

BEFORE THE ADJUDICATION PANEL

IN THE MATTER OF:

COUNCIL FOR LICENCED CONVEYANCERS

Applicant

V

Stuart FORSDIKE

First Respondent

Kate FORSDIKE

Second Respondent

PCS LEGAL

Third Respondent

DISCIPLINARY HEARING

1. On 25 November 2022 the Respondents appeared before the Adjudication Panel for the hearing of allegations laid by the Council for Licensed Conveyancers (" the CLC").
2. At the hearing, the CLC was represented by Mr Iain Simkin (Counsel), and the Respondents were represented by Ms Rebecca Vanstone (Counsel).
3. The hearing was held in public, over Zoom, and there were a number of observers to the hearing. They were all required to remain muted with cameras turned off throughout so as not to disturb the proceedings.
4. The panel was informed prior to the hearing that all the allegations laid by the CLC were to be admitted, and it was proposed to proceed therefore straight to the sanction stage.

Preliminary matters

5. Mr Simkin informed the panel that allegation 4(b)(i) in relation to all three Respondents was not being proceeded with and should be deleted from the allegations before the panel, as it had been found that there was no case to answer in relation to that matter. The panel agreed to do so.

Background

6. PCS Legal (“the Firm”) operates as Licensed Conveyancers and Probate Practitioners. It has five offices and employs more than 167 members of staff. It opened its first office in October 2006.
7. Kate Forsdike and Stuart Forsdike are Licensed Conveyancers, and Partners and Managers of the Practice. Stuart Forsdike started the Firm in October 2006 and was joined by Kate Forsdike in July 2009. She obtained a Manager’s licence in 2010.
8. On 1 October 2021, the Firm received notice of the CLC’s intention to conduct an inspection of its practice as part of their ongoing monitoring programme.
9. The inspection took place in the Firm’s main office (in Basildon) on 15 November 2021. On 22 November 2021 the CLC raised a number of queries as a result of the inspection.
10. One of those queries related to transfers of monies from the Client account to the Office account, in August 2021 in the sum of £94,401.71 and in October 2021 in the sum of £104,401.71. The Firm responded on 30 November 2021 immediately acknowledging that these transfers breached the CLC Accounts Code and indicating the steps it was taking to rectify the breaches and ensure they were not repeated. The Firm explained that the transfers had not been authorised by the Managers, and in fact the monies should have been taken instead from the Firm’s Office Savings account, in which there were sufficient funds to cover the shortfall in its Office account.
11. The other key area of concern arising from the inspection was the Firm’s failure to deal appropriately with complaints, and to comply with the CLC’s Complaints Code, particularly a failure to co-operate appropriately and in a timely fashion with investigations by the LeO into a number of complaints it had received. There were also similar concerns in relation to some complaints made to the CLC by clients and made directly to the Firm. The inspector noted that the Firm had not addressed systemic client complaint issues, indicated by the high number of service complaints received.
12. On 8 December 2021, the CLC notified the Practice that it was conducting a disciplinary investigation into breaches of the CLC’s Code of Conduct, Complaints Code and Accounts Code. These arose from misconduct referrals from the Legal Ombudsman (“LeO”), complaints made directly to the CLC and the recent on-site inspection, including its concerns about the transfer of monies between the Firm’s Client and Office accounts.
13. On 23 March 2022 the CLC served a copy of the allegations against the Practice.
14. On 5 April 2022 the CLC provided the Practice with a copy of the Inspection Report, where they had received an overall rating of ‘non-compliant’.
15. On 6 June 2022 a single Adjudicator of the Adjudication Panel found that there was a case to answer in respect of all the allegations laid against the Practice and referred the matter to a differently constituted Adjudication panel for hearing.
16. Following the decision of the single Adjudicator, the Respondents indicated that they fully admitted all the allegations.

