

**QUESTION:** Can I use a client account to hold money on behalf of a client purely as a banking facility, and what are the consequences if I do?

**ANSWER:** No, you **must not** use a client account as a banking facility for a client.

### **SRA Accounts Rules – Rule 3.3**

The **SRA Accounts Rules** explicitly state:

*“You must not use a client account to provide banking facilities to clients or third parties. Payments into, and transfers or withdrawals from a client account must be in respect of the delivery by you of regulated services.”*

### **Consequences of Breach**

If a firm improperly uses its client account as a banking facility, it can face **serious regulatory and disciplinary action** from the SRA, including:

1. **Regulatory Investigation** – The SRA may investigate and take enforcement action.
2. **Fines and Sanctions** – Firms and individual solicitors can face financial penalties.
3. **Reputational Damage** – Breaching financial regulations can severely impact the firm’s reputation.
4. **Intervention by the SRA** – In extreme cases, the SRA may **intervene in the firm’s practice**, which could result in closure.

To avoid breaching the rules, client accounts should **only** be used for **legitimate legal transactions** related to the firm’s regulated services, such as:

- Holding money for **client disbursements** (e.g., court fees, property transactions).
- Receiving funds for **legal services rendered**.

If you suspect your firm’s client account is being misused, it’s crucial to **rectify the issue immediately** and report any concerns to the firm’s **Compliance Officer for Finance and Administration (COFA)**.

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**QUESTION:** If my law firm identifies a serious breach of the SRA’s regulatory arrangements, what are our reporting obligations, and what are the potential consequences of failing to report it?

### **ANSWER: Reporting Obligations for Serious Breaches of SRA Regulatory Arrangements**

Under the **SRA Code of Conduct for Firms**, your law firm has a duty to **promptly** report any **serious breaches** of the SRA’s regulatory arrangements.

#### **Key Reporting Requirements**

## 1 Duty to Report Serious Breaches (Rule 3.9 & 3.10)

- Your firm must **promptly** report any facts or matters that may amount to a **serious breach** of the SRA's regulatory arrangements, whether committed by:
  - Your firm
  - A manager
  - An employee
  - Any other person regulated by the SRA .

## 2 COLP and COFA Responsibilities (Rule 9.1 & 9.2)

- The **Compliance Officer for Legal Practice (COLP)** and the **Compliance Officer for Finance and Administration (COFA)** must take all reasonable steps to ensure compliance and report serious breaches to the SRA .

## 3 No Retaliation (Rule 3.13 & 3.14)

- Your firm **must not prevent** anyone from reporting issues to the SRA.
- You must also ensure that no individual faces **detrimental treatment** for making a report in good faith .

### Consequences of Failing to Report a Serious Breach

If your firm fails to comply with these reporting obligations, potential consequences include:

#### 1 Regulatory Action Against the Firm

- The SRA may take **disciplinary action** against the firm itself, its **managers**, and compliance officers.

#### 2 Fines and Sanctions

- Failure to report serious breaches could result in **financial penalties** and enforcement measures.

#### 3 Intervention by the SRA

- In severe cases, the SRA could **intervene** in the firm's operations, which may lead to **practice restrictions** or even firm closure.

#### 4 Personal Accountability for Managers and Compliance Officers

- The SRA can hold individual **managers, COLPs, and COFAs personally responsible** for non-compliance, which may impact their ability to continue in these roles .

### Next Steps if a Breach is Identified

1 **Investigate the Matter** – Assess the severity and gather relevant details.

2 **Report Promptly to the SRA** – Ensure full transparency.

3 **Implement Corrective Measures** – Take steps to prevent recurrence.

4 **Keep Records** – Maintain documentation of the breach and actions taken.

If your firm is unsure whether a breach qualifies as "serious," **it is always safer to report it to the SRA for guidance**.

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**QUESTION:** If my firm self-reports a regulatory breach to the SRA, how will that affect the financial penalty imposed, and what factors influence whether the penalty is reduced?

**ANSWER:** If your firm self-reports a regulatory breach to the SRA, it can positively influence the financial penalty imposed. The SRA follows a structured three-step fining process, and self-reporting falls under **Step 2: Adjusting the penalty to account for post-breach remedial steps, cooperation, and affordability.**

### How Self-Reporting Affects the Penalty:

**4 Reduction for Early Admission and Cooperation** – The SRA may apply a discount of up to **40%** if the firm:

- Makes an early admission of the breach.
- Remedies any harm caused.
- Fully cooperates with the SRA investigation.

**5** A firm that self-reports, admits the issue immediately, and takes remedial action is likely to receive the **maximum discount** available under this guideline.

### 6 Example from the SRA Guidance:

- A law firm discovered procedural failures that led to overcharging clients.
- The firm **self-reported**, admitted the issue, and promptly repaid clients.
- The initial penalty was £160,000 (3.2% of annual turnover).
- Due to **self-reporting and full cooperation**, the SRA reduced the penalty by **40%**, lowering it to **£96,000**.

