

IN THE MATTER OF CLARE WILLIAMS (A LICENSED CONVEYANCER)

AND

IN THE MATTER OF RESIDENTIAL PROPERTY LAWYERS LIMITED (A RECOGNISED BODY)

AND

IN THE MATTER OF SECTION 25 OF THE ADMINISTRATION OF JUSTICE ACT 1985

BETWEEN

The Council for Licensed Conveyancers (Applicant)

And

(1) Clare Williams

(2) Residential Lawyers Limited (Respondents)

1. A three-member panel of the Adjudication Panel, comprising a lawyer-member, a lay member, and a legally qualified chair, convened remotely for the hearing of the allegations against Ms Williams and Residential Lawyers Limited on 23rd, 27th and 28th July 2021. It was agreed by all parties that the hearing could be heard fairly and properly via remote means.
2. The Council for Licensed Conveyancers (CLC) was represented by Ms Hannah Eales (Counsel) and Ms Jessica Clay, of Kingsley Napley Solicitors. Ms Williams was present but not legally represented. She was accompanied by (and supported by) her husband Mr Graham Thompson.
3. At the outset of the hearing, the panel chair confirmed that Ms Williams had appropriate adjustments in order to manage any difficulties she had with engaging fully with the hearing.
4. The panel confirmed that, prior to the hearing, it had read all the documents contained on the OneDrive shared document repository to which it had been provided access by the CLC, and this included the written submissions by Ms Williams, written submissions by the CLC, a hearing bundle of statements and evidence relied on by the CLC, a bundle of correspondence between the parties, and a chronology of correspondence. Ms Williams had been provided with access to the same materials, and facilities to access them, as well as hard copies of the hearing bundle, bundle of correspondence and chronology of correspondence.

Preliminary issues

5. Prior to the allegations being put to Ms Williams, the panel chair asked Ms Williams whether she had any preliminary matters she wished to raise, and whether she wished to make the application for the proceedings to be dismissed as an abuse of process, as she had indicated in previous correspondence, but then suggested she had withdrawn that application as she accepted that the CLC had not acted in bad faith.
6. Ms Williams indicated that she would like to ask the CLC whether it was ever able to obtain a licence from DPS (the company which provided the case management system used by Residential Lawyers Limited), whether it had accessed Residential Lawyers Limited's DPS case management system as secured at the time of the CLC intervention in April 2017, and whether it had had access to case files, whether hard copies or electronic files.
7. Ms Eales, on behalf of the CLC, reminded the panel and Ms Williams that these matters had been dealt with in their last submissions of 8 July 2021, and took the panel and Ms Williams through that document, as it appeared Ms Williams had not read it.
8. In summary, the CLC say that on the day of its intervention into Residential Lawyers Limited (23 April 2017), the firm appointed by the CLC to take over and conclude those cases that were live at that time (Stephensons) attended Residential Lawyers Limited and downloaded onto a hard drive all that was on the firm's computer server. That was retained by Stephenson's in order to complete the conclusion of the live cases, and then handed to the CLC.
9. The CLC say it provided Ms Williams with a copy of the hard drive in August 2020, having previously and subsequently given her access to a OneDrive repository which had copies of the content of the hard drive. It provided instruction on how to access the material through a tutorial held remotely. It also provided copies of the material.
10. It appears that the hard drive does not contain the firm's emails but includes the DPS Ledgers until May 2016 (when the firm transferred to LEAP for its financial management), the LEAP Ledgers from May 2016 until April 2017, and the DPS case management until May 2016.
11. It was CLC's position that from May 2016 onwards, there were no DPS case management files. Ms Williams disputes this and says that there were DPS case management files for every case, up until the date of the intervention in April 2017.
12. It was clear to the panel that there had been considerable dispute between the parties up until the start of the hearing about whether all material within CLC's possession had been disclosed. The panel took care to understand what material was in the CLC's possession, and to clarify whether Ms Williams had received the appropriate disclosure.
13. The panel was satisfied, having made its enquiries, that Ms Williams had received either copies of or access to all the material held by the CLC and that, if there was material which she believed to have been in existence at the time of the intervention but not within the material held by the CLC and disclosed to her, then it was more likely than not that that material had not been properly downloaded or retained at the time of the intervention, and in any event was no longer available. However, the panel did not find that this was a deliberate act by the CLC, nor did it find that there

was any material disadvantage to Ms Williams. As Ms Williams herself fairly said to the panel in her closing submissions, she was “not saying by any means that it [the material she submitted was missing] would have made a difference to the outcome”. She went on to explain that without the material however she felt that she had not had an opportunity to properly defend herself.

14. The panel disagreed because:

- the allegations were largely fact specific,
- the evidence which would have supported or undermined the allegations was available to Ms Williams and the panel (e.g., client ledgers showing a shortfall on a client account ledger in allegation 2 which remained unresolved for a period of a month), and
- any defence to the remaining disputed allegations were either based on Ms Williams’ memory of events (allegations 4, 5, 9 and 13), or her interpretation of the CLC Codes (allegation 8).

