MEMORANDUM

JENNER&BLOCK LLP

2 September 2026

To: Solicitors Regulation Authority Limited

From: Jenner & Block London LLP

Subject: Serious Event Review – PM Law – Final Report

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1. Introduction

1.1 Jenner & Block London LLP ("**Jenner**") has been instructed to conduct a Serious Event Review ("**SER**") into PM Law. PM Law is a group of twelve connected law practices, eleven of which were subject to an intervention by the Solicitors Regulation Authority Limited ("**SRA**") on 4 February 2026; the twelfth, Trade Union Legal LLP, was not. For the purposes of this SER, we refer to the eleven entities subject to the intervention as the "**PM Law Group**" or the "**Group**".

1.2 The entities in the PM Law Group are not arranged in a conventional corporate structure under a single parent entity. They are a group of associated firms directly or indirectly connected and ultimately owned by Donald Mackay and Simon Proddow. This is save for 3M Law Limited, Linkfield Claims Services Limited and Autonet Law LLP, which are joint ventures between entities and/or individuals connected with the PM Law Group and third parties. The PM Law Group was run on a centralised basis, with shared support functions including IT and accounting delivered by the *de facto* 'holding company', Proddow Mackay Solicitors LLP ("**PMS LLP**"). The Group consists of five authorised entities that each hold accounts containing client monies. The PM Law Group also shared compliance officers during the SER review period, with the Group's CEO, acting as compliance officer for finance and administration ("**COFA**") for all entities save for 3M Law, and another individual acting as the group's compliance officer for legal practice ("**COLP**") for all but three entities in the Group.

1.3 PM Law Limited is the core operating entity of the Group holding the majority of client files. The operating entities delivered legal services under the banner of one of 26 'trading styles', being the brand names of entities the PM Law Group had acquired. The Group expanded rapidly during the period the subject of the SER, acquiring five legal service providers between January 2023 and June 2024. Save for the first acquisition in that period, which was a share purchase, these transactions were asset and business purchases by entities in the PM Law Group. Whilst there was a different purchasing entity identified as acquiring the business for each of those five acquisitions, we understand that the practical effect of the transactions was that client funds from the legacy firm were transferred to the client accounts operated by PM Law Limited, and the acquired business was assimilated as a trading style of either PM Law Limited or another operating entity in the Group.

1.4 This is Jenner's report following the SER. In publishing this document, the SRA does not intend to waive any applicable legal privilege in any draft of this report or in any other document or material associated with the work carried out in connection with the SER.

2. Methodology

2.1 The SER focused on the following issues and questions:

	Issue	Questions
1.	**SRA's awareness of PM Law prior to October 2024**[1]	a. What relevant information did the SRA hold with respect to PM Law between January 2023[2] and October 2024 and what was the nature of any relevant reports made to the SRA about PM Law?
2.	**Status of post-Axiom/SSB learnings**	a. What was the status of the Axiom Directions and post-Axiom/SSB learnings to which the SRA had committed to complete by 4 February 2026 at the time of its intervention in the PM Law Group? b. By what date was the SRA to have implemented each of the changes scheduled to be made before 4 February 2026, and when were they in fact implemented? c. What impacts were those changes having operationally (if any) in the particular context of the PM Law Group? Were the changes working as intended? d. Would the post-Axiom/SSB learnings that were yet to come into effect but were planned have made any difference to the events that led to the intervention into the PM Law Group? e. To what extent would changes such as the 'law firm profiler' have assisted in identifying risks in relation to the PM Law Group?
3.	**Operation of the RIF**	a. As relevant to the PM Law context, how is the Risk and Intelligence Framework ("**RIF**") intended to operate? b. Why was the Firm Tasking and Coordination Group ("**FiTAC**") established and how does it operate in practice? To what extent does it engage with the RIF and/or share findings with the Risk & Intelligence Network ("**RIN**") and Risk & Intelligence Group ("**RIG**")? c. PM Law Limited was on the radar of the RIN in September 2024 such that action items concerning that entity and its trading styles were delegated to operational

[1] Our preliminary review focused on the time period between October 2024 and February 2026. It was therefore necessary to consider the period prior to October 2024 as part of the SER.