### Other Factors That Influence Penalty Reduction:

**5 Severity of the Breach** – More serious breaches may still attract substantial penalties, even with cooperation.

**6 Timing of Admission** – Firms admitting early in the process (before an investigation starts) receive more significant reductions than those admitting after an SRA inquiry begins.

**7 Extent of Harm Caused** – If the breach caused minimal harm and was self-reported, penalties are generally lower.

### Final Considerations:

While self-reporting and cooperation can significantly **mitigate** a financial penalty, the SRA still ensures that penalties serve as a deterrent and uphold public confidence in the profession.

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**QUESTION:** Can my firm transfer client money to our business account before work is completed or disbursements are incurred? What risks and regulatory obligations should we consider?

**ANSWER:** No, your firm **cannot** transfer client money to its business account before work is completed or disbursements are incurred **unless** a proper bill has been issued for those

specific costs. The SRA Accounts Rules set clear obligations regarding the handling of client money to safeguard funds and ensure transparency.

## **Key Regulatory Obligations:**

### **7 Client Money Must Be Held in a Client Account**

- Any money received in advance for legal fees or unpaid disbursements is considered **client money** and must be held in a **client account** (Rule 4.1).
- The only exceptions are outlined in **Rules 2.2 and 2.3** of the SRA Accounts Rules.

### **8 Billing and Transferring Client Money to the Business Account**

- Your firm **can only transfer client money to the business account** once it has issued a **bill of costs or written notification** of costs incurred (Rule 4.3(a)).
- The bill should reflect **only those fees and disbursements that have actually been incurred**.
- If anticipated disbursements are included in a bill, the money for those **must remain in the client account** until paid.

### **9 Risks of Billing in Advance for Work Not Yet Done**[SEP]

If your firm bills a client in advance and transfers funds to its business account before completing the work, there are serious risks, including:

- **Client Requests a Refund:** If the client terminates the retainer or the matter does not proceed, can your firm immediately refund the money?
- **Firm Closure or Insolvency:** If the firm suddenly closes or becomes insolvent, client money held in the business account could be lost.
- **Regulatory Breach:** The SRA may view this as **improper handling of client funds** and a potential **breach of the Standards and Regulations**, including failing to safeguard client money.

### **10 Improper Billing for Advance Disbursements**

- Your firm **must not bill for disbursements that have not yet been incurred** (e.g., Stamp Duty Land Tax, Counsel's fees) and transfer these funds to the business account.
- The client remains liable for such disbursements, and transferring the money in advance could result in **misuse of funds**, putting the client at risk if the firm becomes insolvent.

## **Best Practices to Ensure Compliance:**

### **8 Keep advance payments in a client account** until work is completed or costs are incurred.

### **9 Issue bills only for actual work done and incurred disbursements** before transferring funds.

- 10 **Clearly explain to clients** how their money will be handled, preferably in the client care letter or terms of engagement.
- 11 **Consider VAT implications** when holding funds for work not yet done.
- 12 **Ensure compliance with Rule 5.1(a)** when reimbursing the firm for disbursements already paid.

Failing to comply with these rules could result in regulatory action, a qualified accountant's report, and potential penalties .

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**QUESTION:** What are the key responsibilities of the SQM Contract Manager under the Specialist Quality Mark Auditing Services Agreement, and what are the potential consequences of failing to meet these obligations?

## **ANSWER: Key Responsibilities of the SQM Contract Manager under the Specialist Quality Mark Auditing Services Agreement**

Under the **Specialist Quality Mark (SQM) Auditing Services Agreement 2022**, the **SQM Contract Manager** plays a **critical role** in overseeing the delivery and management of SQM Auditing Services.

### **Core Responsibilities**

#### **11 Primary Point of Contact with the LAA**

- Act as the **Legal Aid Agency (LAA)**’s **main contact** for all matters related to the agreement.

#### **12 Ensuring Compliance with Contractual Obligations**

- Ensure that all **services are delivered** in accordance with the terms of the agreement.

#### **13 Attending Contract Management Meetings**

- Participate in **service update meetings** (monthly), **performance review meetings** (bi-annually), and **contract review meetings** (annually) with the LAA Contract Manager.

#### **14 Providing Regular Reports and Updates**

- Submit **monthly progress updates** to the LAA Contract Manager, ensuring services are delivered on time and to the required standard.

- Provide **management information reports** as specified in the agreement.

#### **15 Maintaining Key Personnel and Staffing Levels**

- Ensure that **all key roles are filled**, including the **Lead SQM Auditor** and **Training Support Manager**.

- Guarantee that there are enough **SQM Auditors** to meet demand.

### **Consequences of Failing to Meet These Obligations**

Failure to comply with these responsibilities could have **serious consequences**, including:

#### **13 Operational Disruptions**

- If the SQM Contract Manager does not effectively oversee operations, audits may not be conducted properly, leading to **service delivery failures**.

#### **14 Regulatory and Contractual Breach**

- Non-compliance with reporting obligations or failure to provide sufficient staffing could be seen as a **breach of contract** with the LAA.

#### **15 Increased Scrutiny and Corrective Actions**

- The LAA could impose **corrective actions**, such as requiring a detailed **remedial plan** within five working days.