15. Whilst a formal application to stay the proceedings on the basis of an abuse of process was not made, the panel considered the fairness of proceeding in any event in light of Ms Williams’ previous submissions, and it follows therefore that the panel found it was fair to proceed and Ms Williams’ view that there was material available which was not disclosed to her, whilst genuinely held, was in error.

16. The panel then decided (with the agreement of both parties) to take an unconventional approach in this case to the order of proceedings, because Ms Williams was unrepresented, and because she had indicated that she could not answer any of the allegations until she had seen the DPS case management files and ledgers (DPS and LEAP) for the matters subject to the allegations. Given that this had reached an impasse prior to the start of the hearing, it was agreed that the panel chair would take Ms Williams through the allegations individually, and identify what she could admit or deny, and if she could not do either, why she could not.

17. In respect of each of the allegations, Ms Eales on behalf of the CLC opened its case relating to that allegation and took the panel and Ms Williams to the evidence in support.

18. Having completed that process, Ms Williams’ response to the allegations was as follows:

Allegations

Whilst practising as the sole Manager and/or a Licensed Conveyancer at Residential Lawyers Limited (“the practice”), you:

1. did not comply with requirement 9.1.5 and/or requirement 9.1.6 of the CLC Accounts Code, and/or requirement 28 of the Council For Licensed Conveyancers (CLC) Recognised Body Code in that:

a. between around April 2016 and August 2016 you failed to ensure there was no debit balance on the client side of a client ledger account, nor a credit balance on the office side of a client ledger account and/or;

ADMITTED

b. on or around August 2016 you failed to ensure a replacement without delay, of a shortfall of approximately £5,731.29 in the client account and/or;

ADMITTED

c. you did not promptly report to the CLC that there was a shortfall to the practice client account.

ADMITTED

2. failed to ensure money withdrawn under requirements 12.1 and 12.2 of the CLC Accounts Code did not exceed the total of the money held to the credit of both the client and the client account in which the money was held, contrary to requirement 12.4 of the CLC Accounts Code and Guidance, in that:

i. Between approximately 6 March 2017 and 7 April 2017, there was a debit balance of £120 on the client ledger for Mr Evans;

ADMITTED

ii. On or around 6 April 2017 there was a debit balance of £4,715.32 on the client ledger for Mr Horsman and Mrs Deacon

ADMITTED

3. did not comply with requirements 9.1.2 and 9.1.3 of the CLC Accounts Code in that you, as set out in Schedule 1, allowed the transfer of monies from client account to office account for matters unrelated to the client's transaction and without the authority of that client.

DENIED AT THIS STAGE (later admitted)

4. advised the CLC on 7 June 2016 that:

a. Ms A held a solicitor's practising certificate when she did not;

ADMITTED

b. Ms A held a CLC licence when she did not;

ADMITTED

c. Ms A had agreed to provide cover for you at the practice whilst you went on holiday for a two-week period commencing 14 June 2016, when she had not done so.

DENIED on the basis that Ms A had agreed to provide cover

5. advised the CLC on 8 June 2016 that:

a. you had seen Ms A's solicitor's practising certificate when you had not;

ADMITTED

b. *you had seen Ms A's CLC licence when you had not.*

ADMITTED

6. *in relation to the bank reconciliations for transactions undertaken in April 2016:*

a. *failed to advise the CLC that there would be a delay in providing the CLC with the bank reconciliations on or before 9 May 2016 (the date by which the reconciliation statement was required to have been prepared);*

ADMITTED

b. *did not comply with requirements 13.9 and 13.10 of the CLC Accounts Code in that you did not provide a bank reconciliation statement until on or around 7 June 2016;*

ADMITTED

c. *by virtue of 7(b) did not comply with requirement 9.1.4 of the CLC Accounts Code in that you failed to establish and maintain proper accounting systems, procedures and processes and internal controls to ensure compliance.*

ADMITTED

7. *breached the conditions upon which the practice's Certificate of Recognition dated 15 December 2016 was issued in that:*

(a) on or around 7 February 2017, you obtained a loan of £14,000 from Federal Capital to pay VAT liabilities; and

DENIED, on the basis that it was a personal loan

(b) you failed to generate a sustainable positive free cash flow month-on-month between 15 December 2016 and 28 February 2017.