[2] In January 2023, the SRA notified Proddow Mackay (Conveyancing) Limited (an entity within the PM Law Group) that it was subject to a forensic investigation, which we have taken as the first material regulatory touchpoint the SRA had with the PM Law Group for the purposes of the SER.

		teams. Why did PM Law not return to the RIN agenda after this date? Was this how the RIF was designed to function?
4.	**The accumulator firm watchlist**	a. How did the SRA's thematic reviews inform the approach to the regulation of the PM Law Group? b. How were the accumulator firm watchlist and its related processes intended to operate in practice? c. PM Law Limited was removed from the accumulator firm watchlist as it no longer met the definition of an accumulator firm. What were the consequences of doing so? Had it stayed on the watchlist, what oversight would the SRA have had? d. Is the accumulator firm definition adequate to identify firms and groups of firms that are high risk?
5.	**SRA's assessment of the PM Law Group's risk profile**	a. What was the outcome of the SRA's 2023 forensic investigation of entities in the PM Law Group, and how did that inform the SRA's subsequent regulation of the firm? b. How did PM Law Limited's 'High Risk' rating in August 2024 come about and what were the implications of this designation? What oversight did this rating trigger? c. Did this risk rating adequately inform decision making by the SRA in respect of PM Law Limited, including the decision whether to conduct an urgent forensic investigation into the firm in November 2024? d. Given that the RIF appears to have replaced the Operational Risk Intelligence Assessment ("**ORIA**"), what is the new mechanism for overseeing 'High Risk' firms? How are firms identified for that list? What does such oversight involve? e. At what point was PM Law Limited no longer considered 'High Risk', and what were the reasons for downgrading it? What were the consequences in terms of oversight?
6.	**November 2024 decision not to conduct a forensic investigation into PM Law Limited**	a. How was the decision not to conduct a forensic investigation in November 2024 taken? b. What was the governance for a decision not to conduct a forensic investigation and how was this implemented in practice?

		c. How was the Forensic Investigations team resourced and deployed at the relevant time, and what were the competing priorities (e.g. high-volume consumer claims)? To what extent did this determine the decision not to conduct a forensic investigation on an urgent basis? d. Is there a mechanism for re-prioritising cases and re-allocating resource?
7.	**2025 forensic investigation**	a. Was the 2025 forensic investigation sufficiently rigorous based on the PM Law Group's risk profile in late 2024/early 2025? b. Was the accumulator workbook the correct framework and should other matters have been further investigated? c. Based on the training, support and definition of their role at the SRA (and the lack of forensic accounting qualifications of these officers), what is a Forensic Investigations Officer expected to review and in what level of detail, and is this reasonable? Is that sufficient to identify the issues that such a review is intended to address? d. Did the forensic investigation sufficiently cover 'source of funds' in light of the requirements of the SRA's process? e. What role did the senior members of the Forensic Investigations team play in relation to the forensic investigation?
8.	**Triaging of reports regarding the PM Law Group and dissemination within the SRA**	a. Were the now-known issues affecting the PM Law Group evident from the reports made to the SRA? b. To what extent were issues identified by junior team members and escalated to senior colleagues for review, and did this escalation lead to the requisite action? c. How did the Group's structure as an 'accumulator' with multiple brands (or 'trading styles') impact the SRA's management of reports made to it?
9.	**Potential SRA acts or omissions**	a. Was there an act or omission by any function or person that undermined effective oversight of or investigation into the PM Law Group?

		b. Does the evidence considered as part of the SER indicate any material deficiency in respect of the SRA's training, operations model, its approach to embedding and teaching standards or its culture?
10.	**SRA Board oversight**	a. What governance processes exist to provide the SRA Board with assurance that risks of this nature are appropriately managed and to allow the SRA Board to question or challenge the actions of the SRA Executive Committee? b. Were any such processes exercised effectively in practice?

2.2 The SER builds on the work we carried out during the preliminary review, the report of which we provided to the SRA on 20 March 2026 (the "**Preliminary Review Report**"), in order to validate our conclusions and to reach a firm determination on the areas outlined above. In very high-level summary, our preliminary findings from that review were as follows:

2.2.1 The SRA held information about the PM Law Group that, taken together, may have been sufficient to justify a more urgent and coordinated regulatory response.

2.2.2 Notwithstanding the SRA having identified PM Law Limited as a 'High Risk' firm, and that fact being discussed at the RIN meeting in September 2024, PM Law Limited did not appear to have been the subject of continued scrutiny and review by the RIN or the RIG.

