direction.
- 37.2 The Tribunal had found the SRA's case against the Respondent had been legally flawed, and it had continued proceedings beyond the point at which it ought reasonably to have concluded the matter, this date being identified by the Tribunal as 2<sup>nd</sup> May 2025.
- 37.3 However, the Tribunal elected to direct that costs be assessed on the standard basis rather than the indemnity basis.
- 37.4 The choice of the standard basis permitted the Costs Judge to consider reasonableness and proportionality in the assessment of costs. This approach ensured that the Respondent would recover costs incurred as a result of the SRA's unreasonable conduct, while leaving it to the Costs Judge to determine which elements of the total costs were properly recoverable in light of their scale, complexity, and the actual work undertaken.

37.5 Accordingly, the Tribunal ordered that the Respondent's costs be assessed on the standard basis.

38. Issue 3: Costs of the failed applications

38.1 The Tribunal next considered the costs of the Respondent's interlocutory applications which were unsuccessful. These included applications relating to disclosure and anonymity, as well as a further disclosure application made by non-parties.

*The Disclosure Application*

38.2 The Tribunal noted that the Respondent had sought internal SRA documents, including communications of Dr Jones and others regarding the investigation. The Division of the Tribunal which determined the application had found that the documents sought were irrelevant to the issues at hand and were not required for the proceedings.

38.3 The Tribunal acknowledged Mr Williams' submission that the application had achieved a limited goal, namely, revealing that Dr Jones had originally recommended discontinuing the investigation. However, the Tribunal found that this tangential result did not alter the overall finding that the documents had not in fact been required and would not have been critical to the Tribunal's determination of the issues.

38.4 Accordingly, the SRA was entitled to recover its costs in defending the application. These costs were to be subject to detailed assessment on the standard basis.

*Anonymity and Privilege Applications*

39. The Tribunal observed that by 28<sup>th</sup> August 2025 (the date of the application), it was common knowledge that Dr Ruja Ignatova and the OneCoin enterprise had been exposed as fraudulent. The Respondent's application was therefore misconceived and should have been perceived as such by her. Whilst a solicitor is under a duty to protect a client's confidentiality, in circumstances where the client's identity was a matter of public knowledge, along with the fact that Carter-Ruck had been instructed to act for the individual and the firm, and had been investigated for doing so, this confidentiality had been lost.

40. The Tribunal therefore ordered that the SRA was entitled to its costs of the anonymity application, to be subject to detailed assessment on the standard basis.

41. The Tribunal clarified that the Respondent's costs of these two applications would be borne by the Respondent and so were to be excluded from the Respondent's costs order.

42. The Tribunal further considered the disclosure application for documents in the proceedings made by non-parties. The Tribunal determined that the Respondent and Applicant should each bear its own costs in respect of this application, and accordingly the Respondent's costs of this application would also be excluded from its costs order.

**Conclusion**

43. The Tribunal ordered that the Respondent's costs incurred from 2<sup>nd</sup> May 2025 were recoverable and to be assessed on the standard basis under detailed assessment by a Costs Judge. The SRA was entitled to its costs incurred by opposing the Respondent's unsuccessful disclosure and anonymity applications. The Respondent was to bear its own costs in relation to these applications so they would be excluded from the costs order in the Respondent's favour. The costs of the non-party disclosure applications were to be borne by each party (and so would not form part of any costs order).

**Statement of Full Order**

44. By its decision dated 22<sup>nd</sup> December 2025 the Tribunal ORDERED that the allegation brought by the Applicant against the Respondent, CLAIRE FRANCES GILL, solicitor, be DISMISSED.
- 44.1 The Tribunal further ORDERED that the Applicant do pay the Respondent's costs of these proceedings from 2<sup>nd</sup> May 2025, such costs to be subject to detailed assessment on the standard basis, unless otherwise agreed.
- 44.2 In respect of the two applications made by the Respondent and heard on 28<sup>th</sup> August and 6<sup>th</sup> October 2025, namely those applications relating to disclosure and anonymity respectively, the Tribunal ORDERED that the Applicant shall be entitled to its costs with respect to both applications, payable by the Respondent, such costs also to be subject to detailed assessment on the standard basis, unless otherwise agreed. The Respondent would bear its own costs for these two applications; therefore, they were excluded from the costs order in paragraph 2.
- 44.3 In respect of the Non-Party applications for disclosure heard on 15<sup>th</sup> September 2025, each party would bear its own costs so there would be no order for these costs.

Dated this 2<sup>nd</sup> day of March 2026  
On behalf of the Tribunal

*A. Kellett*

A Kellett  
Chair