

## Bogus law firms sample policy: firm level

We have set out in our office manual:

- a requirement to verify the authenticity of unknown law firms which we work with (together with clear guidance on how to do so);
- guidance on the warning signs of bogus law firms; and
- set out a procedure of oversight by our [COLP] where issues arise.

Our [COLP] has taken responsibility for considering SRA guidance on bogus law firms<sup>1</sup> and fraud in the context of our business and staying up to date with [scam alerts](#) and trends. Trends or alerts which pose a particular risk to us will be shared by our [COLP] with colleagues in a particular department or throughout the firm as appropriate.

Our [administrator]:

- conducts internet searches every [] against the name of our firm and [the names of our lawyers / our partners and a sample of our lawyers] to check whether our identity is being misused; and
- checks our authorisation on the Law Society Find a Solicitor web service to ensure that the details remain accurate and up to date every [];
- keeps a record of these checks.

## Bogus law firms sample policy: staff level

### Verifying the identity of solicitors we work with

Identity theft and bogus law firms are very serious and growing threats to us. Firms have had millions of pounds stolen by fraudsters impersonating law firms and lawyers. When you start working with other solicitors (on the other side of a matter for example) you should be satisfied as to the identity of whom you are working with and that they are working in a genuine firm. Some individuals and firms will be well known to you. However, if you are working with an unknown firm or a new individual in a firm then we must:

- check the information which we have received against the Law Society [Find a Solicitor](#) service, verifying the name, address (the office you are corresponding should be listed as either the head office or a branch office), SRA number, general

<sup>1</sup> See '[Bogus law firms and identity theft](#)' and '[High Yield Investment Fraud](#)'; the Risk reports '[In the Shadows](#)' and '[Spiders in the web: The risks of online crime to legal business](#)'.

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contact number, website and email domain (i.e. the @bloggs part). Similar checks should be undertaken for the individual you are working with if they claim to be a solicitor;

- google the firm and individual to verify that:
  - there is only one website coming up for that firm;
  - the name, address, SRA number, general contact number, website and email domain (i.e. the @bloggs part) of the firm are consistent with the information which you have been provided with
- keep a note on the file to confirm that these checks have been performed (or alternatively if the individual, firm and contact details are well known to you then this too should be recorded).

Fee earners should retain oversight of this process **but these checks will be performed by our administration team** for all new matters as part of our new matter set up process. As with conflicts checks, the appropriate checks should also be performed if new parties (and in turn solicitors) are added in the course of a matter. Our **COLP** must be notified immediately of any discrepancy in respect of these standard checks and no money should be sent to the firm while further checks are undertaken. Our **COLP** will oversee the completion of further checks to confirm that we are working with a genuine law firm.

In addition to the standard checks set out above, you should also consider more in-depth enquiries if for some other reason you are concerned that a firm may be bogus. The SRA has suggested that the following factors could give rise a suspicion that a firm is bogus:

- errors in spelling, grammar or terminology. In one case a bogus law firm spelt the town where it was supposedly based incorrectly on its letterhead;
- failure to include necessary information in letterhead and emails, such as the words “authorised and regulated by the SRA” and the inclusion of an identifying number;
- telephone numbers and fax numbers which are inconsistent with those actually used by the firm in practice;
- calls being diverted to a call-back service;
- a firm apparently being based in serviced offices (though increasingly smaller firms are making use of such facilities so this of itself does not necessarily indicate a problem);
- contact details are limited to mobile telephone numbers and free web accounts such as Gmail, yahoo or similar. If all email is received from a generic (i.e. info@ or similar) email account consider double checking on the firm’s site if this is the correct contact;
- a firm appearing to open a branch office a considerable distance from its head office for no obvious reason or the sudden appearance of a firm in your locality with no obvious link to the area;

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## ✓ the compliance office.

[www.complianceoffice.co.uk](http://www.complianceoffice.co.uk)

- the website domain included in the email address (i.e. the section after the '@' symbol) is different to the firm's website address;
- a bank account based outside of England and Wales or in a different part of the country to which the firm is supposedly based. Under the SRA's accounts rules client accounts must not be based overseas and so the former would be a major red flag; or
- a bank account with an unusual name or one that does not exactly match the firm's name.

Some of these factors, such as the lack of a landline or a non-customised email address, can be simply explained in many genuine firms. However, you should double check the veracity of the details provided if warning signs appear and if you are in any doubt at all please seek guidance from our **[COLP]**. Our **[COLP]** will liaise with the SRA where appropriate. It is better to be certain that we are working with a legitimate firm of solicitors than to risk client money and confidentiality, even if in most cases such issues can be easily explained.