ADMITTED

8. *Your actions at 3 above were contrary to Outcome 16 of the CLC Disclosure of Profits and Advantage Code in that you did not inform the clients of the nature of the arrangement and any payments made, with whom the arrangement was made, and any impact including any legal costs they were charged.*

DENIED

9. *Your actions at 4 (a) and/or 4(c) and/or 5(a) and/or 5(b) were dishonest in that you sought to deliberately mislead the CLC.*

DENIED

10. *Your actions at 1, 2, 3, 4, 5, 6, 7, 8 and/or 9 above were contrary to Overriding Principle 1 (Act with independence and integrity) of the CLC Code of Conduct.*

ADMITTED

11. *Your actions at 1, 2, 3, 6 and/or 8 above were contrary to Overriding Principle 2 (Maintain high standards of work) of the CLC Code of Conduct.*

ADMITTED

12. *Your actions at 1, 2, 3, and/or 8 above were contrary to Overriding Principle 3 (Act in the best interests of your Clients) of the CLC Code of Conduct.*

ADMITTED

13. *Your actions at 1, 4, 5, 6, 7 and/or 9 above were contrary to Overriding Principle 5 (Deal with regulators and ombudsmen in an open and co-operative way) of the CLC Code of Conduct.*

DENIED

14. *Your actions at 1 – 13 above amount to misconduct.*

DENIED BUT LATER ADMITTED

19. The panel took oral evidence from Ms A and Jason Hinrichsen (Director of Operations and Finance at the CLC) and read witness statements from Simon Blandy (former Director of Regulatory Standards at the CLC) and Sheila Kumar (Chief Executive Officer at the CLC).

20. Ms Eales then outlined how the CLC put its case as to misconduct, namely that Ms Williams' conduct involved the serious mismanagement of client monies, breached several Principles and Outcomes of the CLC's Code of Conduct, and could have a significant impact on the reputation of the profession and public confidence.

21. The panel then went on to take oral evidence from Ms Williams. The oral evidence from witnesses and Ms Williams is not repeated here but referred to when relevant within the panel's findings at the first stage, which were as follows:

PANEL'S FINDINGS OF FACT AND MISCONDUCT

22. The panel noted the thrust of Ms Williams' evidence that at the time of the conduct leading to the allegations, she was heavily engaged in co-operating with the Police, her insurers, the CLC and HMRC following the perpetration of a fraud on Residential Lawyers Limited and some of its clients by a former employee. As a result of the time required to engage in that co-operation, she relied heavily on outsourcing the financial management of the firm, as well as some aspects of the day-to-day client work (for

example title checking). Nonetheless she accepted that the responsibility remained hers, as the sole manager of the firm and under the terms of her licence.

23. Allegation 1 (a) (b) and (c)

This allegation was admitted in its entirety.

It is clear from the face of the client ledger accounts provided that there was mismanagement of client funds in that duplicate payments were made from the client account to office account resulting in a shortfall of £5,731.29 on the client account. The panel accepts Ms Williams' evidence that these duplicate payments were as a result of human error and not a deliberate attempt at dishonesty. It is evident from an email dated 12 August 2016 from Katie Collins from The Cashroom (to whom Ms Williams had outsourced her accounting and cashiering work) that the error was not rectified 'without delay' as required by the CLC Accounts Code, because when it was discovered, there was insufficient money in the office account to repay it. Ms Collins also confirmed that the funds erroneously transferred to office account "were not used for any specific purpose" and that "the incidents were only discovered after the funds were utilised in office account".

The shortfall in the client account was discovered by the CLC during an audit of the firm's bank reconciliations, and not notified separately to the CLC at the time of the event, as required under the Accounts Code.

The panel noted Ms Williams' acceptance that despite her outsourcing of the accounts and cashiering to The Cashroom, they remained her responsibility. There were a number of errors evident from the client ledgers and the panel found that Ms Williams should have been monitoring the firm's financial transactions more closely, particularly in light of the fraud that had recently been perpetrated on the firm's clients by a former employee.

Despite enquiry, the panel was unable to ascertain on whose authority the erroneous payments were made, or whether there was a global authority provided to The Cashroom, but in any event the responsibility remained with Ms Williams. The panel noted that these events occurred after Ms Williams told the CLC in an email in June 2016 that she accepted she had to be in complete control of the firm. The panel considered this was evidence of Ms Williams' lack of appreciation of the importance of controls and proper financial management of client funds, which is a fundamental duty for Licensed Conveyancers.

The panel found it clearly stated in the Accounts Code that there is a duty to report any deficit in a client account, and a duty to replace a shortfall without delay.

The allegation is therefore **found proved in its entirety**.

24. Allegation 2 (i) and (iii) (NB there was no allegation 2 (ii) particularised)

This allegation was admitted in its entirety.

The panel viewed the client ledgers for the individual clients who were the subject of this allegation and saw evidence of conflicting and/or changing instructions relating to financial transactions, where a payment of £120 (in the case of Evans) moved from client to office accounts and back again several times without explanation.

So far as the shortfall in the account of the clients Horsman and Deacon, the panel saw evidence that it remained in place for at least 5 days, which the panel was satisfied fell outwith the definition of rectifying “without delay” as set out in the Accounts Code.

This was an error which arose as a result of a mistake in the completion statement. Ms Williams told the panel in her oral evidence that part of her own checks involved reconciling the completion statements on all cases. If that had been the case here, then her own check failed. The panel accepts this was not a deliberate attempt to take client funds but was evidence of a lack of proper financial management. It also noted that the errors on the Evans ledger occurred and were discovered shortly before the errors on the Horseman and Deacon ledger, and therefore this was evidence that lessons were not being learned from mistakes made.

This allegation is therefore **found proved in its entirety**.