## 16 Potential Termination of the Agreement

- If consistent failures occur, the LAA may **terminate the agreement**, impacting the firm's ability to provide SQM Auditing Services.

To ensure compliance, the **SQM Contract Manager must proactively manage audits, staff, and reporting duties while maintaining regular engagement with the LAA.**

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**QUESTION:** What are the minimum casework and training requirements for a supervisor in the Welfare Benefits Category under the 2024 Standard Civil Contract, and how must they demonstrate compliance?

## **ANSWER: Minimum Casework and Training Requirements for a Supervisor in the Welfare Benefits Category under the 2024 Standard Civil Contract**

The **2024 Standard Civil Contract** outlines specific requirements for **supervisors** in the **Welfare Benefits Category** regarding **casework, training, and compliance demonstration**.

### **1. Minimum Casework Requirements**

#### **A. Category-Specific Casework**

Supervisors must have worked on at least **4 out of 13 Welfare Benefits case categories** in the past **12 months**, with at least **one case file per category**.

<b>Welfare Benefits Case Category</b>	<b>Minimum Cases Required</b>
Employment and Support Allowance	1 case
Disability Living Allowance	1 case
Attendance Allowance	1 case
Tax Credits (including pension credit)	1 case
Pensions (including retirement)	1 case
Bereavement Benefits	1 case
Social Fund Payments	1 case
Housing Benefit	1 case
Job Seekers Allowance	1 case
Industrial Injuries Disablement Allowance	1 case
Income Support	1 case
Universal Credit	1 case

Personal Independence Payments	1 case
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## B. Case Types

Supervisors must also have worked on at least **the following case types in the past 12 months:**

Case Type	Minimum Cases Required
Advice & assistance for <b>Upper Tribunal permission applications</b>	3 cases
Advice & assistance for <b>substantive appeals to the Upper Tribunal</b>	2 cases
Recognising the possibility of <b>judicial review proceedings</b>	2 cases

## 2. Case Involvement Standards

Supervisors must complete **at least 56 hours** of case involvement over defined periods. The required hours are broken down as follows:

Activity	Minimum/Maximum Hours Allowed
<b>Direct (personal) casework</b> (including documented supervision)	<b>Min 37 hours</b> (Supervision max 19 hours)
<b>File reviews</b> (including face-to-face)	<b>Max 19 hours</b>
<b>External training delivery</b> (meeting professional development requirements)	<b>Max 19 hours</b>
<b>Documented research and publications</b>	<b>Max 19 hours</b>
<b>Other supervision activities</b>	<b>Max 19 hours</b>

For **part-time supervisors**, the requirement is **280 hours over the past 5 years**, with the same breakdown applied pro-rata.

## 3. Training and Knowledge Requirements

### A. Required Legal Resources

Supervisors must **maintain access** to the following **legal texts** throughout the contract:

- 16 CPAG's Welfare Benefits & Tax Credits Handbook
- 17 Disability Rights UK Disability Rights Handbook
- 18 Social Security Legislation (Volumes I-V)
- 19 Housing Benefit and Council Tax Legislation
- 20 Welfare Reform Act 2013
- 21 Civil Procedure Rules, Practice Directions & Supplements
- 22 Tribunal Procedure (Upper Tribunal) Rules 2008

## 4. Demonstrating Compliance

Supervisors must **maintain a portfolio to prove compliance** with these requirements, which must include:

- 17 **Case names and references** for the required **minimum casework** (Sections 12.1 and 12.2).
- 18 **A record of 56 hours of case involvement**, meeting the required **minimum and maximum hours**.
- 19 Documentation proving **access to required legal texts**.

Before appointment as a Supervisor, they must **demonstrate a portfolio** meeting these requirements to the **Legal Aid Agency (LAA)**.

### Consequences of Failing to Meet These Obligations

Failure to comply with these supervisor requirements can result in:

- 5 **Loss of Schedule Authorisation** – The firm may be unable to provide **Welfare Benefits legal services**.
- 6 **Contract Non-Compliance** – The LAA may issue a **breach notice** or take further action against the firm.
- 7 **Disqualification as a Supervisor** – If a supervisor **cannot meet the required casework or training standards**, they may be removed from the role.

### Summary of Supervisor Compliance Requirements

- ✓ Work on 4+ Welfare Benefits categories per year (1 case per category). [L] ✓ Work on 3 types of Welfare Benefits cases (total of 7 cases per year). [SEP] ✓ Maintain 56 hours of case involvement per year. [SEP] ✓ Keep access to mandatory legal texts. [SEP] ✓ Document everything in a portfolio for verification.

By following these standards, a **Welfare Benefits Supervisor** ensures compliance with the **2024 Standard Civil Contract**.

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**QUESTION:** What are the key benefits of obtaining Lexcel accreditation for a law firm, and what are the requirements for maintaining it over the three-year assessment cycle?