The Allegations

Allegations against Stuart Forsdike:

Whilst a Partner and Manager of PCS Legal (the Practice), by commission or omission, you caused or substantially contributed to the Practice's breach of the Council for Licensed Conveyancers' (CLC's) Code of Conduct in that:

Allegation 1

1. a) *The Practice did not respond or adequately respond to the Legal Ombudsman's requests for information within provided deadlines in the following matters:*

*a. Client A (45470) between on or about 10 February 2021 and 1 June 2021; and/or
b. Client B (23387) between on or about 5 June 2020 and 15 September 2020; and/or
c. Client C (45941) between on or about 7 December 2020 and 28 April 2021; and/or
d. Client D (61357) between on or about 9 December 2020 and 22 March 2021; and/or
e. Client E (40908) between on or about 14 December 2020 and 22 April 2021; and/or
f. Client F (46503) between on or about 5 July 2021 and 2 August 2021; and/or
g. Client G (44927) between on or about 23 June 2021 and 15 October 2021; and/or
h. Client H (58322) between on or about 14 December 2021 and 24 January 2022; and/or
i. Client I (61357) between on or about 15 December 2021 and 10 January 2022.*

b) The Practice did not make the payment of £150 to Client B (23387) between on or about 18 August 2020 and 16 September 2020 as agreed with the Legal Ombudsman on 14 August 2020 via email.

c) The Practice did not send the relevant documentation to Client B (23387) via Royal Mail Signed For service as agreed with the Legal Ombudsman on 14 August 2020 via email.

d) The Practice did not make the payment of £100 to Client J (41033) between on or about 10 November 2020 and 8 December 2020 as agreed with the Legal Ombudsman on 12 November 2020 via email.

e) The Practice did not provide the relevant searches and indemnity report to Client E (40908) between on or about 22 April 2021 and 12 May 2021 as agreed with the Legal Ombudsman on 21 April 2021 via telephone and confirmed in email dated 21 April 2021. Consequently, the Practice:

- i. Breached overriding principles 3 and/or 5 of the Code of Conduct; and/or*
- ii. Failed to achieve outcome 5.1 of the Code of Conduct; and/or*
- iii. Breached principles 5.1(f) and/or 5.1(g) of the Code of Conduct; and/or*
- iv. Failed to comply with specific requirement 5.1(o) of the Code of Conduct.*

Allegation 2

2. a) *The Practice did not acknowledge and/or respond fully to a complaint raised by Client K (63424) on 1 September 2021*

- i. within 7 days; and/or*
- ii. within 28 days of receipt of the initial complaint.*

b) *The Practice did not acknowledge and/or respond fully to a complaint raised by Client L on 13 October 2021*

- i. within 7 days; and/or*
- ii. within 28 days of receipt of the initial complaint.*

c) *Consequently, the Practice:*

- i. Breached overriding principle 6 of the Code of Conduct; and/or*
- ii. Failed to achieve outcome 6.5 of the Code of Conduct; and/or*
- iii. Breached principles 6.5(f) and/or 6.5(g) and/or 6.5(h) of the Code of Conduct; and/or*
- iv. Failed to comply with specific requirements 1 and/or 6 and/or 7 and/or 9 and/or 16 of the Complaints Code.*

Allegation 3

3. a) *The Practice withdrew the following sums from the Practice's client account to the Practice's office account to cover the Practice's costs and without any supporting documentation for a client ledger or bill that the payment relates to:*

- i. £94,401.71 on 6 August 2021; and/ or*
- ii. £20,000.00 on 6 August 2021; and/or*
- iii. £78,371.29 on 6 September 2021; and/or*
- iv. £104,401.71 on 8 October 2021; and/or*
- v. £19,959.21 on 25 October 2021; and/or*
- vi. £45,978.28 on 6 December 2021.*

b) *Consequently, the Practice:*

- i. Breached overriding principles 2 and/or 3 of the Code of Conduct; and/or*
- ii. Failed to achieve outcomes 3.1 and/ or 2.3 of the Code of Conduct; and/or*
- iii. Breached principles 2(f) and/or 2(g) and/or 2(i) of the Code of Conduct; and/or*
- iv. Failed to comply with specific requirements 2(m) and/or 2(o) and/or 5.1(j) of the Code of Conduct; and/or*
- v. Failed to comply with specific requirements 4.1(a)-(f) and/or 5.4 of the Accounts Code.*