25. Allegation 3

This was an allegation which was not initially admitted, but Ms Williams later made full admissions when she was taken through the ledgers reflecting the matters set out in Schedule 1.

The panel found there was documentary evidence to support each of the erroneous transactions in Schedule 1. Ms Williams admitted that in all of the cases referred to in the Schedule, the monies should not have been transferred, and the panel found that there were no corresponding debits on the relevant office ledgers to indicate that the transfers were for specific transactions. There was also nothing in each of the estimates provided to the clients in those cases to indicate a specific transaction which would have required those transfers.

The panel considers it more likely than not that money was transferred in those cases to the office account because there was a shortfall such that outgoings could not be covered, and therefore that client monies were being effectively “borrowed” with the intention of replacing them when funds became available, and on the principle that it was the firm’s own fees that were being accessed early, rather than at completion when the fees actually became due. This amounts to serious mismanagement of client funds, and the panel could see no evidence that clients were aware of how their funds were being handled at that time.

Three of the cases caused the panel particular concern.

- Scott – this client account ledger showed that £120 was transferred directly out of the client account to an external account. Ms Williams’ evidence was that related to a referral fee paid to an Estate Agent. The referral fee was a business cost and should not be taken from the client account. There was no evidence furthermore that the client had been notified of the referral arrangement. This transaction therefore breached the Accounts Code as well as the Disclosure of Profits and Advantages Code.
- Liddiard – in this case Ms Williams had committed her client, in a rider to a Contract, to hold the sum of £671 as a retention in the client account for a period of 12 months. By the transfer of that amount from the client account to the office account on 20 May 2016, the rider having been signed on 23 September 2015,

Ms Williams breached that rider on behalf of her client. There was no evidence before the panel (and Ms Williams did not suggest it to be the case) that the client had knowledge of the transaction, or the risk at which it placed her. Furthermore, the ledger shows that this was then identified as payment of a bill and effectively subsumed in the office account. This was done in the context of a firm in a financially precarious position. It is again unclear who authorised the transaction because there was no habit of recording the authority, but it was of course Ms Williams' overall responsibility. The panel considered this to be particularly serious.

- Rutter – Ms Williams told the panel that the sum of £40 was transferred from client to an office account entitled “HMLR account”, which she had set up to ensure there were sufficient funds to pay HM Land Registry fees. This is reflected in the entry on the client ledger. However, this was a sale transaction, and therefore there would have been no such fee payable. When Ms Williams was challenged about this by the panel, she suggested that sometimes the sale and purchase ledgers for clients became “muddled”. This was of significant concern to the panel and indicates a serious level of financial mismanagement.

26. Allegation 4 (a) (b) and (c)

This allegation relates to a communication between Ms Williams and the CLC, when she informed them in a letter dated 7 June 2016 that she would be going away on holiday for two weeks and had arranged locum cover for the firm. The information was given alongside a response to a letter from the CLC raising ongoing concerns about the management of the practice and inviting her to a meeting in its offices on 8 June 2016.

Ms Williams specified in her letter of 7 June 2016 that she had arranged for two separate locums to cover, one of whom was Ms A. Ms Williams told the CLC in terms that “she has both a Solicitor’s practising certificate and a CLC licence”.

The panel heard evidence from Ms A, which it accepted in its entirety, and that the panel found her to be a credible and compelling witness. Ms A told the panel that she had been a solicitor until 2014 but had given up her practising certificate to start The Title Consultancy, a business used by Ms Williams to check titles on her behalf. Ms A provided a copy of a letter from the SRA confirming this information, and the SRA and Law Society websites show her as a ‘non-practising Solicitor’.

Ms A also told the panel that she did not and had never held a CLC licence. Mr Blandy, in his written statement, confirmed this to be the case.

It follows therefore that Ms Williams’ statements to the CLC on 7 June 2016 in relation to Ms A’s certification and license were false.

Ms A also told the panel that she had not agreed to act as a locum for Ms Williams and Residential Lawyers Limited. She explained that she would not be authorised to do so, and it was not a service her business offered. She told the panel she recalled Ms Williams asking her to act as locum providing cover in a supervisory capacity, but she specifically refused and explained why.

Ms Williams then suggested to the panel that she may have been muddled when she referred to Ms A acting as a locum, and in fact she meant she would be checking titles for her in her (Ms Williams’) absence and that Ms Shah, the other locum to

which she referred in her letter of 7 June 2016, would be the locum acting in a supervisory capacity. The panel noted that this explanation had not been raised at any stage until after Ms A's evidence and when the panel was looking with Ms Williams at the terms of her letter to the CLC of 7 June 2016. The panel did not find credible her explanation that she may have been muddled, because Ms A was clear Ms Williams had specifically asked her to act as locum, and this was supported by the terms used in Ms Williams' letter of 7 June 2016.

Furthermore, Ms Williams would have had no need to inform the CLC that The Title Consultancy was to continue to carry out the work it had previously been doing for her whilst she was away. The panel found that Ms Williams, as an experienced lawyer, would have known what a locum would have meant in the context of her letter to the CLC, and that the continuation of ad hoc work already undertaken would not fit that definition.