**ANSWER: Key Benefits and Maintenance Requirements for Lexcel Accreditation**

#### Key Benefits of Lexcel Accreditation for a Law Firm

Lexcel is a **legal practice quality mark** that ensures **high standards in client care, compliance, and practice management**. Obtaining Lexcel accreditation provides several advantages:

- Helps firms **effectively manage risk** and reduce **operational issues**.
- 24 **Attracting New Business & Client Retention**
- Enhances **credibility** and **professional reputation**, leading to more client trust and **repeat business**.
- 25 **Reduction in Client Complaints & Increased Satisfaction**
- Standardised processes lead to **fewer complaints** and improved **client service quality**.
- 26 **Regulatory Compliance**
- Ensures compliance with **SRA regulations, new practice rules, and legal aid requirements**.
- 27 **Increased Profitability & Efficiency**
- Encourages **streamlined, standardised processes**, reducing inefficiencies and increasing profitability.
- 28 **Lower Insurance Premiums**
- Many insurers offer **lower premiums** to Lexcel-accredited firms due to **strong risk management policies**.
- 29 **Requirement for Legal Aid Contracts**
- Firms **must** have either **Lexcel** or the **Specialist Quality Mark (SQM)** to hold a **legal aid contract** with the **Legal Aid Agency (LAA)**.

## **Requirements for Maintaining Lexcel Accreditation Over the Three-Year Assessment Cycle**

Lexcel accreditation lasts for **three years**, but firms must **maintain compliance** through **annual checks**:

- 20 **Annual Maintenance Visits (AMV1 & AMV2)**
- At the **end of Year 1 and Year 2**, an independent **assessor conducts a maintenance visit** to check compliance.
- 21 **Full Re-Assessment in Year 3**
- A **comprehensive review** takes place at the **end of Year 3** to ensure continued compliance before renewal.
- 22 **Self-Assessment**
- Firms must **regularly review** their policies and procedures against **Lexcel standards** to ensure ongoing compliance.
- 23 **Payment of Annual Fees**
- Firms must pay an **annual registration fee** based on the number of **fee earners**. By following these steps, a firm can **retain its Lexcel accreditation** and continue to **demonstrate excellence in legal practice management**.
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**QUESTION:** Under what circumstances can a solicitor reasonably terminate a client relationship, and what steps should be taken to ensure compliance with best practices and regulatory expectations?

**ANSWER: Circumstances for Terminating a Client Relationship and Best Practices for Compliance**

The **Legal Ombudsman's guidance on responding to challenging situations** outlines the circumstances under which a solicitor can **reasonably terminate** a client relationship, as well as the steps that must be taken to ensure compliance with best practices and regulatory expectations.

### **Circumstances Where Termination May Be Reasonable**

A solicitor can reasonably terminate a client relationship under the following circumstances:

**30 Unacceptable Conduct by the Client**

- **Threatening or abusive behaviour** (e.g., shouting, using offensive language, being patronising).
- **Harassment or excessive demands** that go beyond what is agreed or reasonable.

**31 Unrealistic Client Expectations**

- Insisting on **unachievable outcomes** or asking the solicitor to act **unethically or against professional rules** (e.g., placing the solicitor in a conflict of interest).

**32 Refusal to Accept Professional Advice**

- If a client persistently **refuses to accept reasonable legal advice**, the solicitor may decide they cannot continue to act.

**33 Excessive or Unreasonable Contact**

- If a client **repeatedly contacts** the solicitor beyond agreed terms (e.g., excessive calls, emails, or repeating complaints despite full responses).

**34 Non-Payment of Fees**

- If a client **fails to pay agreed legal fees** despite warnings, this may justify termination.

**35 Breakdown in Trust**

- If the solicitor and client **no longer have a working relationship based on mutual trust**, continuation may not be feasible.

**36 Legal or Ethical Conflicts**

- If the solicitor discovers a **conflict of interest** or that continuing representation would be **unethical or unlawful**.

### **Steps to Ensure Compliance When Terminating a Client Relationship**

To **avoid regulatory breaches** or potential complaints to the **Legal Ombudsman**, solicitors must follow **best practices** when terminating a client relationship:

## 24 Give Clear Warnings

- Inform the client in writing **why** their behaviour is problematic and the potential consequences if it continues.
- Example: *A solicitor handling a boundary dispute warned a client that refusal to accept legal advice would lead to termination. The client ignored the warning, and the solicitor then properly ended the relationship.*

## 25 Provide Reasonable Notice

- Clients must be given **sufficient time** to find alternative legal representation.
- Example: *A solicitor handling a case gave four weeks' notice before withdrawing, allowing the client time to appoint a new firm.*

## 26 Avoid Causing Prejudice to the Client

- If termination could harm the client's interests (e.g., leaving them unrepresented close to a critical deadline), solicitors should **continue representation temporarily** to prevent serious consequences.
- Example: *A firm unreasonably terminated a client's conveyancing transaction a day before completion, which was deemed unfair as they could have acted for one more day without issue.*

## 27 Document Everything

- Keep detailed records of **why termination was necessary**, including emails, phone logs, and any warnings given.
- This is crucial if the client complains to the **Legal Ombudsman**.