2.2.3 The reports the SRA received concerning the PM Law Group appeared to be handled as a series of discrete compliance issues rather than as a single interconnected risk picture.

2.3 The SER has involved a limited further document review and interviews with key personnel at the SRA, as outlined below.

2.4 We did not conduct a forensic document collection or eDiscovery review as this was not necessary or proportionate to achieve the objectives of the SER. Instead, our interviews with SRA personnel informed the further targeted review of documents we have carried out.

2.5 Appended to this report are the following:

2.5.1 Appendix A – Glossary of Terms.

2.5.2 Appendix B – Chronology of SRA's material interactions with the PM Law Group

2.5.3 Appendix C – Index of documents exhibited and reviewed.

2.6 We interviewed sixteen SRA employees, including certain Executive Directors, Directors, Heads of Function, and Managers and Officers in the Investigations Directorate. Some of these we spoke to more than once. To protect the privacy of individuals who provided evidence, witnesses have been anonymised throughout this report. Pseudonyms have been assigned in place of real names and are used consistently across all references. A key mapping pseudonyms to real identities is held by Jenner.

2.7 The SER has focused in the main on events from 26 January 2023, being the date on which Proddow Mackay (Conveyancing) Limited ("**PMCL**") (an entity within the PM Law Group) was notified that it was subject to a forensic investigation by the SRA, through to 4 February 2026, being the date of the SRA's intervention into the PM Law Group.

2.8 In this report, we adopt the SRA's terminology with respect to the work of its Forensic Investigations team. Specifically, that team's name is abbreviated to "**FI**".

2.9 This SER has not considered or analysed the substance of any financial information relating to the PM Law Group (with the limited exception of conducting a high-level non-forensic review of certain financial information provided to the SRA during the 2025 FI). We did not instruct an expert advisor to assist with any such investigation or analysis.

2.10 We took instructions from the SRA's PM Law Steering Group on the SER, and the SRA's Board and Executive, as well as the Legal Services Board, have been informed of our findings.

3. SER Report structure

3.1 This report is organised as follows:

3.1.1 an Executive Summary of Jenner's Key Findings (section 4);

3.1.2 a chronological summary of the SRA's material interactions with the PM Law Group between January 2023 and February 2026 (section 5);

3.1.3 overview of the SRA's systems and processes as relevant to the PM Law Group (section 6);

3.1.4 our analysis of the factual evidence obtained through the SER by reference to the issues detailed in section 2 above (section 7); and

3.1.5 our overall conclusions (section 8).

3.2 The Executive Summary (section 4) is intended to operate as a standalone document that may be shared within the SRA to summarise our findings. In addition, we have sought to record our factual findings in a way that provides a comprehensive chronology of the material facts in the relevant period (sections

5 and 6). While we have sought to cross-refer to these facts as far as possible in our analysis (section 7), some repetition has been unavoidable.

4. Executive Summary

4.1 Purpose and scope of this review

4.1.1 This Executive Summary sets out in high-level terms our findings as to the SRA's engagement with the PM Law Group and the central conclusions of this Serious Event Review.

4.1.2 Jenner was instructed to establish what the SRA knew about the PM Law Group during the period from January 2023 to its intervention on 4 February 2026, to assess whether the SRA's actions at each material touchpoint were adequate, and to identify whether there were opportunities to act earlier.

4.1.3 This review builds on our Preliminary Review Report of 20 March 2026, which reached three provisional conclusions: that the SRA held information about the Group that, taken together, may have justified a more urgent and coordinated response; that, despite identifying PM Law Limited as 'High Risk' and discussing it at the RIN meeting in September 2024, the SRA did not keep the firm under continued scrutiny; and that the reports the SRA received concerning firms in the PM Law Group were handled as discrete compliance issues rather than as a single, interconnected risk picture. The SER confirms each of those provisional conclusions.

4.2 What the SRA knew, and what it did

4.2.1 As an institution, the SRA held a substantial body of information about the PM Law Group before the intervention. It conducted two forensic investigations into Group firms (in 2023 and 2025), an anti-money laundering ("**AML**") inspection, and a thematic review visit, and it received numerous reports about Group entities, a number of which were investigated. PM Law Limited was recorded as an accumulator firm between January and July 2024, was profiled as 'High Risk' in the August 2024 ORIA and was discussed at the RIN meeting in September 2024.