Allegation 4

4. a) *The Practice made the following payments out of the Practice's client account to the Practice's office account without approval from a duly authorised signatory:*

- i. £94,401.71 described at 3(a)i above on 6 August 2021; and/or*
- ii. £20,000.00 described at 3(a)ii above on 6 August 2021; and/or*
- iii. £78,371.29 described at 3(a)iii above on 6 September 2021; and/or*
- iv. £104,401.71 described at 3(a)iv above on 8 October 2021; and/or*
- v. £19,959.21 described at 3(a)v above on 25 October 2021; and/or*
- vi. £45,978.28 described at 3(a)vi above on 6 December 2021.*

b) Consequently, the Practice:

- i. ~~Breached overriding principles 1 and/or 3 and/or 5 of the Code of Conduct; and/or~~*
- ii. Failed to achieve outcomes 1.3 and/or 3.1 of the Code of Conduct*
- iii. Breached principles 1.3(h) and/or 1.3(k) and/or*
- iv. Failed to achieve outcomes 2(f) and/or 2(g) and/or 2(i); and/or*
- v. Failed to comply with specific requirements 2(m) and/or 2(o) and/or 5.1(j) and/or 5.1(o) of the Code of Conduct; and/or*
- vi. Failed to comply with specific requirement 4.2 of the Accounts Code.*

Allegations against Kate Forsdike

Whilst a Partner and Manager of PCS Legal (the Practice), by commission or omission, you caused or substantially contributed to the Practice's breach of the Council for Licensed Conveyancers' (CLC's) Code of Conduct in that:

Allegation 1

1. a) The Practice did not respond or adequately respond to the Legal Ombudsman's requests for information within provided deadlines in the following matters:

- a. Client A (45470) between on or about 10 February 2021 and 1 June 2021; and/or*
- b. Client B (23387) between on or about 5 June 2020 and 15 September 2020; and/or*
- c. Client C (45941) between on or about 7 December 2020 and 28 April 2021; and/or*
- d. Client D (61357) between on or about 9 December 2020 and 22 March 2021; and/or*
- e. Client E (40908) between on or about 14 December 2020 and 22 April 2021; and/or*
- f. Client F (46503) between on or about 5 July 2021 and 2 August 2021; and/or*
- g. Client G (44927) between on or about 23 June 2021 and 15 October 2021; and/or*
- h. Client H (58322) between on or about 14 December 2021 and 24 January 2022; and/or*
- i. Client I (61357) between on or about 15 December 2021 and 10 January 2022.*

b) The Practice did not make the payment of £150 to Client B (23387) between on or about 18 August 2020 and 16 September 2020 as agreed with the Legal Ombudsman on 14 August 2020 via email.

c) The Practice did not send the relevant documentation to Client B (23387) via Royal Mail Signed For service as agreed with the Legal Ombudsman on 14 August 2020 via email.

d) The Practice did not make the payment of £100 to Client J (41033) between on or about 10 November 2020 and 8 December 2020 as agreed with the Legal Ombudsman on 12 November 2020 via email.

e) The Practice did not provide the relevant searches and indemnity report to Client E (40908) between on or about 22 April 2021 and 12 May 2021 as agreed with the Legal Ombudsman on 21 April 2021 via telephone and confirmed in email dated 21 April 2021. Consequently, the Practice:

- i. Breached overriding principles 3 and/or 5 of the Code of Conduct; and/or*
- ii. Failed to achieve outcome 5.1 of the Code of Conduct; and/or*
- iii. Breached principles 5.1(f) and/or 5.1(g) of the Code of Conduct; and/or*
- iv. Failed to comply with specific requirement 5.1(o) of the Code of Conduct.*

Allegation 2

2. a) The Practice did not acknowledge and/or respond fully to a complaint raised by Client K (63424) on 1 September 2021

- i. within 7 days; and/or*
- ii. within 28 days of receipt of the initial complaint.*

b) The Practice did not acknowledge and/or respond fully to a complaint raised by Client L on 13 October 2021

- i. within 7 days; and/or*
- ii. within 28 days of receipt of the initial complaint.*

c) Consequently, the Practice:

- i. Breached overriding principle 6 of the Code of Conduct; and/or A3*
- ii. Failed to achieve outcome 6.5 of the Code of Conduct; and/or*
- iii. Breached principles 6.5(f) and/or 6.5(g) and/or 6.5(h) of the Code of Conduct; and/or*
- iv. Failed to comply with specific requirements 1 and/or 6 and/or 7 and/or 9 and/or 16 of the Complaints Code.*

Allegation 3

3. a) The Practice withdrew the following sums from the Practice's client account to the Practice's office account to cover the Practice's costs and without any supporting documentation for a client ledger or bill that the payment relates to:

- i. £94,401.71 on 6 August 2021; and/ or*
- ii. £20,000.00 on 6 August 2021; and/or*
- iii. £78,371.29 on 6 September 2021; and/or*
- iv. £104,401.71 on 8 October 2021; and/or*
- v. £19,959.21 on 25 October 2021; and/or*
- vi. £45,978.28 on 6 December 2021.*

b) Consequently, the Practice:

- i. Breached overriding principles 2 and/or 3 of the Code of Conduct; and/or*
- ii. Failed to achieve outcomes 3.1 and/or 2.3 of the Code of Conduct; and/or*
- iii. Breached principles 2(f) and/or 2(g) and/or 2(i) of the Code of Conduct; and/or*
- iv. Failed to comply with specific requirements 2(m) and/or 2(o) and/or 5.1(j) of the Code of Conduct; and/or*
- v. Failed to comply with specific requirements 4.1(a)-(f) and/or 5.4 of the Accounts Code.*

Allegation 4

4. a) The Practice made the following payments out of the Practice's client account to the Practice's office account without approval from a duly authorised signatory:

- i. £94,401.71 described at 3(a)i above on 6 August 2021; and/or*
- ii. £20,000.00 described at 3(a)ii above on 6 August 2021; and/or*
- iii. £78,371.29 described at 3(a)iii above on 6 September 2021; and/or*
- iv. £104,401.71 described at 3(a)iv above on 8 October 2021; and/or*
- v. £19,959.21 described at 3(a)v above on 25 October 2021; and/or*
- vi. £45,978.28 described at 3(a)vi above on 6 December 2021.*

b) Consequently, the Practice:

- ~~i. Breached overriding principles 1 and/or 3 and/or 5 of the Code of Conduct; and/or~~*
- ii. Failed to achieve outcomes 1.3 and/or 3.1 of the Code of Conduct*
- iii. Breached principles 1.3(h) and/or 1.3(k) and/or*
- iv. Failed to achieve outcomes 2(f) and/or 2(g) and/or 2(i); and/or*
- v. Failed to comply with specific requirements 2(m) and/or 2(o) and/or 5.1(j) and/or 5.1(o) of the Code of Conduct; and/or*
- vi. Failed to comply with specific requirement 4.2 of the Accounts Code.*

Allegations against PCS Legal

Whilst a recognised body, PCS Legal (the Practice) acted or failed to act in such a way as to amount to a breach of the Council for Licensed Conveyancers (CLC's) Code of Conduct in that the Practice:

Allegation 1

1. a) Did not respond or adequately respond to the Legal Ombudsman's requests for information within provided deadlines in the following matters:

- a. Client A (45470) between on or about 10 February 2021 and 1 June 2021; and/or*
- b. Client B (23387) between on or about 5 June 2020 and 15 September 2020; and/or*
- c. Client C (45941) between on or about 7 December 2020 and 28 April 2021; and/or*
- d. Client D (61357) between on or about 9 December 2020 and 22 March 2021; and/or*

- e. Client E (40908) between on or about 14 December 2020 and 22 April 2021; and/or*
- f. Client F (46503) between on or about 5 July 2021 and 2 August 2021; and/or*
- g. Client G (44927) between on or about 23 June 2021 and 15 October 2021; and/or*
- h. Client H (58322) between on or about 14 December 2021 and 24 January 2022; and/or*
- i. Client I (61357) between on or about 15 December 2021 and 10 January 2022.*

b) Did not make the payment of £150 to Client B (23387) between on or about 18 August 2020 and 16 September 2020 as agreed with the Legal Ombudsman on 14 August 2020 via email.

c) Did not send the relevant documentation to Client B (23387) via Royal Mail Signed For service as agreed with the Legal Ombudsman on 14 August 2020 via email.

d) Did not make the payment of £100 to Client J (41033) between on or about 10 November 2020 and 8 December 2020 as agreed with the Legal Ombudsman on 12 November 2020 via email.

e) Did not provide the relevant searches and indemnity report to Client E (40908) between on or about 22 April 2021 and 12 May 2021 as agreed with the Legal Ombudsman on 21 April 2021 via telephone and confirmed in email dated 21 April 2021.

Consequently, the Practice:

- i. Breached overriding principles 3 and/or 5 of the Code of Conduct; and/or*
- ii. Failed to achieve outcome 5.1 of the Code of Conduct; and/or*
- iii. Breached principles 5.1(f) and/or 5.1(g) of the Code of Conduct; and/or*
- iv. Failed to comply with specific requirement 5.1(o) of the Code of Conduct.*

Allegation 2

2. a) Did not acknowledge and/or respond fully to a complaint raised by Client K (63424) on 1 September 2021

- i. within 7 days; and/or*
- ii. within 28 days of receipt of the initial complaint.*

b) Did not acknowledge and/or respond fully to a complaint raised by Client L on 13 October 2021

- i. within 7 days; and/or*
- ii. within 28 days of receipt of the initial complaint.*

c) Consequently, the Practice:

- i. Breached overriding principle 6 of the Code of Conduct; and/or*
- ii. Failed to achieve outcome 6.5 of the Code of Conduct; and/or*
- iii. Breached principles 6.5(f) and/or 6.5(g) and/or 6.5(h) of the Code of Conduct; and/or*

iv. Failed to comply with specific requirements 1 and/or 6 and/or 7 and/or 9 and/or 16 of the Complaints Code.

Allegation 3

3. a) Withdrew the following sums from the Practice's client account to the Practice's office account to cover the Practice's costs and without any supporting documentation for a client ledger or bill that the payment relates to:

- i. £94,401.71 on 6 August 2021; and/ or*
- ii. £20,000.00 on 6 August 2021; and/or*
- iii. £78,371.29 on 6 September 2021; and/or*
- iv. £104,401.71 on 8 October 2021; and/or*
- v. £19,959.21 on 25 October 2021; and/or*
- vi. £45,978.28 on 6 December 2021.*

b) Consequently, the Practice:

- i. Breached overriding principles 2 and/or 3 of the Code of Conduct; and/or*
- ii. Failed to achieve outcomes 3.1 and/ or 2.3 of the Code of Conduct; and/or*
- iii. Breached principles 2(f) and/or 2(g) and/or 2(i) of the Code of Conduct; and/or*
- iv. Failed to comply with specific requirements 2(m) and/or 2(o) and/or 5.1(j) of the Code of Conduct; and/or*
- v. Failed to comply with specific requirements 4.1(a)-(f) and/or 5.4 of the Accounts Code.*

