



**Armstrong Teasdale (UK) Ltd formally
Kerman Legal Services Ltd
38-43 Lincoln's Inn Fields, London , WC2A 3PE
Licenced body
657002**

Fined Date: 22 January 2025

Decision - Fined

Outcome: Fine

Outcome date: 22 January 2025

Published date: 13 February 2025

Firm details

Firm or organisation at time of matters giving rise to outcome

Name: Kerman Legal Services Ltd

Address(es): 38-43 Lincoln's Inn Fields, London, WC2A 3PE

Firm ID: 657002

Firm or organisation at date of publication

Name: Armstrong Teasdale Limited

Address(es): 38-43 Lincoln's Inn Fields, London, WC2A 3PE

Firm ID: 657002

Outcome details

This outcome was reached by SRA decision.

Decision details

Who does this disciplinary decision relate to?

Armstrong Teasdale Limited (the firm), a licensed body, located at 200
The Strand,

London WC2R 1DJ.

Short summary of decision



The firm was fined £120,617 for causing or allowing its client account to be used as a banking facility between 1 April 2020 and 7 May 2021 on two client matters.

The firm is in administration. The administrators proposals suggest that it will no longer trade and will cease to exist, with no distribution to unsecured creditors. The firm will not therefore pay the financial penalty. However, any financial penalty levied would be taken into account in the firm's administration and reduce the amount of money available to the firm's general creditors.

On the facts of this matter there are exceptional circumstances in the public interest to reduce the level of the financial penalty to zero.

Facts of the misconduct

On 5 February 2021, the firm purchased 100% of the shares in Kerman Legal Services Limited (Kermans). Kermans had been a recognised body until 23 March 2020, when it became a licensed body.

The SRA commissioned a forensic investigation into the firm which began on 7 June 2021, four months after it had purchased Kermans. On 20 July 2022, a forensic investigation officer at the SRA produced a report raising the following concerns:

1. Between 22 January 2019 and 7 May 2021, payments had been made from the firm's client account in connection with two related clients and their associated companies. These payments did not appear to relate to a legal transaction in which the firm were acting.
2. The relevant payments had primarily been requested by a director and owner at Kermans. They had however been authorised by several different managers at the firm over a period of more than a year and had continued even after the firm acquired the shares in Kermans.

The firm went into administration on 12 September 2024.

It was found that the firm caused or allowed its client account to be used as a banking facility by making 20 separate payments on two related files to third parties between 1 April 2020 and 7 May 2021.

In doing so, it breached Principle 2 of the SRA Principles 2019, paragraph 2.1(a) of the SRA Code of Conduct for Firms 2019 and paragraph 3.3 of the SRA Accounts Rules 2019.

Decision on sanction

The firm was directed to pay a financial penalty of £120,617. It was decided that a financial penalty was an appropriate and proportionate



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

- There had been a failure in systems and processes at the firm, which had failed to prevent the use of the client account as a banking facility.
- The firm's conduct involved breaches of Principles and rules which were designed to mitigate misuse of the client account and encourage and protect the trust in the profession. This conduct, inherently, has the potential to cause harm, whether or not such harm occurred in this specific context or not.
- Any lesser sanction would not provide a credible deterrent to the firm, and others. A credible deterrent plays a key role in maintaining professional standards and upholding public confidence.

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

In view of the above, the firm's conduct was placed in conduct band C which has a financial penalty bracket of between 1.6% and 3.2% of annual domestic turnover. Its conduct was placed at the bottom of this bracket at C1.

The financial penalty was reduced by 30% in recognition of the fact that the firm had co-operated with the investigation and taken such remedial action as was possible.

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

SRA Principles

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

Code of Conduct for Firms 2019

Paragraph 2.1(a) You have effective governance structures, arrangements, systems and controls in place that ensure: (a) you comply with all the SRA's regulatory arrangements, as well as with other regulatory and legislative requirements, which apply to you.

SRA Accounts Rules 2019

Paragraph 3.3 You must not use a client account to provide banking facilities to clients or third parties. Payments into, and transfers or withdrawals from a client account must be in respect of the delivery by you of regulated services

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