4.2.2 That knowledge, however, was fractured. It was distributed across different teams, systems and individuals, and was never drawn together into a single, composite picture of the risk the Group presented. Information that should have been shared was not: the Forensic Investigation Officer ("**FIO**") who conducted the 2025 FI visit was not told of the 2023 forensic investigation; investigators handling parallel live matters were not coordinated; the thematic review team did not share its findings with the teams handling reports into PM Law Group firms; and no one at Executive, Board or even Deputy Executive Director level was aware or informed of the risks the Group posed before February 2026. The complexity of the PM Law Group's structure compounded this. The SRA's understanding of the Group's structure was incomplete throughout the period. SRA personnel did not fully understand how the entities related to one another, with the result that PM Law Limited was treated as an accumulator firm when it did not technically meet the definition, while the Group as a whole — which in our view did meet it — was not.

4.3 **The opportunities to act earlier**

4.3.1 We have concluded that there were opportunities for the SRA to act earlier. The two most significant were the decision in November 2024 not to commission an urgent forensic investigation into PM Law Limited, and the scope and conduct of the forensic investigation that was carried out in 2025.

4.3.2 In November 2024, an Investigation Manager ("**IM**") had escalated specific and serious concerns about PM Law Limited. The decision taken by a Forensic Investigation Manager ("**FIM**") was not to commission an urgent FI but to arrange a non-urgent, standardised accumulator work programme ("**AWP**") review. That decision was taken against the consensus of the broader Investigations directorate that the firm presented a serious risk, and did not bring to bear the full body of knowledge the SRA held. It delayed action by over four months and narrowed the scope of the investigation that followed.

4.3.3 The 2025 forensic investigation was insufficiently rigorous. It was scoped to PM Law Limited in isolation, conducted without current management accounts or any Group-level financial information, and closed on the basis of explanations from the PM Law Group's CEO that were not independently verified — even where the acquisition agreements the FIO had obtained appeared to show those explanations to be incorrect. Although the FIO obtained independent bank confirmation of account balances, they did not examine the statements of account in detail and did not identify several red flags that were obvious on their face, including a significant volume of client-to-office account transfers, a £2,000,000 transfer through the client, office and conveyancing accounts on 30 December 2024, indications of mobile-banking transactions, and outgoing client-account payments described as direct debits. The investigation closed with a "*no concerns*" finding. That finding may, in turn, have contributed to the Group not being revisited: it was not considered by the FiTAC after its establishment in summer 2025.

4.3.4 A third, later opportunity arose with the 3M Law Limited ("**3M Law**") report received in July 2025, which raised serious questions of financial instability and consumer risk. It was triaged effectively and an urgent FI commission was sought in September 2025, with links to the wider Group identified and the matter flagged to the Potential Interventions team. FI accepted the commission in early October 2025 and designated it 'high risk' but not 'urgent'. No investigator was assigned until 30 January 2026, and the Group collapsed days later, so the visit never took place. Other 'high' and 'medium' risk FIs commissioned after 3M Law were conducted more quickly.

4.4 Why these opportunities were missed

4.4.1 These were not, in the main, failures of individual commitment. The SER found that SRA staff at the operational level were generally skilled, dedicated and collegial, and we saw clear examples of operational excellence and initiative — notably the escalation of PM Law Limited in November 2024 and the handling of the 3M Law report. What was missing was the ability to convert that engagement into timely and effective regulatory action.

4.4.2 The most important structural impediment was the SRA's inability to aggregate what it knew. Its CRM system does not connect the regulatory histories of firms within a group, does not record risk ratings such as the 'High Risk' ORIA designation, and depends on free-text data of variable quality. The Law Firm Profiler and Risk Dashboards introduced in autumn 2025 are an improvement but still do not link firms within a group. The SRA's accumulator-specific tools — a rolling spreadsheet with little regulatory consequence, a reactively compiled watchlist folder, and an AWP that was applied to only twenty firms before being pared back — addressed aspects of accumulator risk but lacked integration, escalation criteria and operational bite. The definition of 'accumulator firm' was inadequate. These technological and procedural gaps were compounded by capacity pressures and prioritisation decisions in the Investigations directorate (including the redeployment of FI staff to triage duties and instructions to prioritise high-volume consumer claims), and by gaps in training on and experience of complex group structures and the review of financial documents.

