

Christofi Wells & Co (Christofi Law)
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3AJ
Recognised body
524228

[Agreement Date: 27 February 2025](#)

Decision - Agreement

Outcome: Regulatory settlement agreement

Outcome date: 27 February 2025

Published date: 28 February 2025

Firm details

No detail provided:

Outcome details

This outcome was reached by agreement.

Decision details

1. Agreed outcome

1.1 Christofi Wells & Co (the Firm), a recognised body agrees to the following outcome to the investigation of its conduct by the Solicitors Regulation Authority (SRA):

- a. it is rebuked
- b. to the publication of this agreement
- c. it will pay the costs of the investigation of £600.

2. Summary of Facts

2.1 In 2023 The Firm submitted two Accountants Reports (AR1). The AR1 form for the year ending 31 March 2021 was submitted on 09 March 2023. The AR1 form for the year ending 31 March 2022 was submitted on 07 July 2023.

2.2 The AR1 for March 2021 noted that as of 31 March 2020 the Firm held £288,842.67 by way of residual balances relating to 369 matters for the period 01 April 2020 to 31 March 2021 where there had been no movement for 12 months or longer.

2.3 As the accounts for the year ending 31 March 2022 had not yet been submitted, we conducted an onsite inspection at the Firm to review its books of account commencing on 15 May 2023.

2.4 Following our onsite inspection, it was noted:

- a. The Firm had failed to deliver two AR1's for accounting periods 01 April 2020 to 31 March 2021 and 01 April 2021 to 31 March 2022 within six months of the end of their accounting period.
- b. Examination of a Report provided by the Firm of all matters as of 15 November 2021 showed:
 - i. 369 client matters relating to client funds totalling £288,842.67.
 - ii. The oldest client balance last movement was 10 February 2011.
 - iii. The largest client balance was £112,666.51 that had been held since 8 January 2019.
 - iv. 329 of the matters had had no movement for over 100 weeks.
- c. The AR1 for March 2022 noted that as of 31 March 2022 the Firm held £213,753.26 relating to 428 matters
- d. Since receipt of the AR1 for the year ending March 2021 on 9 March 2023 the Firm had made attempts to reduce the residual client account balances held. On 15 May 2023 the Forensic Investigation Officer (FIO) found 226 matters totalling £133,936.86, where there had been no movement on the client ledgers for over 12 months.
- e. The Firm accepted they had not written to clients every 12 months advising them of residual balances held.
- f. An action plan and new policy to reduce the number of residual balances was submitted by the Firm to the FIO on 31 May 2023.
- g. The AR1 for period 1 April 2022 to 31 March 2023 was provided on time and noted residual balances had significantly reduced to £70,045.42 across 75 matters.

2.5 Since the SRA visit, there remain a significant number of balances that have not been resolved. The AR1 for the year ending March 2024 states that 92 matters now contain residual balances totalling £54,840.

2.6 The reporting accountant did note that of the £70,045.42 outstanding in March 2023 '£20,371 have been resolved and now have a client ledger balance of £nil (19 matters). We have confirmed that of the remaining static balances at 31 March 2023 at least £31,554 client funds held relates to ongoing matters or retentions (7 matters). We have not tested the remaining balance of £18,119 (49 matters).'

3. Admissions

3.1 Christofi Wells & Co makes the following admissions which the SRA accepts:



- a. The firm have had a problem resolving client balances since 2017.
- b. Two successive AR1's were submitted late for the years ending March 2021 and March 2022.
- c. Clients of the Firm were not informed of the outstanding balances on their client accounts

Accordingly, the Firm has breached Rules, 2.5 and 12.1 of the SRA Accounts Rules since those Rules were introduced in November 2019 (and previously Rule 14.3 and 14.4 of the Accounts Rules 2011).

4. Why a written rebuke is an appropriate outcome

4.1 The SRA's Enforcement Strategy sets out its approach to the use of its enforcement powers where there has been a failure to meet its standards or requirements.

4.2 When considering the appropriate sanctions and controls in this matter, the SRA has taken into account the admissions made by Christofi Wells & Co and the following mitigation put forward:

- a. The Firm's ability to submit The AR1's for 2021 and 2022 were severely affected by the Covid19 pandemic, stamp duty announcements by the Government and personal issues of the partners. The partner who most client matters with residual balances relate too, and whom would have led the Firm's compliance with the SRA Accounts rules in these areas, has not been available to work due to personal issues.
- b. Once the SRA identified the issue, the firm committed to resolving the residual balances with noticeable reductions in the number of matters still affected.
- c. The firm has only three regulated employees with a small turnover and that one partner has been absent for some time has reduced their ability to resolve the balances in a timely manner.
- d. Part of the issue around the residual balances arose due to a Land Registry expense that was not allocated to a client ledger. This delay in allocation meant funds appeared to be static. This is a historic issue which has now been resolved with new systems being implemented.
- e. That upon inspection, a number of balances identified as residual balances were subsequently identified as being sums held on account against pending litigation matters.

4.3 The SRA considers that a written rebuke is the appropriate outcome because:

- a. The Firm has accepted culpability in not ensuring:
 - i. two successive AR1's were submitted to the SRA in good time,
 - ii. that client account was monitored for balances for a period of at least six years from 2017 and



- iii. that clients were not informed of these balances.
- b. The accounting errors and the Firm's failure to address these promptly, demonstrated a pattern of failing to comply with its regulatory obligations.
- c. Remedial action has been taken, but the problem has persisted longer than is reasonable.
- d. There was no lasting significant harm to clients. No clients had complained, or at any point sought to complain in connection with these findings.
- e. There is a low risk of repetition due to the action now being taken.
- f. Some public sanction is required to uphold public confidence in the delivery of legal services

5. Publication

5.1 The SRA considers it appropriate that this agreement is published in the interests of transparency in the regulatory and disciplinary process. Christofi Wells & Co agrees to the publication of this agreement.

6. Acting in a way which is inconsistent with this agreement

6.1 Christofi Wells & Co agrees that it will not deny the admissions made in this agreement or act in any way which is inconsistent with it.

6.2 If Christofi Wells & Co denies the admissions or acts in a way which is inconsistent with this agreement, the conduct which is subject to this agreement may be considered further by the SRA. That may result in a disciplinary outcome or a referral to the Solicitors Disciplinary Tribunal on the original facts and allegations.

6.3 Acting in a way which is inconsistent with this agreement may also constitute a separate breach of principles 2 and 5 of the Principles and paragraph 3.2 of the Code of Conduct for Firms.

7. Costs

7.1 Christofi Wells & Co agrees to pay the costs of the SRA's investigation in the sum of £600. Such costs are due within 28 days of a statement of costs due being issued by the SRA.

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