The allegation was therefore **found proved in its entirety**.

27. Allegation 5(a) and (b)

This allegation was admitted in its entirety.

The panel accepted the CLC's evidence, as recorded in its letter to Ms Williams of 20 June 2016 recording the outcome of their meeting on 8 June 2016, that Ms Williams had told it during the meeting that she had seen Ms A's practicing certificate and CLC licence. She clearly could not have seen them as they did not exist.

Furthermore, on 9 June 2016 Ms Williams emailed Ms A and said, "I think you said you were on the Solicitors 'roll but did not have a practising certificate, but I would be grateful if you would confirm". This was emailed the day after the meeting with the CLC where she said she had seen the certificate. Ms Williams told the panel in evidence that she said she had seen the practising certificate and the CLC licence because she genuinely believed she had. She referred to meeting Ms A in May 2015 and Ms A showing her a 'bundle of documents', which she thought included a practicing certificate and CLC licence. Ms A was clear that she only showed Ms Williams the SRA letter and her CV. The panel found that in any event, an experienced lawyer such as Ms Williams would recognise what was a practicing certificate and as a CLC licence holder herself, would be very familiar with those as well.

This allegation was therefore **found proved in its entirety**.

28. Allegation 6(a) (b) and (c)

This allegation was admitted in its entirety. Ms Williams admitted that the April 2016 reconciliation should have been provided to the CLC by 9 May 2016. She initially believed it was sent on 16 May 2016 (but admitted that the CLC had not been notified that it was to be late), but now accepts it was not sent until 7 June 2016. Whether it was provided on 16 May 2016 or 7 June 2016, it was late and no notification was given to the CLC, which breaches the requirements of the CLC Accounts Code.

These failures were in the context of the CLC having visited Ms Williams at Residential Lawyers Limited in February 2016 to discuss the fraud by a former

employee and its concerns about management of the firm, where Ms Williams was reminded of the importance of providing monthly reconciliations to the CLC, and was on notice that they would be scrutinised.

The panel found that providing bank reconciliations, and in a timely manner, are at the heart of the Accounts Code, and any delay in doing so raises a 'red flag' as to how the finances and practice generally are being managed.

The panel was also concerned that the email exchange between Ms Williams, a member of her staff and The Cashroom which was contained in evidence before the panel was not supportive of Ms Williams' suggestion that she took overall responsibility for the management of the firm.

This allegation is therefore **found proved in its entirety**.

29. Allegation 7 (a) and (b)

Allegation 7 (a) was initially denied by Ms Williams, on the basis that the loan of £14,000 obtained from Federal Capital was a personal loan to her and her husband, and not a loan to Residential Lawyers Limited. It was her assertion that the obtaining of the loan did not breach the conditions of the Certificate of Recognition dated 15 December 2016.

Ms Williams accepted the terms of the Certificate of Recognition included a condition that

"the practice must:

(a) Pay their creditors as they become due, without reliance on further loans or extension of credit lines other than those disclosed to the CLC on or before 30 November 2016 ..."

She also accepted that the loan of £14,000 was obtained from Federal Capital in February 2017, to pay Residential Lawyers Limited's VAT liabilities. In an email to the CLC on 17 March 2017, she confirmed this in terms, and indicated that it was a facility the firm had previously used.

In evidence to the panel, Ms Williams said that she believed the loan to be a personal loan because her and her husband had stood as guarantors, and furthermore that when the loan was not repaid, Federal Capital had sought to have her made bankrupt. Ms Williams did not have any documentary evidence to show in whose name the loan was made.

The panel notes Ms Williams' own evidence in her email to the CLC that this was a facility the firm had previously used, and find it more likely than not that this was a loan obtained in the name of Residential Lawyers Limited, with Ms Williams and her husband being required to stand as guarantors because of the financial difficulties the firm was in. The monies were paid directly into the account of Residential Lawyers Limited and not Ms Williams' or her husband's own accounts, and there was an existing financial relationship between the firm and Federal Capital.

Ms Williams accepts that she did not notify the CLC that the loan was obtained, and that it was only discovered when the CLC reviewed the office account bank statements. The panel find this to be evidence in support of the fact that Ms Williams had obtained the loan in contravention of the conditions of the Certificate of Recognition.

Ms Williams admitted allegation 7 (b) and the panel accepted the evidence of the cash flow analysis compiled by Mr Hinrichsen in December 2016, which clearly showed negative balances in the firm's office account ledgers.

The allegations are therefore **found proved in their entirety**.

30. Allegation 8

This allegation was initially denied.

Ms Williams relied on the content of her client care letter and terms of the estimates and Terms of Business sent out to every new client, in which she referred to a 'non-refundable set-up fee'.

The panel looked carefully at the examples of those documents in the evidence before it but found that they did not support Ms Williams' assertions.