## Banking information policy: staff level

### *Our banking information*

At the appropriate stage in a client's transaction staff may provide clients with details of our client account in order to pay money into this in connection with their legal matter. Otherwise, staff must not give out any banking information. Any enquiries purportedly from our bank or otherwise made in connection with our banking information should be referred immediately to our **[Finance Officer]**. We need to ascertain that the individual seeking information from us is genuine and ensure that certain security information is never provided. We have set procedures for doing this.

Fraudsters have been known to target law firms with success using very sophisticated and convincing **scams** to pretend that they are genuinely from a law firm's bank. In some cases they have 'spoofed' genuine banking telephone numbers and obtained information about a firm's banking transactions and the name of the person at the bank with whom they ordinarily work. This has then been used to convince the individual on the phone at the firm that they are talking with the bank and to release certain security information. Alternatively staff might be asked to go online to authorise 'test payments' which are actually for significant sums of money. Firms have lost millions of pounds through such scams. You cannot trust that an individual is from where they say they are even if phone numbers or email addresses correspond correctly.

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The SRA have publicised the following guidance (which we shall follow) from the City of London's National Fraud Bureau (NFIB) for those looking to protect themselves from such scams, including:

- if you receive a call from someone claiming to be from your bank relating to your accounts, end the call. In our case [confirm firm specific procedure informed by firm risk factors e.g. our [Finance Officer] will call them back from a different telephone line (there have been examples of scammers keeping telephone lines open to intercept an outgoing call) on the genuine number we know and not the one given by the caller];
- do not share passwords or any other login details;
- do not give any details relating to the business or its employees to anyone that you do not know or trust;
- do not install any software from an external source without seeking reliable expert advice;
- do not allow external parties to remotely access computers or engage in remote virus scanning or payment tests.

Banks will never ask for full passwords or keys or account related details over the phone and we will therefore never provide this over the phone.

### *Our clients' banking information*

Similarly, great care should be taken to ensure that all communications from clients as regards their banking details are genuine. The SRA has publicised a [case](#) in which a fraudster hacked into a client's personal email, emailed the law firm with new banking information and then stole the proceeds of a conveyancing transaction once the firm sent the monies to the wrong account. Where banking information is likely to be required this [should ideally / must] be obtained from the client during a face-to-face meeting. If you receive a communication from the client asking you to send client monies to a new bank account then you must [speak to the client to confirm this / insert firm procedure informed by firm specific risks]. You should double check the client's banking details before sending [large sums of money for the first time / any sum in excess of £]. Be especially cautious if the bank is based overseas as this makes it much more difficult to track and secure monies in the event of a problem. A solicitor's practice will never have a client account overseas. [Our standard terms and conditions stress to clients that we will require time to verify changes to banking information with them verbally in accordance with our procedure above for doing so.] We will of course never disclose any information about our clients' banking arrangements or otherwise without full client consent and following the good practice set out within our office manual for verifying who we are communicating with.

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### **How to use this document**

*We hope that you find this sample from our template risk and compliance manual helpful. The full manual is available to purchase from our website. Remember that all policies, processes and logs are there for you to tailor to your needs. Your compliance systems should suit your business and seek to help not hinder you and your team. The precise standards and processes which are put in place will vary from business to business. Sole traders can obviously afford to have much simpler processes in terms of staff standards than set out here. Very large firms may find that they need to have more sophisticated arrangements in place in some areas.*

*We provide hands-on support for those wishing to implement compliance systems so don't hesitate to contact us via the website ([www.complianceoffice.co.uk](http://www.complianceoffice.co.uk)) if you need some help putting this manual into practice. We also provide firm-wide online training via website.*

*Please take care where appropriate in implementing these policies in the context of HR / employment law implications (including if seeking some of the information suggested in this manual from staff), health and safety, information security and other legal requirements. Specialist advice is recommended.*

### **Lexcel, CQS and SQM**

*The majority of this manual is based upon good practice and SRA requirements. However, where we have made additions to the manual primarily in order to meet requirements of the **Lexcel** or **Specialist Quality Mark** standards we have coloured the entries in green and orange respectively. The majority of the **Conveyancing Quality Scheme** requirements are covered by the Lexcel provisions but some additional suggestions appear in blue in this respect.*

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