



(Anticlockwise from left) Andrew Nulty of Avalon Solicitors, who was struck off in April and branded a 'disgrace to the profession' by the Solicitor's Disciplinary Tribunal; Malcolm Trotter, who was also disciplined; and four other members of Avalon (against whom no allegation or criticism has been made).

# Andrew Nulty: 'a disgrace to the profession'

Andrew Nulty, the senior partner of a small firm in Warrington, became one of the richest lawyers in the country by handling the claims of thousands of disabled miners. **DAVID ROBINSON** reports on his rise and fall.

The newspaper advert was arresting. "PUBLIC NOTICE," it announced. "Are you a coal miner who has suffered from chest disease or breathing problems? The government is urging miners and families of deceased miners to come forward. PLEASE DO NOT LEAVE IT UNTIL IT IS TOO LATE!"

"There is No Charge for our service and the compensation awards can be very large. Please call for FREE ADVICE on our free-phone number."

The ad, which ran in the national press in the early 2000s, was placed by an official-sounding organisation: The Miners & General Workers Compensation Recovery Unit.

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*Avalon was paying Sureclaim referral fees to secure the work. That in itself contravened professional conduct rules. But to make matters worse, Avalon's senior partner was Andrew Nulty, the same man who was behind Sureclaim.*

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The notice referred to the Coal Health Compensation Scheme. The government-sponsored initiative, which began in 1999 and closed to new entrants in 2004, sought to compensate miners who had suffered health difficulties because of prolonged exposure to hazardous and dusty conditions.

But The Miners & General Workers Compensation Recovery Unit had nothing to do with the government. It was a division of a Warrington-based claims handling company called Sureclaim run by two local brothers, Andrew and Martin Nulty, along with their girlfriends.

The miners and relatives who called the advert's free-phone number were forwarded to local law firm Avalon Solicitors. The firm's busy Museum Street office had armies of clerks handling tens of thousands of miners' claims.

Avalon was paying Sureclaim referral fees to snare the work. That in itself contravened professional conduct rules. But to make matters worse, Avalon's founder and senior partner was Andrew Nulty, the same man who was behind Sureclaim.

For a while, this setup paid huge dividends. Andrew Nulty took home profits of £13 million in 2006, making him Britain's highest-earning lawyer. But the 42-year-old Liverpoolian's misdemeanours would eventually catch up with him.

In April, the Solicitors Disciplinary Tribunal branded him "a disgrace to the profession" and struck him off the roll.

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Andrew Nulty was the second youngest of five children growing up on a council estate in Liverpool. In interviews he claimed that his father was a miner but he was actually a used car salesman.

He loved being the centre of attention and had a brief career as a children's television presenter.

In 1996, Nulty qualified as a solicitor. He joined a Manchester law firm, the Mainman Partnership, and specialised in personal injury work. He soon became a partner.

Nulty was fiercely ambitious, always on the lookout for new opportunities. Fate duly provided one. In 1999, the Department of Trade and Industry established the Coal Health Compensation Scheme.

Miners or their families could claim for two specific health complaints: Chronic Obstructive Pulmonary Disease (COPD), a serious lung condition caused by prolonged exposure to coal dust; and Vibration White Finger (VWF), an industrial injury triggered by continuous use of vibrating machinery.

Each claim required independent legal representation. A tariff of fixed rates was agreed between the government and the legal profession. For COPD cases, the basic fee averaged between £1,700 and £2,300.

Hundreds of thousands of miners, or their estates, applied to the scheme. Nulty realised, in common with other lawyers, that if he could channel these claims he could make millions.

In October 1999, Nulty established Sureclaim, the claims handling company, with his brother. This could then refer work *en masse* to his practice at the Mainman Partnership.

The setup ensured that claims flooded his way. By 2001, Nulty was able to take 2,000 personal injury clients with him and establish his own firm, Avalon Solicitors. The firm's Warrington office grew fast. By 2004, it had more than 70 employees.