4.4.3 The RIF, comprising the RIN and the RIG, established to break down silos, did achieve some of that objective — the September 2024 RIN discussion is what prompted consideration of PM Law Limited within the Investigations directorate. But the RIF was an interim framework that evolved towards focusing on thematic market risk, leaving a gap in the cross-functional discussion of firm-level risk that the FiTAC was later created to fill. It is not the SRA's long-term operating model and cannot, on its own, remedy the underlying technological inability to aggregate the SRA's knowledge of individual firms and groups.

4.5 **Conclusions**

4.5.1 The central finding of this SER is one of a failure to aggregate information. The SRA held more information about the PM Law Group than was ever drawn together into a single, coherent risk picture. Consequential decisions — in particular the November 2024 decision and the conduct of the 2025 forensic investigation — were therefore taken in conditions of partial information, against a risk more serious than the decision-maker was able to appreciate. This was not principally the product of individual error, though errors were made; it reflects a structural limitation in the SRA's operational architecture and that its Risk and Data Programme ("**RDP**") is intended to address, but which was not resolved by February 2026. We recognise that the absence of fully defined escalation criteria, such that the accumulation of very serious concerns about a firm or group did not reliably reach a level at which the Executive Committee ("**ExCo**") could have oversight of it (or the Board could be made aware of it), is a structural gap in the SRA's systems and controls. That gap was, at the time of the PM Law Group's collapse, the subject of reforms that the SRA had not yet completed. We address this as the third of the structural gaps identified below.

4.5.2 In our view, three structural gaps require resolution if the SRA is to effectively regulate firms of this complexity and risk profile. First, it needs the technological capability to aggregate intelligence across workstreams so that decision-makers see a complete picture of an entity at the point of decision. Second, its FI function needs clearer frameworks, better training and stronger supervision to investigate the financial position of complex group structures. Third, it needs fully defined escalation criteria so that the accumulation of very serious concerns reaches the appropriate level in the organisation without depending on the initiative of individual officers.

4.5.3 The SRA has already taken meaningful steps in each of these directions — the RDP, improvements to FI guidance and process, the requirement for independent bank verification of balances, recruitment into the AERT and FI teams, active management of the unopened forensic investigation list, the Proactive Investigations team, the supervision pilot, and the priorities reflected in its Draft Business Plan for 2026 to 2027. Several of these reforms, however, in particular those dependent on the RDP, are not expected to be fully operational until 2027. The PM Law Group example underscores both the importance of completing that programme of reform and the need for the SRA's Executive to execute on the plan it has set for itself.

5. Chronology of the SRA's material interactions with the PM Law Group between 2023 and 2026

<u>Overview of the SRA's interactions with the PM Law Group between 2023 and 2026</u>

5.1 This section summarises our understanding of the SRA's material interactions with the PM Law Group between 2023 and the intervention in February 2026. In summary, we address:

5.1.1 a number of reports received by the SRA concerning firms and trading names within the PM Law Group between 2023 and 2026 (the "**Reports**");

5.1.2 an FI visit to PMCL in 2023;

5.1.3 an AML inspection of PM Property Lawyers Limited ("**PMPL**") in March 2023;

5.1.4 the inclusion of PM Law Limited in the FBA Accumulators Data Spreadsheet in January 2024;

5.1.5 the inclusion of PM Law Limited in the accumulator firms data table of the SRA's January 2024 ORIA report;

5.1.6 the removal of PM Law Limited from the FBA Accumulators Data Spreadsheet in July 2024;

5.1.7 a visit to PM Law Limited's compliance officers as part of a thematic review in August 2024;

5.1.8 the designation of PM Law Limited as 'High Risk' in the August 2024 ORIA;

5.1.9 a discussion about PM Law Limited at the September 2024 meeting of the RIN;

5.1.10 a request for an FI commission into PM Law Limited in November 2024;

5.1.11 a forensic investigation into PM Law Limited conducted from March to May 2025; and

5.1.12 a report concerning 3M Law in July 2025.

5.2 Set out below is our summary of the key facts concerning those interactions as relevant to the SER.

<u>Reports received by the SRA concerning firms and trading names within the PM Law Group between 2023 and 2026</u>

5.3 We summarise below at a high-level the Reports we understand the SRA received on firms and 'trading styles' within the PM Law Group between 2023 and 2026. We do so first by reference to the numbers of report received, and second by describing certain reports of particular relevance to the ultimate PM Law Group intervention.