## 28 Provide Written Confirmation of Termination

- Clearly explain in writing:
  - The **reason** for termination.
  - The **notice period** given.
  - Any **next steps** for the client to take.
  - If applicable, **signpost the client to alternative representation**.

## 29 Refer to the Legal Ombudsman Where Necessary

- If a client **disputes** the termination, they should be informed of their right to complain to the **Legal Ombudsman**.

## Unreasonable Termination: What to Avoid

A solicitor should **not terminate representation unfairly**, such as:

### ✗ Without Warning or Notice

- 8 Example: **Unjustified withdrawal from a case without prior notice**, especially if it places the client at a disadvantage.

### ✗ Based Solely on a Difficult Client

- Clients may be challenging but still entitled to representation.
- Solicitors should **attempt to manage difficult behaviour** before considering termination.

### ✗ In a Way That Harms the Client's Case

- If withdrawal would **severely impact ongoing proceedings**, a solicitor may have a duty to continue representing the client until a suitable replacement is found.

## Conclusion

A solicitor can terminate a client relationship in specific **reasonable circumstances**, such as **abusive behaviour, non-payment, refusal to accept legal advice, or conflicts of interest**. However, they must follow **best practices** by **giving clear warnings, reasonable notice, ensuring no client prejudice, documenting everything, and providing written confirmation**.

Failure to follow these steps may lead to **complaints to the Legal Ombudsman or regulatory action**.

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**QUESTION:** What are the key factors the Solicitors Disciplinary Tribunal considers when deciding whether to restore a solicitor to the roll, and what steps must an applicant take to support their application?

## **ANSWER: Key Factors Considered by the Solicitors Disciplinary Tribunal (SDT) When Deciding on Restoration to the Roll**

The **Solicitors Disciplinary Tribunal (SDT)** has the authority to **restore a solicitor to the roll** if they can demonstrate that they are now a **fit and proper person** to resume practising. The tribunal considers several key factors when making this decision.

### **1. Key Factors Considered by the SDT**

When assessing an application for restoration, the tribunal evaluates whether the applicant has sufficiently demonstrated **rehabilitation, integrity, and public trustworthiness**. The key factors include:

#### **A. Nature and Severity of the Original Misconduct**

- 37 The SDT examines the **reason for the original removal** from the roll, including the **seriousness of the offence** and whether it involved **dishonesty, breaches of trust, or ethical failures**.
- 38 More serious offences (e.g., fraud, dishonesty) require a **higher standard of proof** that the applicant has rehabilitated.

#### **B. Passage of Time Since Removal**

- 30 The longer the time since removal, the more opportunity the applicant has had to **demonstrate reform and professional rehabilitation**.
- 31 However, a long period alone is **not enough**—evidence of positive conduct during this period is essential.

#### **C. Conduct Since Removal**

- 9 The tribunal will consider **employment history** and whether the applicant has remained involved in legal or related work, demonstrating **adherence to ethical standards**.

- 10 The applicant must **not have engaged in further misconduct** and should have maintained a **clean disciplinary record**.

#### **D. Evidence of Rehabilitation**

- The applicant must provide **substantial evidence of personal and professional rehabilitation**, such as:
  - Character references from **legal professionals, former employers, or community members**.
  - Proof of **remorse and insight** into past misconduct.
  - Demonstration of adherence to **ethical and professional standards**.

#### **E. Public Confidence in the Profession**

- The tribunal assesses whether restoring the applicant would **undermine public confidence in the legal profession**.
- If the misconduct involved dishonesty, the applicant must show **exceptional rehabilitation and integrity** to rebuild public trust.

#### **F. Compliance with Tribunal Conditions**

- If conditions were previously imposed (e.g., ongoing professional development, restrictions on practice), compliance with these conditions strengthens the application.

## **2. Steps an Applicant Must Take to Support Their Application**

To increase the chances of a successful application, the solicitor must:

#### **A. Submit a Formal Application**

- The applicant must complete the **prescribed form** available on the SDT website.
- The application must include:
  - Details of the **original SDT order**.
  - Full employment history since removal.
  - Future intentions for legal practice.

#### **B. Provide a Supporting Statement**

- The applicant must submit a **detailed written statement** explaining:
  - The **circumstances of the original misconduct**.
  - How they have **rehabilitated** and addressed past issues.
  - Why they believe they are now **fit to practise**.

#### **C. Supply Evidence of Good Character and Rehabilitation**

- The application should be **supported by references** from:
  - Former employers, supervisors, or legal professionals.
  - Clients or members of the community who can attest to their **character and integrity**.
  - Any **professional bodies** they have been involved with since removal.

#### **D. Advertise the Application**

- The applicant must **advertise their intention to seek restoration** in:
  - The **Law Society Gazette**.

- A newspaper local to their former practice.
- The SDT website.

#### **E. Attend the Tribunal Hearing**

- The applicant **must attend the hearing** and may call witnesses to provide **supporting evidence**.
- They should be prepared to:
  - Answer questions about their past conduct.
  - Demonstrate their **fitness to practise**.
  - Show they have learned from past mistakes.