Allegation 4

4. a) Made the following payments out of the Practice's client account to the Practice's office account without approval from a duly authorised signatory:

- i. £94,401.71 described at 3(a)i above on 6 August 2021; and/or*
- ii. £20,000.00 described at 3(a)ii above on 6 August 2021; and/or*
- iii. £78,371.29 described at 3(a)iii above on 6 September 2021; and/or*
- iv. £104,401.71 described at 3(a)iv above on 8 October 2021; and/or*
- v. £19,959.21 described at 3(a)v above on 25 October 2021; and/or*
- vi. £45,978.28 described at 3(a)vi above on 6 December 2021.*

b) Consequently, the Practice:

- ~~*i. Breached overriding principles 1 and/or 3 and/or 5 of the Code of Conduct; and/or*~~
- ii. Failed to achieve outcomes 1.3 and/or 3.1 of the Code of Conduct*
- iii. Breached principles 1.3(h) and/or 1.3(k) and/or*
- iv. Failed to achieve outcomes 2(f) and/or 2(g) and/or 2(i); and/or*
- v. Failed to comply with specific requirements 2(m) and/or 2(o) and/or 5.1(j) and/or 5.1(o) of the Code of Conduct; and/or*
- vi. Failed to comply with specific requirement 4.2 of the Accounts Code.*

17. The Respondents admitted the entirety of the allegations. Based on those admissions, and the evidence submitted by the CLC in support of the allegations, the panel was satisfied that the allegations were all **found proved**.
18. Having found the allegations proved, the panel considered that the conduct admitted was serious, in that it related to two distinct areas of practice, it included the mismanagement of client monies, and had the potential to significantly undermine public confidence in the profession. The panel was therefore satisfied that the conduct found proved amounted to **misconduct**.

Sanction stage

19. The panel then went on to consider the appropriate sanction to impose on the Respondents. It bore in mind, and applied, the Adjudication Panel Sanctions Guidance, and the purpose of sanctions.
20. The panel also bore in mind the importance of proportionality whilst upholding proper standards and maintaining public confidence in the profession.
21. The panel heard at this stage from both Counsel and re-read the witness statements and documentary evidence submitted by the Respondents. This included reports from Tenet Law, who the Respondents had instructed in August 2022 to undertake an audit of their complaints process and changes they had already implemented since the November 2021 inspection, as well as providing recommendations for further changes and improvements. A similar audit report was provided in relation to the Firm's accounts processes, which was undertaken by Hazlewoods LLP, independent accountants and auditors.
22. It was clear from the evidence provided by the Respondents that they had responded positively and comprehensively to the findings of the inspection and decision of the single Adjudicator. The reports provided referred to the steps taken to address the concerns raised, including new processes and procedures implemented both in relation to complaints and to accounts.
23. The panel was however concerned that there continued to be referrals made by the LeO to the CLC because the Firm had not co-operated as required in a timely fashion to their investigation into new complaints, subsequent to the inspection and single Adjudicator's referral of the matter to a full panel. The panel was also concerned that there had been a high number of complaints made against the Firm, which was relevant because it was therefore especially important that the Firm responded properly and in a timely fashion to avoid further damage to the reputation of the profession.
24. The panel takes particularly seriously any case where a Licensed Conveyancer or CLC-regulated Firm fails to co-operate appropriately with the CLC itself, as well as the LeO, as without proper regulation the reputation of the profession, and the public confidence in Licensed Conveyancers, could be significantly undermined.

