

Legal UK Services Limited
Lynnfield House, Church Street, Altrincham , WA14
4DZ
Licenced body
630831

Closure Date: 26 June 2024

Decision - Closure

Outcome: Intervention

Outcome date: 26 June 2024

Published date: 26 June 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by SRA decision.

Decision details

To intervene into the remainder of Legal UK Services Ltd

Reasons/basis

A relevant insolvency event has occurred in relation to the firm (paragraph 1(2)(c) of schedule 14 to the Legal Services Act 2007.

Intervening agents

John Owen of Gordons LLP, 1 New Augustus Street, Bradford BD1 5LL has been appointed as the intervening agent.

For enquiries please call 0113 227 0391 or email intervention@gordonsllp.com [<mailto:intervention@gordonsllp.com>]

Fined Date: 15 April 2024

Decision - Fined

Outcome: Fine

Outcome date: 15 April 2024

Published date: 20 May 2024

Firm details

No detail provided:

Outcome details

This outcome was reached by SRA decision.

Decision details

The firm was fined £65,322 for failing to:

1. obtain the express consent of clients before submitting claims on their behalf;
2. provide full information to clients about the costs they may be liable to pay the firm for acting on their behalf;
3. advise clients of all available options to pursue their claims including receiving free assistance from the Financial Ombudsman Service (FOS); and
4. maintain client ledgers across all client matters, carry out full client account reconciliations or separately record on client ledgers transactions undertaken through client or business bank account.

The firm is in liquidation. It will no longer trade and will cease to exist. The firm will not therefore pay the financial penalty. However, the financial penalty would be taken into account in the firm's liquidation and reduce the amount of money available to the firm's general creditors.

We have therefore decided that on the facts of this matter there are exceptional circumstances in the public interest to reduce the level of the financial penalty to zero and we do so.

Reasons/basis

Facts of the misconduct

The firm specialised in financial services claims including packaged bank account claims, irresponsible lending claims (home and flexible credit and large loans claims) and Plevin PPI claims. The firm's business model was based on making bulk claims involving large numbers of clients with large numbers of claims and multiple defendants.

The firm used an online automated process to enter retainers with clients and to submit claims to defendants.

Between 26 March 2020 and 30 September 2021, the firm submitted 100,292 claims on behalf of clients as follows: (a) 66,158 packaged bank account claims; (b) 32,591 home credit claims; and (c) 1,543 Plevin PPI Claims.

Between June 2020 and December 2021, the SRA received reports from 13 organisations, including various lenders and the Consumer Credit Trade Association. The reports raised multiple issues about the firm's conduct in bringing the above claims on behalf of clients.

The SRA commenced a forensic investigation into the firm's conduct on 26 March 2021 and identified several issues about the firm's conduct of those claims.

On 6 September 2022, the firm submitted a qualified accountant's report (QAR) for the accounting period 25 June 2020 to 25 December 2021. The QAR stated that there were material breaches of the SRA Accounts Rules and/or significant weaknesses in the firm's systems and controls in respect of compliance with the SRA Accounts Rules.

On 1 November 2022, the SRA commenced a second forensic investigation at the firm and identified material breaches by the firm of the SRA Accounts Rules.

On 8 January 2024, the firm notified the SRA that it was suffering financial difficulties and was appointing insolvency practitioners with a view to entering liquidation.

It was found that the firm:

Allegation 1

Between March 2020 and July 2021, the firm failed to obtain the express consent of clients to submit additional financial mis-selling claims on their behalf. In doing so, the firm's conduct breached all or any of Principles 2 and 7 of the SRA Principles 2019 and paragraph 4.1 of the SRA Code of Conduct for Firms 2019.

Allegation 2

Between March 2020 and February 2021, the firm failed to advise clients that defendants to their claims may offset any redress against the outstanding debt which could leave them with the risk of having to pay the firm's fees using their own funds. In doing so, the Firm breached all or any of Principle 7 of the SRA Principles 2019, Paragraph 8.6 and Paragraph 8.7 of the SRA Code of Conduct for Solicitors 2019.

Allegation 3

Between March 2020 and December 2021, the firm failed to advise clients that they could pursue their complaints to the lenders directly and/or receive free assistance from the Financial Ombudsman Service. In doing so, the firm breached all or any of Principles 2 and 7 of the SRA Principles 2019 and Paragraph 8.6 and Paragraph 8.7 of the SRA Code of Conduct for Solicitors 2019.

Allegation 4

Between 25 June 2020 and 15 May 2023, the firm did not maintain client ledgers across all client matters or carry out full client account reconciliations. In circumstances where client matters were maintained, these did not separately record transactions undertaken through the client or business bank accounts. In doing so, the firm breached all or any of Rules 4.1, 8.1 and 8.3 of the SRA Accounts Rules.

Decision on sanction

The firm was directed to pay a financial penalty of £65,322 and ordered to pay costs of £1,350.

This was because the firm's conduct was serious by reference to the following factors in the SRA Enforcement Strategy:

1. It had the potential to cause significant harm. It acted for large numbers of clients submitting large volumes of claims to defendants using automated procedures which exposed their vulnerable clients to the risk of harm.
2. The firm should have been aware of its obligations to obtain meaningful and informed instructions from clients, provide clients with important information about their other options and about the costs which the firm may charge them. Its failure to do so showed a concerning lack of judgment.
3. The firm also had direct responsibility for its failure to comply with the Accounts Rules. This persisted longer than was reasonable and remedial action was only taken when its failures were brought to its attention by the SRA's investigations.
4. The firm was responsible for its own conduct which was serious and had the potential to cause harm to the public interest and to public confidence in the legal profession.

In view of the above, the firm's conduct was placed in conduct band D which has a financial penalty of 3.6% to 5% of annual domestic turnover. The firm's conduct was placed in the mid-range of this band at D3 (4.4% of annual domestic turnover).

The firm's co-operation with the SRA's investigation was taken into account as a mitigating factor.

The firm is in liquidation. It was decided that there were therefore exceptional circumstances in the public interest to reduce the level of the financial penalty to zero.

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