

Onside Law LLP
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Licensed body
817316

[Sanction Date: 10 May 2024](#)

Decision - Sanction

Outcome: Rebuke

Outcome date: 10 May 2024

Published date: 9 July 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by SRA decision.

Decision details

Who does this disciplinary decision relate to?

Onside Law LLP is located at 642a Kings Road, London, SW6 2DU, a regulated body (the firm).

Short summary of decision

We have fined the firm for allowing money to be paid through its client account in circumstances where there was no sufficient underlying regulated activity.

Facts of the misconduct

On 1 November 2022, the firm reported to the SRA that it may have breached the accounts rules in respect of payments made in and out of its client account on one client matter.

In June 2021, the firm had been instructed by a long-standing corporate client to provide advice on the sale of its minority shareholding in another company.

The firm had provided only very limited advice on the transaction. Despite this, it had received and paid out \$4,137,247.13 through its client account.

The firm had subsequently become aware that some of this money did not belong to its client but had been received for and paid out to a third party (for whom it did not act).

It was found that:

1. On 9 July 2021, the firm accepted \$4,137,247.13 into its client account when there was no sufficient underlying regulated activity.
2. On 22 July 2021, the firm paid \$400,000 from its client account to a third party who was not a client of the firm.
3. Between 14 July 2021 and 22 July 2021, the firm paid \$3,737,247.13 out of its client account in circumstances where there was no sufficient underlying regulated activity.
4. In doing so, the firm breached rule 3.3. of the SRA Accounts Rules 2019 and Principle 2 of the SRA Principles 2019.

Decision on sanction

The firm was directed to pay a financial penalty of £36,517 and ordered to pay costs of £600.

It was decided that a financial penalty was an appropriate and proportionate sanction.

This was because, by reference to the factors in the SRA Enforcement Strategy:

- The findings were of greater than moderate seriousness. While there may have been an argument for agreeing to act for a long-standing client at first, by the time the money was paid into the firm's client account it was apparent that very little work had been done.
- The firm's conduct involved breaches of principles and rules which were designed to mitigate misuse of the client account and encourage and protect the trust in the profession. This conduct, inherently, has the potential to cause harm, whether or not such harm occurred in this specific context or not.
- Any lesser sanction would not provide a credible deterrent to the firm, and others. A credible deterrent plays a key role in maintaining professional standards and upholding public confidence.

In mitigation, there was no evidence of lasting harm to consumers or third parties and there was no allegation that the firm or any of its members had acted dishonestly or without integrity.

In view of the above, the firm's conduct was placed in conduct band B which has a financial penalty bracket of between 0.4% and 1.2%. Its conduct was placed in the middle of this bracket given:

Aggravating factors

- The misconduct involved the misuse of the client account
- Mitigating factors
- This was an isolated incident
- The firm had expressed insight.
- No vulnerable clients were involved or put at risk.

The financial penalty was reduced by 30% in recognition of the fact that the firm had self-reported the conduct to the SRA, co-operated with the investigation and made some admissions in respect of the allegations.

SRA Accounts Rules 2019

Rule 3.3 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.

SRA Principles 2019

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

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