### **Conclusion**

The SDT considers **multiple factors** when deciding on restoration, including the **original misconduct, passage of time, rehabilitation efforts, and public confidence**. To improve their chances, applicants should submit **comprehensive evidence**, provide **strong character references**, and demonstrate **ongoing ethical conduct**. Failure to meet these requirements may result in the **rejection of the application**, as the **protection of public confidence in the legal profession remains the primary concern**.

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**QUESTION:** What are the key requirements for claiming legal aid fees in Crown Court cases, and how does the Legal Aid Agency determine the payment of staged, interim, and hardship payments?

### **ANSWER: Key Requirements for Claiming Legal Aid Fees in Crown Court Cases**

The **Legal Aid Agency (LAA)** is responsible for administering legal aid payments in Crown Court cases. Under the **Criminal Legal Aid (Remuneration) Regulations 2013**, solicitors and advocates must follow specific procedures when claiming legal aid fees.

#### **1. Claiming Legal Aid Fees in Crown Court Cases**

##### **A. Form and Submission of Claims**

- 39 Solicitors and advocates must submit claims in the **prescribed form and manner**, as directed by the **LAA and HM Courts and Tribunals Service (HMCTS)**.
- 40 Claims must include **all necessary supporting documents**, such as case details, court dates, and evidence of work undertaken.

##### **B. Types of Claims**

- 32 **Advocates' Fees (Regulation 4)** – Barristers and solicitor-advocates claim for their services in Crown Court cases.
- 33 **Litigators' Fees (Regulation 5)** – Solicitors claim fees for case preparation and management.

##### **C. Very High-Cost Cases (VHCCs) (Regulation 12)**

- 11 If a case is **classified as a Very High-Cost Case (VHCC)**, the LAA must be **notified**, and funding approval must be obtained before work begins.

#### **D. Expenditure and Expert Services (Regulations 13 & 16)**

- Any **additional expenditure** (e.g., expert witnesses) must be **pre-approved** by the LAA.
- The LAA has the authority to **increase fixed fees** in **exceptional circumstances**.

### **2. Payment Structures: Staged, Interim, and Hardship Payments**

The **Legal Aid Agency (LAA)** provides payments in different stages, ensuring that solicitors and advocates receive compensation before the final resolution of a case.

#### **A. Staged Payments (Regulation 20)**

- Advocates in **Crown Court proceedings** can apply for **staged payments** at set milestones.
- The **form and manner** of claiming must be followed as per LAA regulations.

#### **B. Interim Payments (Regulation 18 & 14)**

- **Interim payments** are available in cases **awaiting final determination of fees**.
- The LAA determines eligibility and amount **based on work completed**.
- Interim payments can be requested for:
  - **Disbursements** (e.g., travel, expert fees) (Regulation 14).
  - **Litigators' work** in ongoing cases (Regulation 18).
- If the **final claim is lower** than the interim payments, the **difference is deducted** from the final payment.

#### **C. Hardship Payments (Regulation 21)**

- If a solicitor or advocate is facing **financial hardship**, they may apply for a **hardship payment** before the case concludes.
- The LAA requires:
  - **Supporting financial evidence** to justify the claim.
  - **Details of work done and expected fees**.
- If granted, this payment is **offset against the final claim**.

### **3. Final Payments and Adjustments**

#### **A. Final Determination of Fees (Regulation 15 & 22)**

- Once a case is completed, the LAA reviews **all claims** and issues a **final payment**.
- If interim, staged, or hardship payments were made, the **final claim is adjusted accordingly**.

#### **B. Recovery of Overpayments (Regulation 25)**

- If a solicitor or advocate is **overpaid**, the LAA can **recover the excess**.
- Overpayments may be deducted from future claims.

### **Conclusion**

Solicitors and advocates must comply with **strict LAA guidelines** when claiming legal aid fees in **Crown Court cases**. Payments can be received through **staged, interim, or hardship payments**, with final adjustments made at case completion. **Failure to follow the prescribed process or submit supporting evidence** may result in delays or reductions in payment.

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**QUESTION:** Write an email to the SRA reporting concerns about a potential sham litigation case. The client shows unusual legal knowledge, inconsistencies in ID documents, **urgency to settle**, and requests payments to third parties. Reference the SRA's guidance on sham litigation and money laundering risks under the Proceeds of Crime Act 2002. Request advice on whether to file a Suspicious Activity Report (SAR) and clarify our firm's obligations. Ensure the email is professional, confidential, and seeks a prompt response.

**ANSWER: Subject: Reporting Potential Sham Litigation and Request for Guidance on SAR Filing**

Dear SRA Reporting Team,

I am writing to raise concerns regarding a **potential sham litigation case** that has come to our attention and to seek your guidance on whether a **Suspicious Activity Report (SAR)** should be submitted under the **Proceeds of Crime Act 2002 (PoCA)**.