Ms Williams worked with a former estate agent Paul Harding who she employed as a business development consultant. He was self-employed, and she paid him a monthly retainer, plus commission on each case he procured for the firm, through his own contacts. It was this commission that Ms Williams referred to as a 'non-refundable set-up fee', and which she charged to the clients.

The panel was clear that the payments to Mr Harding should have been disclosed to clients as a commission payment, under the terms of the Disclosure of Profits and Advantages Code (Outcome 16). The firm was getting referrals of work from an individual, who was being paid to make those referrals. Calling it a 'non-refundable set-up fee' does not change what it actually was. It did however render the term misleading to clients. This should also have been an office expense and not chargeable to the client.

The panel also noted that in one case it looked at, there were two such fees paid, one to Mr Harding and one to an estate agent, when clearly the same case cannot have been referred twice.

Ms Williams admitted in her oral evidence to the panel that clients may not have known their funds were being used for this reason, and that it was potentially misleading them.

She told the panel that the firm had researched whether they could charge these fees. On enquiry from the panel, however, she was unable to specify how that research was undertaken, but did confirm that she had not sought advice or permission from the CLC. The panel found this particularly concerning in light of the high-profile nature of concerns around referral fees within the practice of conveyancing.

The panel also noted Ms Williams' evidence that there was no set 'non-refundable set-up fee' and that she and Mr Harding negotiated his commission on a case-by-case basis.

The panel found this to be evidence of Ms Williams not being clear and transparent with clients about her arrangements with others and about payments being made, which clearly put her in breach of the Code.

The panel therefore found this allegation **proved**.

31. Allegation 9

This allegation was denied.

This allegation referred to Ms Williams' actions in allegations 4 and 5, and whether in making false statements to the CLC about Ms A's certification and licence she acted dishonestly.

Ms A told the panel that she was confused as to what she had seen Ms A produce at their meeting, and she made her statements to the CLC, both in writing on 7 June 2016 and in person on 8 June 2016, in genuine good faith, believing she had seen those documents.

The panel has accepted Ms A's evidence that she had a discussion with Ms Williams around May 2016 where Ms Williams asked her to act as a locum, and she declined, setting out that she was not authorised to do so as she did not have a practicing certificate or CLC licence. Ms Williams' assertions to the CLC on 7 and 8 June 2016 were also in the context of knowing that the CLC was paying close attention to her management of the firm. This was information offered by her, in a long email to the CLC about the appropriateness of her actions in light of the CLC's concerns. She knew that the CLC would have expected her to undertake due diligence about anyone who would manage the firm in her absence.

Ms Williams told the panel that she had explained to the CLC at their meeting that if they were unhappy with the cover proposed, she would cancel her holiday. The panel does not find that to be supportive of her case in their deliberations as to her state of mind when she made these statements, because it could be interpreted that she was seeking to add value to her proposals by showing extra effort to be helpful and compliant. She could have benefited from making that statement in gaining the trust of the CLC.

Ms Williams' clear language in informing the CLC about what she asserted was Ms A's suitability and eligibility to act as locum meant that the CLC's interpretation could only have been that Ms A was eligible. This was not the case.

In applying the test for dishonesty set out in *Ivey v Genting Casinos [2017] UKSC 67*, the panel found the following:

- It rejects Ms Williams' assertion that her actual state of knowledge or belief on 7 June 2016 when making her statement to the CLC was that Ms A had the relevant practicing certificate. It bases that rejection on her email of 9 June 2016 to Ms A, in which she states that she believes Ms A said she did not have a practising certificate. This was Ms Williams' own statement within a day of making a contrary statement to the CLC and is the best evidence of her state of mind at the time.
- Having accepted Ms A's evidence in its entirety, it finds that Ms Williams cannot have actually known or genuinely believed that Ms A had agreed to act as locum for her.
- The panel finds that Ms Williams' actual state of knowledge or belief on 8 June 2016 as to whether she had seen both documents was clearly not genuinely held as neither document existed.
- The panel finds that Ms Williams' actions at 4(a), 4(c), 5(a) and 5(b) were dishonest by the objective standards of ordinary decent people, because she made statements

which were untrue, with the intention of gaining the trust of the CLC so that she could go away on holiday during a time when she and her management of the firm was being closely scrutinised by the CLC.

Therefore, the panel finds that Ms Williams was dishonest in making those statements and **finds allegation 9 proved.**

32. Allegation 10

Ms Williams admitted this allegation, and the panel agrees that the actions found proved clearly amounted to a lack of integrity and were serious failures from an experienced lawyer who was already under scrutiny and aware of concerns raised by her regulator.

This allegation was therefore **found proved.**

33. Allegation 11

Ms Williams admitted this allegation, and the panel agrees that she failed to maintain high standards at work, particularly in relation to her financial management of the firm.

This allegation was therefore **found proved.**

34. Allegation 12

Ms Williams admitted this allegation, and the panel agrees that she failed to act in the best interests of her clients, particularly seriously in relation to the case of Liddiard where she breached the terms of the rider requiring a retention of fees in client account, but in all cases where she failed to properly manage their funds and/or to make clear to them how those funds were being used.

