



Civil Resolution Tribunal

Date Issued: May 10, 2022

File: SC-2021-008037

Type: Small Claims

Civil Resolution Tribunal

Indexed as: *One Loop Accounting Inc. v. Berta*, 2022 BCCRT 559

BETWEEN:

ONE LOOP ACCOUNTING INC.

APPLICANT

AND:

AGNES BARBARA BERTA

RESPONDENT

REASONS FOR DECISION

Tribunal Member:

Kristin Gardner

INTRODUCTION

1. This dispute is about payment for accounting services. The applicant, One Loop Accounting Inc. (One Loop), provided tax return preparation services for the respondent, Agnes Barbara Berta. One Loop claims \$582.75, the amount it says is outstanding, plus contractual interest.

2. Ms. Berta says that One Loop quoted a maximum price of \$250 to prepare and file her tax return, which Ms. Berta says was not complex. She says One Loop gave her bad advice and then quit before filing her tax return, so she had to find another company to do it on short notice. Ms. Berta says One Loop's work was of no value to her and she should not have to pay the bill.
3. One Loop is represented by its owner, Krisztina Szabo. Ms. Berta is self-represented.

JURISDICTION AND PROCEDURE

4. These are the formal written reasons of the Civil Resolution Tribunal (CRT). The CRT has jurisdiction over small claims brought under section 118 of the *Civil Resolution Tribunal Act* (CRTA). Section 2 of the CRTA states that the CRT's mandate is to provide dispute resolution services accessibly, quickly, economically, informally, and flexibly. In resolving disputes, the CRT must apply principles of law and fairness, and recognize any relationships between the dispute's parties that will likely continue after the CRT process has ended.
5. Section 39 of the CRTA says the CRT has discretion to decide the format of the hearing, including by writing, telephone, videoconferencing, email, or a combination of these. In some respects, both parties to this dispute call into question the credibility, or truthfulness, of the other. The credibility of interested witnesses, particularly where there is conflict, cannot be determined solely by the test of whose personal demeanour in a courtroom or tribunal proceeding appears to be the most truthful. The assessment of what is the most likely account depends on its harmony with the rest of the evidence. In the circumstances of this dispute, I find that I am properly able to assess and weigh the evidence and submissions before me. I note the decision in *Yas v. Pope*, 2018 BCSC 282 at paragraphs 32 to 28, in which the court recognized that oral hearings are not necessarily required where credibility is in issue. Bearing in mind the CRT's mandate that includes proportionality and a speedy resolution of disputes, I decided to hear this dispute through written submissions.

6. Section 42 of the CRTA says the CRT may accept as evidence information that it considers relevant, necessary and appropriate, whether or not the information would be admissible in a court of law. The CRT may also ask questions of the parties and witnesses and inform itself in any other way it considers appropriate.
7. Where permitted by section 118 of the CRTA, in resolving this dispute the CRT may order a party to do or stop doing something, pay money or make an order that includes any terms or conditions the CRT considers appropriate.
8. I note that Ms. Szabo initially asked the CRT to anonymize her full name in this decision for privacy reasons, though she later withdrew her request. Therefore, I did not seek Ms. Berta's submissions on this issue, and I will not address it in any detail. However, given that there is no evidence of any privacy or security interests here that reasonably outweigh the goal of open and transparent proceedings, I would have declined to anonymize the published version of this decision in any event.

ISSUE

9. The issue in this dispute is whether One Loop is entitled to payment for its accounting services.

EVIDENCE AND ANALYSIS

10. In a civil proceeding like this one, the applicant One Loop must prove its claims on a balance of probabilities (meaning "more likely than not"). Ms. Berta provided evidence in this dispute, including documents with her own annotations. However, she did not provide any separate written arguments, despite having the opportunity to do so. I have read all of the parties' evidence and submissions, but I refer only to what I find is necessary to explain my decision.
11. It is undisputed that Ms. Berta hired One Loop in 2020 for 2 small accounting tasks, including registering her sole proprietorship and a short consultation. The invoices in evidence show that One Loop charged \$150 per hour for those tasks. In February

2021, One Loop sent an email to its existing clients, including Ms. Berta, attaching a fillable “Engagement Letter” and checklist for the upcoming tax season.