We have been instructed in a dispute where several **red flags** outlined in your **Sham Litigation Guidance (January 2025)** are present, including:

- 41 **Unusual Legal Knowledge:** The client exhibits an advanced understanding of internal law firm processes and legal terminology, which seems inconsistent with their background.
- 42 **Inconsistencies in ID Documents:** Discrepancies have been noted in the client's identification records, including mismatched names across emails and documents.
- 43 **Urgency to Settle:** The client is unusually eager to settle, even when no formal legal process has been initiated. They have also indicated a willingness to accept significantly reduced payments.
- 44 **Requests for Payments to Third Parties:** The client has insisted that settlement funds be transferred to third parties rather than directly to them, raising concerns about potential money laundering.

Given the **money laundering risks** associated with sham litigation, particularly under **s.327, s.328, and s.329 of PoCA**, we seek urgent advice on:

- 34 **Whether we are obligated to file a SAR with the National Crime Agency (NCA) based on the current evidence.**
- 35 **Any immediate compliance steps our firm should take to mitigate risk and ensure we are not inadvertently facilitating financial crime.**
- 36 **Clarification on our reporting obligations under the SRA Code of Conduct and PoCA in this context.**

We would appreciate a prompt response, given the urgency of the matter and our duty to act in compliance with regulatory requirements. Please let us know if further details are required.

This matter is being treated with the utmost confidentiality within our firm.

Best regards,

[Your Full Name]

[Your Position]

[Your Law Firm Name]

[Your Contact Information]

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**QUESTION:** A solicitor at a small immigration law firm is recorded advising a client on obtaining fraudulent financial documentation to support a visa application. The client, later revealed to be an undercover journalist, provides these recordings to a regulatory body. The solicitor denies wrongdoing, claiming they were 'play-acting' and that the recordings are manipulated. If this case were brought before the Solicitors Disciplinary Tribunal (SDT), what potential outcomes and sanctions could the solicitor face based on past precedents?

### **ANSWER: Potential Outcomes and Sanctions for the Solicitor in the Sham Litigation Case**

If this case were brought before the **Solicitors Disciplinary Tribunal (SDT)**, the solicitor could face severe sanctions, based on past precedents, particularly **Case No. 12111-2020 (Asif Salam)**.

#### **Key Allegations Against the Solicitor**

Based on the available facts, the following allegations could be made:

- 45 **Encouraging fraudulent conduct** – The solicitor was recorded advising a client (an undercover journalist) on obtaining fraudulent financial documentation to support a visa application.
- 46 **Breach of the SRA Principles** – The solicitor's conduct likely breaches:
  - **Principle 1** – Failing to uphold the rule of law and the proper administration of justice.
  - **Principle 2** – Failing to act with integrity.
  - **Principle 6** – Failing to maintain public trust in the legal profession.
- 47 **Dishonesty** – If the SDT finds that the solicitor knowingly encouraged or facilitated fraudulent documents, dishonesty could be established under the **Ivey v Genting Casinos (UK) [2017] UKSC 67** test.
- 48 **Misleading the regulator** – Denying wrongdoing and alleging that recordings were manipulated could be considered an attempt to obstruct an investigation.

#### **Potential SDT Outcomes**

##### **1. Striking Off the Roll (Most Likely Outcome)**

- 37 In **Asif Salam's case**, the solicitor was recorded advising a client to obtain **fraudulent financial documents for a visa application**.
- 38 The SDT found **dishonesty proved** and **struck off the solicitor**, ordering him to pay **£68,374.40 in costs**.

39 In this new case, the solicitor also **knowingly facilitated fraud**, making a similar **strike-off sanction highly probable**.

## 2. Suspension (Less Likely, but Possible in Exceptional Cases)

12 If mitigating factors exist (e.g., exceptional personal circumstances, lack of prior misconduct), the solicitor **could receive a suspension instead of a strike-off**.

13 However, given the seriousness of the conduct, this is unlikely.

## 3. Severe Financial Penalties & Costs Order

- The solicitor would **likely be ordered to pay full costs** of the proceedings.
- If the solicitor contested the charges aggressively (like in **Salam's case**), the **costs could exceed £50,000**.

## Key Lessons from Precedents

### • Dishonesty Almost Always Leads to a Strike-Off

The SDT follows a **zero-tolerance approach** to dishonesty unless there are exceptional circumstances.

The tribunal previously ruled that solicitors who knowingly **facilitate fraudulent activity** undermine **public trust and the rule of law**.

### • Denials and 'Play-Acting' Defences Are Unconvincing

In **Salam's case**, the SDT **rejected his defence** that he was 'play-acting' and questioned the authenticity of the recordings.

The SDT is likely to find similar defences in this case **implausible and disingenuous**.

### • Cooperation Can Impact the Severity of Sanctions

If the solicitor **admits misconduct early** and cooperates with the SRA, they **might receive a reduced sanction**.

However, given the nature of the offence, a **strike-off remains the most probable outcome**.

## Conclusion

If this case reaches the **SDT**, the solicitor is **highly likely to be struck off**, following precedents like **Asif Salam's case**. The tribunal would view their actions as a **serious breach of professional ethics, dishonesty, and facilitation of fraud**, warranting **permanent removal from the profession**.