This allegation was therefore **found proved.**

35. Allegation 13

Ms Williams denied this allegation. It related to her dealings with her regulator, and whether she was open and co-operative.

The panel has found all the other allegations against her proved, against the background of her meeting with the CLC in February 2016, where certain expectations were made clear to her, not least that she must keep the CLC informed of any issues within the firm and be transparent in her management of it. In relation to a number of the allegations, she has been found not to have notified the CLC of decisions she has made or events to the detriment of the firm or its clients about which she did not notify the CLC.

It is clear therefore that she did not act in an open way with the CLC, and therefore this allegation is found **proved.**

36. At the point of making her closing submissions, Ms Eales invited the panel to also consider Ms Williams' conduct up to the date of the hearing when considering allegation 13. She sought to rely on the case of *Nicholas-Pillai v GMC [2009] EWHC 1048 (Admin)* as authority for the panel to do so.

37. The panel rejected this submission, and did not consider Ms Williams conduct outside of the matters particularised in the allegations, for the following reasons:

- a. This approach was not particularised in allegation 13 itself, in a set of allegations which were clearly otherwise particularised, and Ms Williams was not on notice that this was being suggested by the CLC.
- b. The panel chair had clarified at an earlier directions hearing that the parameters of the alleged misconduct were between May 2016 and May 2017, which had been agreed by the CLC which was represented then by Ms Eales.
- c. The approach was first referred to in closing submissions, which meant the panel had not had an opportunity to consider evidence or ask Ms Williams evidence about it, nor had Ms Williams had an opportunity to put any evidence or challenge witnesses on it herself.
- d. The case of *Nicholas-Pillai* was a case brought by the GMC before its Fitness to Practice panel, where there are three stages to misconduct proceedings, namely the facts and misconduct stage, the impairment stage and the sanctions stage. The decision by Mr Justice Mitting related to findings at the impairment stage, when misconduct has already been found and the panel is looking at whether the doctor's fitness to practice is impaired at the time of the hearing. These proceedings with which we are concerned are different in their nature in that there is no impairment stage in CLC misconduct proceedings. Therefore, the case does not lend support or authority for the approach suggested by the CLC here.
- e. It would for the reasons set out at a to d above be unfair to do so.

SANCTION

38. Having found misconduct, the panel took submissions from both parties on the appropriate sanction to apply in this case.

39. The CLC, through Ms Eales, reminded the panel of the Sanctions Guidance (March 2018) and of the purpose of sanctions, set out for clarity below:

3.1 To uphold the CLC's regulatory objective of protecting the public and consumers of legal services;

3.2 To maintain and uphold public confidence in the reputation of the profession;

3.3. To declare and uphold proper standards of conduct; and

3.4. To promote public and professional confidence in the CLC's complaints and disciplinary processes.

3.5. To mark the seriousness (actual or potential) of the proven misconduct. It is well established that the purpose of imposing sanctions is not to punish the respondent, but to protect the public. This is consistent with and does not prevent the imposition of a sanction which may have a punitive effect on the respondent when it is necessary to meet its objectives at 3.1 to 3.2 above.

40. Ms Eales clarified that proceedings had been brought against both Ms Williams and Residential Lawyers Limited, and therefore the panel must consider sanctions against both Ms Williams and the firm.
41. She reminded the panel that having found dishonesty, this case should be viewed as the most serious form of misconduct and result in a severe sanction such as disqualification save in exceptional circumstances. She invited the panel to find there were no exceptional circumstances in this case.
42. She also drew the panel's attention to the findings of mishandling of client money falling short of dishonesty, which are also likely to receive the more severe sanctions available to the panel.
43. Ms Williams did not hold a licence at the time of the hearing, and Residential Lawyers Limited was no longer in existence, nor an entity registered with the CLC.
44. The panel had the following sanctions therefore available against Ms Williams:
 - Taking no further action
 - A reprimand
 - A fine and/or
 - Disqualification
45. Ms Eales invited the panel to impose a sanction of permanent disqualification to reflect the seriousness of the findings of misconduct, and that to impose a lesser sanction would lack the required deterrent effect.
46. Ms Williams told the panel that due to her age, she has no intention of working within the legal profession again. Otherwise she made no submissions about sanction.

Harm

47. The panel began its consideration of sanctions looking at the harm caused by Ms Williams' misconduct. It concluded that her conduct caused significant harm to the reputation of the profession as a whole and could significantly undermine confidence in both Licensed Conveyancers and the CLC itself. Findings of dishonesty combined with mismanagement of client money are amongst the most serious misconduct cases, and this was such a case.
48. The panel had found dishonesty in the context of Ms Williams's statements to the CLC, her regulator, which has the potential to undermine the public confidence in the CLC's ability to properly regulate. It also amounted to breaches of one of the fundamental tenets of the profession, namely, to act with honesty and integrity. Such actions must face very serious consequences.
49. The panel accepted however that in this case Ms Williams' dishonesty was not for financial gain.
50. She had however seriously financially mismanaged her firm and client money, on occasion misleading them as to what their monies were being used for. This must also lead to very serious consequences.

