

Consumer protection review

What are we trying to do

We have launched a review of our overall approach to protecting consumers who place their trust in regulated law firms – our consumer protection review.

Who needs to know

We want to hear from a range of consumers and their representatives, as well as solicitors and those in the legal sector, on their views as to what is the best approach to appropriately protecting consumers.

What's going on

Over the last decade, our approach to protecting consumers has generally worked well.

Yet the legal landscape looks like it's changing. Recently we have had to step in more often to deal with failing firms. This includes a recent increase in big firm failures, including Axiom Ince

[<https://www.sra.org.uk/link/17b26fe6b49846d59873a03f772ec67e.aspx>] , where the scale of the impact on consumers is much greater.

Shifting risks could potentially lead to significant consumer detriment, so we are doing a comprehensive review of consumer protection.

Consumers are at the heart of this review and we are looking at two main areas:

1. **Managing risks:** What we can do to reduce the risk that consumers suffer harm in the first place. For instance, can we improve our monitoring processes, or would there be benefits to tightening up our rules around firms holding client money?
2. **The safety net:** Our Compensation Fund can make good consumers losses when money has gone missing. This could be, for instance, due to a solicitor's dishonesty or the collapse of a firm. How affordable will such protections be over the long term if risks are increasing?

In considering changes to our approach, we will need to get the balance right. For instance, bolstering or even maintaining the current level of consumer protection might not be in the public interest if it is unsustainable. It could lead to large increases in prices or reduced choice for consumers.

We have not put forward proposals at this stage. We want to hear from as wide a range of stakeholders as possible to help develop our approach and will be doing in-depth research direct with consumers.

Those wishing for more information and wanting to get in touch can read our information [<https://www.sra.org.uk/link/892ed7e7ef6444a798e641b86dd60363.aspx>] on consumer protection.

Open all [#]

Resources

Our Chair in her October 2023 blog set [<https://www.sra.org.uk/sra/how-we-work/our-board/news-from-the-board/board-october-2023/>] out our initial thinking around the need for a review of consumer protection, following up with further thoughts and detail in her December 2023 blog. [<https://www.sra.org.uk/sra/how-we-work/our-board/news-from-the-board/board-december-2023/>]

You can also watch our on demand webinar [<https://www.sra.org.uk/sra/news/events/on-demand-events/consumer-protection-review/>] to hear about the review in more detail.

The compensation fund

The compensation fund [<https://www.sra.org.uk/consumers/compensation-fund/>] is a discretionary fund of last resort. It can make payments where money has been taken or not accounted for by someone we regulate. In some circumstances, it can also make payments where a loss should have been covered by a firm's indemnity insurance, but the firm did not have cover in place.

Law firms and solicitors pay into the compensation fund through an annual contribution. Each year, our Board carefully considers and sets the contribution to the compensation fund that the firms and individuals we regulate must pay. The contributions fund the payments made, reserves we set aside for future claims, and the costs of handling the claims themselves. This includes the cost of intervening into firms where client money and files are at risk.

Contributions

| Years | Individual solicitors | Firm contribution |
|---------|-----------------------|-------------------|
| 2013/14 | £56 | £836 |
| 2014/15 | £32 | £548 |
| 2015/16 | £32 | £548 |
| 2016/17 | £32 | £548 |

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| 2017/18 | £40 | £778 |
| 2018/19 | £90 | £1,680 |
| 2019/20 | £60 | £1,150 |
| 2020/21 | £50 | £950 |
| 2021/22 | £40 | £760 |
| 2022/23 | £30 | £690 |
| 2023/24 | £30 | £660 |