12. A printout of One Loop’s detailed time entry tracking software in evidence shows Ms. Berta phoned One Loop on April 1, 2021 for advice about a potentially incorrect income tax slip, expenses as a self-employed person, and when her income taxes were due.
13. One Loop says that between April 22 and April 24, 2021, it exchanged emails with Ms. Berta about filling out the checklist and other tax preparation questions she had, including questions about the foreign property disclosure requirement. While copies of these emails are not before me, summaries of the exchange are contained in One Loop’s time entry software printout, and Ms. Berta does not dispute the exchange occurred as described so I accept it as accurate.
14. On May 10, 2021, Ms. Berta confirmed that she wanted to hire One Loop to prepare her 2020 tax return. The evidence shows Ms. Berta digitally signed and returned One Loop’s Engagement Letter, along with the checklist and her tax slips. I find the Engagement Letter comprised the parties’ agreement for One Loop to prepare Ms. Berta’s tax return.
15. The 2-page Engagement Letter included a section titled “Fees”, which stated the fees for services would be based on time spent at One Loop’s standard billing rate. It also stated that an estimate of the cost was \$150 to \$400 for an average individual depending on complexity, and that additional schedules or more complex returns require more time and consequently increased cost.
16. On the checklist Ms. Berta filled out, she confirmed ownership of 2 foreign properties. However, I find from the subsequent email exchanges between the parties that Ms. Berta later disclosed she co-owned a third foreign property.
17. One Loop says that on May 17, 2021, Ms. Szabo had a 1-hour 17-minute telephone conversation with Ms. Berta to clarify information for the tax return, including self-employment expenses. Phone records in evidence confirm the length of this call. One

Loop says much of this call was dedicated to further questions Ms. Berta had about foreign investment properties and their taxation, including hypothetical scenarios about the tax implications of selling a property. One Loop says Ms. Szabo confirmed Ms. Berta would have to file a T1135 disclosure form relating to her foreign properties.

18. One Loop's time entry software printout and a screenshot of Ms. Szabo's email inbox show Ms. Berta and One Loop exchanged several emails between May 17, 2021 and May 19, 2021, which I find also largely dealt with the rules about foreign property disclosure. One Loop says Ms. Berta then provided new and different information about her foreign properties, which Ms. Berta denies. However, I find the detailed time entry software descriptions of the parties' email exchange supports One Loop's position, and Ms. Berta did not provide copies of the emails to dispute the time entry summaries. On balance, I accept that Ms. Berta changed the information she had previously provided about her foreign properties' use and value, which impacted One Loop's advice about the need to file a T1135 disclosure form
19. In any event, One Loop proceeded to prepare Ms. Berta's tax return and recorded 2 hours for this task in its time entry software on May 19, 2021. One Loop's May 20, 2021 invoice shows it charged Ms. Berta for 0.2 hours (\$30) for the April 1, 2021 consultation, 1.5 hours (\$225) for client consultation over the phone and "numerous emails" on May 17, 2021, and \$300 to prepare her tax return. The invoice including tax totaled the claimed \$582.75.
20. The phone records show One Loop and Ms. Berta had a further 39-minute phone call on May 21, 2021, to discuss Ms. Berta's draft tax return. One Loop says due to the conflicting information Ms. Berta had provided, it asked her to confirm details relating to her foreign properties and to complete One Loop's T1 Appointment form to attest in writing that she did not need to file a T1135 disclosure form. One Loop also sent Ms. Berta its May 20 invoice detailed above.
21. The parties' email evidence shows Ms. Berta refused to complete the T1 Appointment form because it stated she agreed to be charged according to the complexity of her case, and she did not believe the complexity of her tax return justified the \$582.75 bill

One Loop issued. One Loop responded that it charged for time spent, as agreed in the Engagement Letter, and it would not file Ms. Berta's tax return until she signed the attestation and paid its invoice, which Ms. Berta undisputedly refused to do.

22. So, is One Loop entitled to payment of its May 20, 2021 invoice? For the following reasons, I find that it is.
23. First, I note that Ms. Berta does not appear to acknowledge that the \$582.75 invoice is not only for preparing her tax return, but also includes charges for consultation services. Ms. Berta does not deny that she contacted One Loop on April 1, 2021 to ask some general tax questions. This was before she signed the Engagement Letter. Given Ms. Berta had previously paid One Loop \$150 per hour for similar consultation services, I find it was reasonable for One Loop charge her \$30 for the April 1, 2021 consultation, and I order Ms. Berta to pay it.
24. Next, it appears that Ms. Berta takes particular issue with the additional 1.5-hour consultation charge on May 17, 2021, and I infer it is her position that this time should have been included as part of the tax return preparation charge. She stated that it was Ms. Szabo who complicated the foreign property disclosure issue and spent extra time giving her bad advice that she should not have to pay for.
25. While Ms. Berta claimed to have proof that other accountants agreed with her about Ms. Szabo's deficient advice, she did not provide any statements or other evidence from a qualified tax professional critical of Ms. Szabo's advice. Generally, expert evidence is required to prove a professional's work was below a reasonable standard: *Bergen v. Guliker*, 2015 BCCA 283. In the absence of any expert evidence here, I find Ms. Berta has not established that Ms. Szabo's advice was deficient.
26. Further, I find the Engagement Letter clearly stated that One Loop's fees would be based on time spent. One Loop's time tracking software printout shows it recorded more than 2.25 hours for reviewing and responding to Ms. Berta's many emails and speaking with her on the phone between May 10 and May 19, 2021. Yet, One Loop charged for only 1.5 hours for consultation services. I find that this time was not

directly related to preparing the tax return but was spent because, as noted, Ms. Berta provided inconsistent information about her foreign properties and asked for advice based on various hypothetical scenarios. Under the circumstances, I find the \$225 charge for consultation services was reasonable, and I order Ms. Berta to pay it.