Avalon was unusual. The vast majority of its workload came from acting for miners. It relied

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Andrew Nulty, then senior partner of Avalon Solicitors, in 2006

on just two lawyers – Andrew Nulty and fellow partner Malcolm Trotter – to supervise an army of unqualified administrative clerks. This business model generated profit margins in excess of 70%. Andrew Nulty took the lion’s share.

Avalon earned more than £40 million in legal fees processing 32,000 miners’ claims over a three-year period.

The DTI paid Avalon for each successful claim it handled. Avalon then paid Sureclaim, or its subdivision Miners & General, referral fees. That money, of course, went to the Nultys.

Such activities are a clear breach of Rule 3 of the Solicitors Practice Rules and the Solicitors Introduction and Referral Code.

In a newspaper interview three years ago, Nulty stressed that business considerations should override the conventions of the legal profession.

“I feel law firms have been held back not only by the Law Society, but by the profession and lawyers themselves,” Nulty said. “We don’t use that nomenclature of lawyer in this practice. We feel [legally] unqualified people are better managers.”

The Coal Health Scheme did not operate like a typical personal injury claim.

Law firms got paid a flat fee for each successful miner’s case they handled. But if they lost a case they were not exposed to any traditional costs risks.

The government had pledged not to seek costs if no compensation was awarded. It had also agreed to stump up the money for medical examinations and other disbursements.

The scheme was set up so that law firms did not need to deduct contingency fees. This did not deter Andrew Nulty.

Avalon lured clients on the promise that their claim would not cost them a penny.

A few months later, however, a follow-up letter would appear in the post, saying that a previous letter had been “accidentally omitted” and asking clients to sign a document attached.

The document set out an unauthorised contingency fee arrangement that gave Avalon licence to pocket 15% of any damages received – in addition to the flat fee from the DTI.

This follow-up letter was repeated systematically over a long period. It succeeded in getting clients to sign inappropriate agreements.

Soon, Nulty purchased a £1 million property in the leafy village of Culcheth on the outskirts of Warrington. He had grand plans for Avalon. Nulty hoped to list the firm on the stock exchange and expand its operations into America.

But in the end, the Law Society, which he held in such disregard, didn’t just hold back Nulty’s ambitions. It put an end to them.

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By 2004, news of the escalating claims had reached Westminster and senior figures began to ask questions about the government’s handling of the Coal Health Compensation Scheme. It had grossly exceeded its original budget expectations.

The DTI had seriously underestimated the number of miners’ claims. Initially, it did not take into account the fact that families could claim on behalf of the deceased miners.

The figure had been further inflated by the number of claims intermediaries – or claims farmers – that had sprung up following the Access to Justice Act 1999.

The DTI had expected 220,000 claims. In the end it received 750,000.

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It had become the largest personal injury compensation scheme in the world. The government launched a probe looking into how the budget had spiralled out of control and whether any fraud had been committed.

Avalon was quizzed along with a number of other firms, but Nulty protested his innocence. He wrote a letter to the DTI claiming that Avalon's coal health clients had always received 100% of their damages. This was a lie. Avalon had in fact pocketed £262,000 in contingency fees. (This was paid back in 2005.)

Separately, the Law Society launched its own investigation. It had received a number of complaints about Avalon. In spring 2006, Nulty was notified that his firm faced allegations that it had breached numerous solicitors practice rules. "We threw the book at him," says a Solicitors Regulation Authority spokesman.

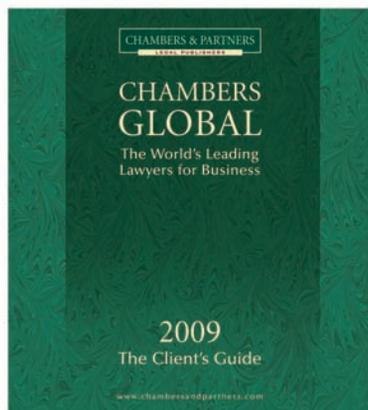
But Andrew Nulty seemed unperturbed. In July that year he telephoned *The Lawyer* to suggest Avalon's inclusion in the magazine's list of the UK's top 100 law firms. The figures certainly

supported his claim. Avalon ranked 88th by turnover. Nulty's personal profits made him the highest-earning solicitor in the country. "For the past five years since we set up we've kept our heads under the parapet," Nulty told the magazine. "We felt the time was now right to start telling people about who we are and what we do."