Insight

51. The panel could only find evidence of very limited insight in Ms Williams' case. She had admitted to the panel, albeit at a very late stage in proceedings with these

allegations first being raised in 2018, that she had failed to properly manage the firm financially, and it was her ultimate responsibility despite having outsourced aspects of her business. She continued to maintain that given the matters occupying her attention following the defrauding of her business, there was nothing more she could have done at the time. It was the panel's finding however that she minimised her responsibility in real terms, and the impact her behaviour had on the reputation of the profession and client confidence.

Aggravating factors

52. The panel found the following aggravating factors in this case:

- A failure to report to the CLC
- A likelihood of repetition (although it bore in mind Ms Williams' assertion that she would not return to work in the profession, but in the event that changed in the future, the panel found that her lack of insight and learning from mistakes meant that repetition was likely)
- Gained advantage as a result of wrongdoing (in that she was able to maintain the business for a period of time by misusing client funds)
- Lack of insight or learning
- No apology to clients (the panel saw no evidence of Ms Williams apologising to clients for the mismanagement of their funds, or misleading them as to Mr Harding's fees)
- Dishonesty
- Serious breaches of the CLC's regulatory arrangements
- Serious financial mismanagement
- Repeated failure and patterns of behaviour
- Significant risk of harm to others (in the case of Liddiard referred to above)
- Increased likelihood of damage to reputation of the profession

Mitigating factors

53. The panel found the following mitigating factors in this case:

- Ms Williams' length of career without previous misconduct (49 years)
- Admissions were made to the majority of the allegations, albeit at a very late stage
- The events involving the defrauding of her business, which caused her considerable distress over a number of years (although the panel bore in mind that personal mitigation is necessarily limited in professional misconduct cases)

54. The panel then considered their available sanctions, starting with the least onerous and working up the sanctions ladder.

No further action

55. This was a very serious case of misconduct over a protracted period, involving dishonesty and financial mismanagement, and in order to uphold the reputation of the profession, confidence in the CLC and provide the deterrent effect, taking no further action was not appropriate in this case.

Reprimand

56. Equally, a reprimand would fall very far short of meeting the misconduct found in this case.

Fine

57. The panel decided that the imposition of a fine would be merely punitive, serve no other function, and would not meet the seriousness of the misconduct.

Disqualification

58. The panel noted from the Sanctions Guidance that disqualification might be most appropriate in cases where there had been serious misconduct, dishonesty and lack of insight. In this case, in addition, there had been serious financial mismanagement of client monies.
59. Clearly therefore, disqualification was an appropriate sanction, which would be proportionate with the seriousness of the findings of the panel.
60. The CLC asked the panel to consider imposing permanent disqualification. The panel very carefully considered their submission.
61. It noted however that permanent disqualification is a last resort option, reserved for the most serious cases of misconduct. Whilst this case was undoubtedly a very serious case of misconduct, the panel was not satisfied that it was the most serious case, because the dishonesty found was not financial or for financial gain. Had it been, then this would have been a case which warranted permanent disqualification.
62. Having made that judgement therefore, the panel concluded that the least serious sanction which could be applied in this case was one of **disqualification for a period of 10 years**, which properly reflects the very serious nature of this case, and is intended to act as a deterrent, uphold confidence in the profession and in its regulatory process.
63. Having disqualified Ms Williams the CLC invited the panel to take no further action against Residential Lawyers Limited in light of it no longer being a licenced entity. The panel agreed.

Costs

64. The CLC indicated at the end of its submissions on sanction that there was an application for costs, in the sum of £52,038.56.
65. There was however no written application or schedule of costs at that time, which is required under rule 9(3)(a) and (b) of the Adjudication Panel Procedure Rules 2013 as amended. Whilst Ms Williams had been informally informed that there was likely to be an application for costs, the proper form had not been followed, and she did not know the amount before the hearing, nor had she or the panel seen a breakdown of those costs as required under the Rules.
66. Submissions were invited from Ms Williams as to whether the panel should adjourn for the application to be submitted in writing and considered on the papers without a need to reconvene. Ms Williams did not object to the application being submitted in writing after the hearing, nor to the consideration of the application on the papers, once she had had an opportunity to submit a statement of means.
67. The panel concluded that, whilst the application had not been made in the proper format, it was able to adjourn the hearing under rule 4(h) Adjudication Panel

Procedure Rules 2013 (as amended) and direct the service of the written application for costs on Ms Williams and on the panel (together with schedule of costs), and under rule 4(g) Adjudication Panel Procedure Rules 2013 (as amended) determine the application on the papers once a statement of means and any written submissions are received from Ms Williams.

68. The hearing was therefore formally adjourned, and the costs application will be determined at a later date.

VICTORIA GOODFELLOW
HARSHA SHEWARAM HILDEBRAND
JOHN JONES

Adjudication Panel Chair
Lay panel member
Licensed Conveyancer panel member