**QUESTION:** A solicitor applies for a senior legal position at a reputable firm. As part of the application process, they are required to complete a professional conduct disclosure form. The form explicitly asks whether they have ever been convicted of a criminal offense, been the subject of any disciplinary proceedings, or been investigated by the SRA. The solicitor, who was previously convicted of tax fraud, had a regulatory investigation by the SRA, and was subject to an internal disciplinary process at their former firm, falsely declares 'No' to all questions.

The firm later conducts a routine background check and uncovers the undisclosed convictions and regulatory actions. As a result, they terminate the solicitor's employment and report the matter to the SRA. If this case were brought before the Solicitors Disciplinary Tribunal (SDT), what potential outcomes and sanctions could the solicitor face based on previous disciplinary precedents?

## ANSWER: Potential Outcomes and Sanctions for the Solicitor in the False Disclosure Case

If this case were brought before the **Solicitors Disciplinary Tribunal (SDT)**, the solicitor would likely face **severe sanctions, including striking off the Roll of Solicitors**, based on past precedents, particularly **Case No. 12372-2022 (Neelash Mehta)**.

### Key Allegations Against the Solicitor

The solicitor's **false declarations** on the professional conduct disclosure form would likely lead to multiple breaches of the **SRA Principles 2019** and the **SRA Code of Conduct for Solicitors 2019**:

#### 49 Dishonesty and Misrepresentation

- The solicitor **falsey declared** they had never:
  - Been convicted of a criminal offence (**despite a tax fraud conviction**).
  - Been the subject of disciplinary proceedings (**despite an internal process at a former firm**).
  - Been investigated by the SRA (**despite a prior regulatory investigation**).
- **Dishonesty is an aggravating factor** under the **Ivey v Genting Casinos (UK) [2017] UKSC 67** test.

#### 50 Breach of the SRA Principles 2019

- **Principle 2** – Failing to act with integrity.
- **Principle 4** – Failing to act honestly.
- **Principle 5** – Failing to act in a way that upholds trust in the legal profession.

#### 51 Breach of SRA Code of Conduct for Solicitors 2019

- **Paragraph 1.4** – A solicitor **must be honest and not mislead or attempt to mislead** clients, firms, or regulators.

### Relevant Precedent: Neelash Mehta Case (SDT, 2023)

In **Case No. 12372-2022**, solicitor **Neelash Mehta** was **struck off** for:

- 40 **Falsey declaring he had no criminal convictions** despite having two DUI convictions.
- 41 **Failing to disclose a previous regulatory investigation** when applying for a legal role.
- 42 **Signing a contract falsely confirming no prior disciplinary issues.**

### Key Tribunal Findings in the Mehta Case

- 14 The SDT rejected the defence that the solicitor "did not carefully read the contract terms," ruling:  
 A solicitor is **expected to read and understand** any professional document they sign.  
**Misrepresentations in legal job applications undermine public trust in the profession.**
- 15 **Dishonesty was proved**, leading to an automatic **strike-off**.
- 16 **Costs order of £27,000** was imposed.

## Comparison to the Current Case

Factor	Neelash Mehta (2023)	
<b>Criminal Convictions</b>	<b>Two DUI convictions</b>	<b>Tax fraud conviction</b>
<b>Regulatory Investigation</b>	<b>Undisclosed SRA investigation</b>	<b>Undisclosed SRA investigation</b>
<b>Disciplinary History</b>	<b>Undisclosed employer disciplinary</b>	<b>Undisclosed employer disciplinary</b>
<b>False Declarations</b>	<b>Signed a contract falsely confirming no convictions or investigations</b>	<b>Signed a formal contract falsely confirming no convictions or investigations</b>
<b>SDT Sanction</b>	<b>Struck off</b>	<b>Likely struck off</b>

The **current case is even more serious** than Mehta's because **tax fraud is a more severe offence** than DUI. Therefore, a **strike-off is the most probable outcome**.

## Likely SDT Sanctions for the Solicitor

### 1. Striking Off the Roll (Most Likely Outcome)

- Dishonesty** is a "red line" offence – the SDT almost always strikes off solicitors found dishonest.
- The SDT in Mehta's case ruled that:  
**A solicitor's false declarations breach public trust.**  
**Even if no financial harm was caused, the deception itself justifies striking off.**

### 2. Financial Penalties & Costs Order

- If struck off, the solicitor will likely be ordered to **pay the full SRA investigation and tribunal costs**.
- Based on **Mehta's case**, costs could exceed **£25,000**.

### 3. Potential Criminal Investigation for Fraud

- The deception could **constitute fraud** under the **Fraud Act 2006**, leading to **criminal liability**.

## Conclusion

This solicitor's misconduct closely mirrors the **Mehta case**, where the SDT **struck off the solicitor for similar dishonesty**. Given past precedents, the most probable outcome is:

- Striking off the Roll of Solicitors.** [SEP]  **Significant costs order (likely £25,000+).** [SEP]  **Potential criminal investigation for fraud.**

Dishonesty in regulatory matters is **viewed as one of the most serious breaches in the legal profession**. The SDT will likely impose the **severest sanction to maintain public trust and uphold the integrity of the legal profession**.

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