Harm

25. The panel considers that there is significant public interest in this case, because of the number of instances when the Firm failed to meet its regulatory obligation in relation to complaints made about the service it provided, and because the Firm has

admitted failings in its management of client monies. By their actions in financial mismanagement, there was a risk of harm to clients. The panel noted the Respondents' submission that there was never an actual risk of harm because there were at all times sufficient funds in the Office Savings account to replenish Client account funds. The panel was not provided with evidence of the exact amounts in the Office Savings account at any time but was informed that there was "approximately £100,000" in the account at all times. The panel noted that in October 2021 a sum in excess of £100,000 was transferred out of the Client account into the Office account, and in August 2021 and October 2021 cumulative sums significantly in excess of £100,000 were similarly wrongly transferred. Therefore, the panel did not accept the Respondents' submission, albeit noting that there would have been some ability to refund the Client account.

26. The panel assessed that the level of harm related to the misconduct of the Respondents was medium.

Insight

27. The panel noted that the Respondents had taken considerable actions to remediate their misconduct, for which they were to be afforded credit. However, the panel had seen evidence of further referrals by the LeO to the CLC after the allegations had been laid and referred to the single Adjudicator, which was concerning as it suggested that whilst steps had been taken, the Respondents were still not taking seriously enough the issue of complaints handling.
28. The panel was also concerned that the Respondents had indicated that as recently as August 2022 they had failed to understand the requirement to respond to, or at least acknowledge, a complaint within 7 days, which is clearly set out in the CLC's Complaints code. The panel considered that, given the chronology and seriousness of the allegations, the Respondents should have thoroughly familiarised themselves with that particular Code well before August 2022 if they had full insight into their misconduct.
29. The Respondents had not given oral evidence to the panel but had submitted written statements through their legal representatives. Those statements contained expressions of remorse and insight, which the panel took into consideration. However, the panel noted that the statements did not include an expression of why the proper conduct of complaint investigation and complaint handling is so important in the maintaining of the reputation of the profession.
30. Having balanced the evidence, the panel concluded that the Respondents had evidenced some insight, but not full insight. It was satisfied that the Respondents had demonstrated remorse.

Aggravating factors

31. The parties were largely in agreement in relation to the aggravating factors in this case, which they identified as being
- A failure to self-report to the CLC
 - A serious breach of the CLC's regulatory arrangements
 - Serious financial mismanagement
 - A repeated failure or pattern of behaviour
 - Increased likelihood of damage to the reputation of the profession.

32. On behalf of the CLC, Mr Simkin asked the panel to consider that there had been an abuse of position or breach of trust. The panel disagreed, because in the context of this case it considered that could only relate to the financial mismanagement, which was separately an aggravating factor and to include the additional factor of abuse of position or breach of trust would effectively be double-counting and unfair.
33. The parties disagreed on the likelihood of repetition. The CLC's view was that there was a likelihood of repetition because there had been further referrals to the CLC by the LeO since the notification to the Respondents of the allegations they faced. The Respondents submitted that there was no likelihood of repetition because of the extensive measures taken to put in place new procedures and the extent of insight and remorse the Respondents had expressed.
34. The panel's considered view was that it could not say there was no likelihood of repetition because of the evidence of the recent referrals from the LeO at a time when it expected the resolution of complaints to have been a priority for the Firm, and because there is no significant evidence in reduction in the number of complaints being made about the Firm.
35. So far as the accounting issues were concerned, the Respondents drew the panel's attention to the Hazlewoods' report which set out the improvements made in the accounting procedures. However, the panel noted Hazlewoods' comment that, whilst concluding that extensive steps had been taken, that

"The firm's retained accountants confirmed to us that they are working on resolving the differences, but it is difficult to see how this will be possible in the short to medium term, given the number of transactions involved and our experiences within other law firms that we work with.

At present, the firm's retained accountants continue to work on resolving the historic adjusting items, allowing the firm's Office Manager to focus on reviewing and reconciling more recent entries.

Until the reconciliations have been corrected, it will be difficult to gain complete comfort that client money is not being held on office account, and that the firm's financial records are accurate. We do however note that we saw no indications of client money being held on office account during our review, and further comfort around this has been gained from the fact that the client bank account reconciliations are tidy."