Nulty may wish he had kept his head down. The media scrutiny that followed focused on how a little-known solicitor from Warrington could amass such riches.

By this time, it had become clear that the Coal Health Compensation Scheme would cost taxpayers more than £7 billion. Solicitors' fees accounted for one-fifth of the total. Almost 70% of all COPD claimants received compensation that was less than the average cost of administering their claims.

Avalon was now one of the first firms on the lips of finger-pointing politicians. The Law Society stepped up its efforts to initiate formal disciplinary proceedings.



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*“Andrew Nulty showed sheer indifference to the concerns of others. He preyed on sick men who were not used to dealing with the legal profession and shafted them.”*

A spokesman for the Solicitor’s Regulation Authority

Andrew Nulty’s position at Avalon became untenable and he left the firm in 2007. Reports on his present whereabouts differ but it is believed that he moved to Spain and spends his time on a yacht. His personal fortune is allegedly in the region of £17 million.

It would be another two years before the Solicitors Disciplinary Tribunal brought him to book.

In July 2008, Nulty’s legal team at RadcliffesLeBrasseur tried to annul proceedings on the grounds that his right to a fair trial had been compromised by coverage in the press.

In the end, the tribunal went ahead in London in April 2009 without Nulty present. On the first day, his lawyers sought to postpone the hearing on the grounds that Nulty had suffered mental health issues and “would be at risk of severe problems” if he took an active part.

After three days, the tribunal ruled against Nulty on a litany of charges. It was unequivocal in its conclusion that he had damaged the reputation of the legal profession and had compromised his duty to act in his clients’ best interests.

Nulty was found to have entered into arrangements to receive contingency fees not permitted under statute or by common law. In addition, he failed to give adequate information to clients in accordance with the Solicitors Costs Information and Client Care Code.

Avalon’s business relationship with Sureclaim was also found to have been illegitimate.

Nulty’s view that “legally unqualified people are better managers” would come back to haunt him. The firm had breached regulations by identifying on its notepaper an un-admitted person as managing partner.

Nulty was also found guilty of dishonesty over the letter he wrote to the DTI in 2004 that

claimed that Avalon’s coal health clients had always received 100% of their damages.

The tribunal’s chairman Edward Richards concluded the hearing by denouncing Nulty’s behaviour and conduct as “a disgrace to the profession.” He was struck off the solicitors’ roll, and ordered to pay the tribunal’s costs and make an immediate payment of £60,000 towards the final bill.

It is unclear at this stage whether Nulty plans to appeal the ruling. He did not respond to repeated requests for comment for the purposes of this article.

Andrew Nulty was not the first solicitor to be struck off over the miners’ compensation scheme. In December, two partners at Doncaster-based law firm Beresfords were struck off for dishonesty and “conscious impropriety” over their handling of miners’ claims. In February, three partners at Yorkshire firm Raleys were suspended from practice and three others fined. Partners at a further nine law firms have been fined or disciplined. They include four partners from Ashton Morton Slack in Sheffield; ten partners at Harrowell Shaftoe Solicitors in York; three partners from Lopian Wagner in Manchester; three partners from BBH Solicitors in the Wirral; and five lawyers at MLM Solicitors of Cardiff. As of May, a further 11 cases were pending.

But a Solicitors Regulation Authority spokesman is in no doubt that Nulty was one of the worst offenders. “Andrew Nulty showed sheer indifference to the concerns of others. He preyed on sick men who were not used to dealing with the legal profession and shafted them. It was a total dereliction of a solicitors’ obligation to put the interest of his clients first.” ■