



Civil Resolution Tribunal

Date Issued: December 1, 2022

File: SC-2022-001674

Type: Small Claims

Civil Resolution Tribunal

Indexed as: *Manchulenko (dba EWM Consulting) v. Cright*, 2022 BCCRT 1292

B E T W E E N :

EMIL MANCHULENKO (doing business as EWM CONSULTING)

APPLICANT

A N D :

DOUGLAS CRIGHT

RESPONDENT

REASONS FOR DECISION

Tribunal Member:

Eric Regehr

INTRODUCTION

1. The applicant, Emil Manchulenko, is an accountant who does business as EWM Consulting. The respondent, Douglas Cright, is the applicant's former client.ⁱ The applicant alleges that the respondent owes \$4,839.74 for tax and accounting services. The applicant is self-represented.

2. The respondent says that the applicant's final invoice was "overpriced", and that the applicant did work the respondent never asked him to do. The respondent asks me to dismiss the applicant's claim. The respondent is self-represented.

JURISDICTION AND PROCEDURE

3. 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.
4. 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. Here, I find that I am properly able to assess and weigh the documentary evidence and submissions before me. Further, bearing in mind the CRT's mandate that includes proportionality and a speedy resolution of disputes, I find that an oral hearing is not necessary in the interests of justice.
5. 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.
6. Where permitted by section 118 of the CRTA, in resolving this dispute the CRT may order a party to pay money or to do or stop doing something. The CRT's order may include any terms or conditions the CRT considers appropriate.

ISSUES

7. The issue in this dispute is whether the applicant's charges for accounting and tax advice are reasonable.

EVIDENCE AND ANALYSIS

8. In a civil claim such as this, the applicant must prove his case on a balance of probabilities. While I have read all the parties' evidence and submissions, I only refer to what is necessary to explain my decision.
9. The respondent signed a retainer agreement on June 14, 2021, for tax preparation and related advice. Under the heading "Fees", the respondent agreed to pay the applicant's "usual billing rate". The agreement did not say what that billing rate was.
10. The applicant gave the respondent a November 16, 2021 invoice for \$4,839.74. The invoice broke down the applicant's 9.6 hours of billable time in detail. He charged \$395 per hour, for a total fee of \$3,792. It is clear from this invoice that almost all the applicant's work was assisting the respondent with transitioning their business from a sole proprietorship to a corporation, including the incorporation process itself. The invoice also included \$675 in fees from another accounting firm, Alistair & Victor, which the applicant subcontracted for some accounting and bookkeeping work. Alistair & Victor's invoice names EWM Consulting as the client, so I find that the applicant either paid the invoice or is legally obligated to do so. The remainder of the invoice was disbursements and GST. I will address each component of the invoice in turn.
11. I will start with the applicant's fees. The applicant provided copies of various emails to the respondent and the respondent's lawyer about the incorporation, including discussions about share structure, corporate governance, and other technical details. These emails indicate that the applicant reviewed the incorporation documents that the lawyer had prepared and ensured that they met the

respondent's needs. It is apparent from those emails that the applicant also had multiple phone calls with both the respondent and the lawyer.

12. The respondent's submissions about the applicant's fees are very brief. They say that the applicant's billing was excessive and disproportionate, without explaining how or why. The only evidence the respondent provided to support their position is an email from another accountant. In that email, the accountant said that "assistance with incorporation to determine or review share capital etc. generally cost around \$1,000" and "preparation of financial statements and tax return is generally around \$2,300". I find that the accountant's use of the word "generally" shows that it is an estimate, not a quote, based on an hourly rate. I find that there is necessarily variation in any service that is charged at an hourly rate, especially when part of the job involves communicating with others. There is no suggestion that this accountant reviewed the applicant's invoice. If they did, they did not comment on its reasonableness. I also note that the applicant's invoice includes work on both the 2020 and 2021 tax years, which is more work than the other accountant estimated for. I therefore find that the accountant's email does not prove that the applicant's invoice is excessive.
13. The respondent also says that the applicant did work that the respondent did not ask him to do. However, he does not explain what work this was. There is nothing in the emails or time entries to suggest that the applicant did anything contrary to the respondent's instructions.
14. So, I am left with no explanation about what charges the respondent considers excessive and no opinion from another accountant about the invoice's reasonableness. On my review of the invoice and associated emails, I see nothing obviously unreasonable or excessive in the invoice. There is no evidence that the applicant told the respondent that his "usual rate" was \$390 before giving the respondent the invoice. That said, the respondent does not say anything about the \$390 hourly rate, so I find that they agreed to it. I also see nothing obviously

excessive about the rate. I find that the applicant's charges are reasonable, and the respondent must pay them.

15. I turn next to Alistair & Victor's charges. The applicant provided emails between him, the respondent, and an Alistair & Victor accountant, but that correspondence starts on June 21, 2021. The Alistair & Victor invoice in evidence is dated June 13, 2021, which suggests it was for previous work. This conclusion is consistent with the time entries, which refer to the respondent's 2020 taxes, not the incorporation process.
16. Alistair & Victor's invoice itemizes the tasks it did, but it does not say how long each task took, how many total hours Alistair & Victor spent, or what its hourly rate was. However, the respondent also does not say anything about Alistair & Victor's invoice, or his obligation to pay it. I find that if the respondent did not authorize the applicant to hire Alistair & Victor on their behalf, they would have said so. I also find that if the respondent thought that Alistair & Victor's invoice was too high, they would have said so. I find that there is nothing obviously unreasonable about these charges. So, I find that the respondent must pay the applicant for Alistair & Victor's fees.
17. This leaves \$177.28 in disbursements. They are not itemized in the invoice. There are no receipts for any disbursements in evidence. Neither party says anything about them in their submissions. However, I find that the respondent has not put these disbursements at issue. I find that there is nothing obviously unreasonable about them, so I find that the respondent must pay the claimed disbursements.
18. I note that the applicant's invoice includes a mathematical error. The total of the applicant's fees (\$3,792) and Alistair & Victor's invoice (\$675) is \$4,467. However, the subtotal for the fees on the invoice is \$4,432. The applicant does not claim this extra \$45, so I order only the invoiced total of \$4,839.74, which is the fees and disbursements plus GST.

19. The *Court Order Interest Act* (COIA) applies to the CRT. However, the applicant waived his right to interest, so I award none.
20. 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. I find the applicant is entitled to reimbursement of \$175 in CRT fees. The applicant did not claim any dispute-related expenses.

ORDERS

21. Within 30 days of the date of this order, I order the respondent to pay the applicant a total of \$5,014.74, broken down as follows:
 - a. \$4,839.74 in debt, and
 - b. \$175 in CRT fees.
22. The applicant is entitled to post-judgment interest under the COIA, as applicable.
23. 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. Once filed, a CRT order has the same force and effect as an order of the Provincial Court of British Columbia.

Eric Regehr, Tribunal Member

ⁱ The CRT has a policy to use inclusive language that does not make assumptions about a person's gender. As part of that commitment, the CRT asks parties to identify their pronouns and preferred form of address to ensure the CRT respectfully addresses them throughout the process, including in published decisions. The respondent did not respond to the CRT's questions about how they wished to be addressed, so I have used gender neutral they/them pronouns in this decision.