36. Having reflected on the evidence, the panel concluded that it is unlikely that there will be a repetition of the breaches, but it was not persuaded that there was no likelihood and therefore did not consider that to be either an aggravating or mitigating factor.

Mitigating factors

37. On behalf of the Respondents, Ms Vanstone addressed the panel extensively setting out their mitigation.
38. She referred to the full admissions made in the summer of 2022, with no attempt by the Respondents to delay the proceedings (although the panel noted an earlier

hearing had been adjourned for the provision of the reports from Hazlewoods and Tenet to amplify their mitigation).

39. She also highlighted that the allegations against Kate Forsdike and Stuart Forsdike related to the Firm's breaches of Codes of Conduct, and there were no allegations which related to their actions personally, only in their capacity as managers of the Firm.
40. Ms Vanstone set out the circumstances in which the breaches occurred and referred to the impact on the business of the nationwide Stamp Duty holiday, which saw their business increase from 800 cases a month to 2000 cases a month, and 500 cases a month being declined. As a consequence, in Ms Vanstone's submission, complaints were not given the attention they should have, and timescales were not met. The Respondents, through Ms Vanstone, acknowledged that their complaints processes were inadequate, particularly in light of the number of clients the Firm had. She referred to the Firm employing in November 2021 an individual to handle complaints, who they believed had been performing well but in fact his progress was not as they had been led to believe.
41. So far as the more recent referrals from the LeO to the CLC, which had caused the panel concern, Ms Vanstone submitted that these were left over from the previous inadequate processes, and the backlog was being worked through. She submitted that in fact all those complaints referred to in the latest information from the CLC had been resolved.
42. Ms Vanstone referred to the considerable financial commitment by the Firm in retaining Tenet Law and Hazlewoods and indicated that it was intended that Tenet Law would continue to provide support and guidance to the Firm over the next year to ensure the new complaints procedures were embedded effectively. She also referred to the Firm having set up a Complaints Department of five members of staff, whose sole remit would be to deal with complaints and undertake reviews of compliance within the Firm.
43. In addressing the panel's concerns at the number of complaints received by the Firm, Ms Vanstone submitted that this was at least in part because of the type of work the Firm undertakes, including new-build properties. She also submitted that between a quarter and a third of the claims related to the delay by the Land Registry in issuing documents. The panel was unconvinced by that explanation, given that most other firms would be experiencing the same issues and such delays could be better managed by properly informing clients and managing expectations.
44. The panel acknowledged that the CLC Regulatory Supervision Manager, who is responsible for overseeing the Firm's compliance with the regulatory regime, has concluded that the Firm has made considerable efforts to improve their compliance and have co-operated fully with him and with the investigation.
45. Turning to the mitigating factors suggested in the Sanctions Guidance, the panel agreed with the parties that the relevant factors were the Firm's full co-operation with the CLC investigation, the significant but ongoing remediation, their expression of remorse, and their having no previous findings of misconduct.
46. The panel read the two letters of reference submitted (relating to Kate Forsdike and Stuart Forsdike individually) by the Firm's accountant.

Sanction imposed

47. Having taken into consideration all that it had read and heard, the panel concluded that the least onerous sanction it could impose which met the seriousness of the misconduct found proved was a **reprimand and fine** in relation to each of the Respondents.
48. Having borne in mind the statements of means and company accounts of the three Respondents, and the proportionality of the financial penalty, the panel imposed the following fines:
- Stuart Forsdike - £5,000.00
 - Kate Forsdike - £5,000.00
 - The Firm - £23,000.00

Costs

49. The panel ordered that the costs of the CLC in bringing these proceedings must be paid by the Firm. No order for payment of costs was made as against Kate Forsdike or Stuart Forsdike individually.

The Adjudication Panel: **Victoria Goodfellow (panel chair)**
 Catherine Fewings (professional member)
 Helen Riley (lay member)

Dated: 25 November 2022