27. Finally, Ms. Berta stated in her Dispute Response that Ms. Szabo told her it would not cost more than \$250 to complete her tax return because she knew Ms. Berta's situation "very well". I do not find this statement credible. I find there is no indication that the previous work One Loop did for Ms. Berta involved any financial information relevant to preparing Ms. Berta's tax returns. On the evidence before me, I find One Loop likely knew very little about the complexity of Ms. Berta's financial circumstances, other than her being self-employed. So, I find it very unlikely that One Loop would quote a maximum cost to prepare her tax returns.
28. Contrary to Ms. Berta's position, I find that just because she had only recently started her own business and had a relatively low income does not necessarily mean her tax return was "very simple". As noted, the Engagement Letter stated a personal tax return costs between \$150 and \$400. On balance, I accept One Loop's evidence that it told Ms. Berta a simple self-employed tax return starts at about \$250, but that the final amount cannot be determined until it has gathered all relevant information.
29. Further, while Ms. Berta argues that she did not get any benefit from One Loop's work because it did not ultimately file her return, I find that has no relevance to whether she must pay One Loop for its services. The Engagement Letter said only that the amount charged would be based on time spent. I find there was no provision in the parties' agreement that payment for preparing the tax return was contingent on One Loop filing it. Again, in the absence of expert evidence, I find Ms. Berta has not proven One Loop's tax preparation work was deficient, so I find she has not established that its work was unreasonably done or of no value to her. In any event, I find the only reason One Loop did not file the return was because Ms. Berta refused to confirm its accuracy and indicated she would not pay One Loop's invoice.

30. As noted, One Loop's May 20, 2021 invoice shows it charged Ms. Berta \$300 to prepare her tax return. It is undisputed that One Loop completed the return in draft and sent Ms. Berta a copy. Considering the complication involving the T1135 disclosure form, that One Loop recorded 2 hours to prepare the tax return, and the additional time One Loop spent reviewing the tax return with Ms. Berta after it issued the invoice, I find the \$300 charge was reasonable.
31. In summary, I find One Loop's claimed \$582.75 invoice was reasonable for its professional services rendered, and I find Ms. Berta must pay it.
32. One Loop also claims contractual interest at 1% monthly, as set out in the Engagement Letter. The Engagement Letter does not provide an annual interest rate. Section 4 of the federal *Interest Act* says that when an interest rate is expressed as a rate for a period of less than a year and the contract does not say what the equivalent annual rate is, the maximum allowable interest is 5% per year. So, I find I can only order 5% annual interest on the \$582.75 owing. As the Engagement Letter says interest will be charged on amounts outstanding more than 30 days, I find One Loop is entitled to 5% interest from June 19, 2021 (30 days after the May 20, 2021 invoice), which equals \$26.02.
33. Under section 49 of the CRTA and CRT rules, the CRT will generally order an unsuccessful party to reimburse a successful party for CRT fees and reasonable dispute-related expenses. As One Loop was successful, I find it is entitled to reimbursement of \$125 in CRT fees. Neither party claimed any dispute-related expenses.

ORDERS

34. Within 21 days of the date of this decision, I order Ms. Berta to pay One Loop a total of \$733.77, broken down as follows:
 - a. \$582.75 in debt,
 - b. \$26.02 in contractual interest at 5% per year, and

c. \$125 in CRT fees.

35. One Loop is entitled to post-judgment interest, as applicable.
36. Under section 48 of the CRTA, the CRT will not provide the parties with the Order giving final effect to this decision until the time for making a notice of objection under section 56.1(2) has expired and no notice of objection has been made. The time for filing a notice of objection is 28 days after the party receives notice of the CRT's final decision.
37. Under section 58.1 of the CRTA, a validated copy of the CRT's order can be enforced through the Provincial Court of British Columbia. A CRT order can only be enforced if it is an approved consent resolution order, or, if no objection has been made and the time for filing a notice of objection has passed. Once filed, a CRT order has the same force and effect as an order of the Provincial Court of British Columbia.

Kristin Gardner, Tribunal Member