5.4 In July 2024 there was a spike in the numbers of Reports: eight were received, whereas in the first half of 2024 there was an average of two Reports a month. The cause of this spike appears to coincide with PM Law Group's acquisition of the Butterworths and Bridgeview Law trading styles in February and July 2024. There was an average of five Reports a month between August 2024 and March 2025, peaking in October 2024 when twelve Reports were received.

5.5 The Reports present certain common themes, including: the SRA taking the PM Law Group's explanations at face value and opting not to investigate further; the SRA treating Reports as discrete compliance failings; the SRA not identifying accumulator firm-related risks; and indicators that the SRA did not accurately understand the PM Law Group structure.

Acceptance of PM Law Group's explanations at face value

5.6 Examples include a Report received in August 2024 concerning a client matter that had originated with Pennine Law Limited ("**PLL**"), whose assets were acquired by WB Pennine Solicitors LLP ("**WB Pennine**"), an entity in the PM Law Group. In investigating the complaint, the SRA received information that neither the file nor the lawyer had in fact transferred to the PM Law Group. On further questioning, however the Group suggested this to be wrong and that the matter had transferred and the lawyer worked for WB Pennine. The SRA team questioned why it had been given inconsistent information and were told that this was an oversight. The investigation was closed.

5.7 In March 2025, PM Law Group made a self-report to the SRA in relation to a lawyer who had joined from Bridgeview when it was acquired by the PM Law Group. The Report alleged serious failings by the lawyer, including incorrect completion statements, breaches of undertakings, failures to act in clients' best interests and breaches of court orders. During the investigation, the SRA was told that the lawyer's consultancy arrangement had been terminated, that the failings identified had been remedied and that Reports made since the self-report had been resolved (or otherwise reported to the SRA). The investigation was closed with no further action.

5.8 In May 2025 there was another self-report by the PM Law Group in respect of PM Law Limited. The Report concerned alleged misconduct by a lawyer who herself had made a series of very detailed complaints about her increased workload and lack of support. Once again, the explanation to the SRA appears to have been accepted without challenge.

5.9 This theme also arises in respect of Reports alleging failures to protect client money. Examples include a Report in March 2022 against PMPL concerning the failure to carry out standard bank account verification checks, which led to completion funds from a conveyancing transaction being transferred to a fraudulent account. The complainant did not receive his funds for over eight months. The SRA found that PMPL had breached the Code of Conduct for Firms 2019 and Principle 7 of the SRA Principles 2019, and issued a non-public warning (which is not a disciplinary sanction).

5.10 In March 2024, the SRA received another Report involving PMPL concerning the retention of £155,000 of completion monies from a conveyancing transaction and a failure to redeem the mortgage. PMPL discharged the mortgage once notified by the complainant. The firm attributed the failure to an internal error in its banking system, which it said was undetected at reconciliation. The SRA closed its investigation with no further action.

5.11 There were two similar Reports in July 2024 relating to Butterworths and Bridgeview Law, which were attributed to an "*oversight*" and technological issues respectively. The SRA closed both Reports with no further action, save for a requirement that a competency compliance declaration on the oversight of undertakings be provided.

Reports were repeatedly treated as discrete compliance failings

5.12 Our review of the AERT assessment plans suggests that Reports tended to be considered as discrete compliance issues, rather than considered in the context of the PM Law Group's overall risk profile and regulatory history. One such example is the February 2025 Report regarding Butterworths, which we summarised in our Preliminary Review report. The AERT assessment plan in that case recorded that "*PM Law Limited and associated firms have a significant regulatory history including a current FI commission*" and referred to a table that listed open Reports into the PM Law Group. Nevertheless, the Investigations team subsequently concluded that the matter amounted to a single negligent act or omission concerning the actions of a non-admitted fee earner.

5.13 Moreover, once a forensic investigation into PM Law Limited was commissioned in November 2024, it was relied upon to identify patterns of misconduct (and to justify determining individual Reports on the basis of their own limited facts). By way of example, the assessment plan for one Report stated: "*there is a pattern displayed… however an FI commission has been made to look at the firm and on its own the issues on this matter are not serious enough to be capable of resulting in regulatory action*."

Accumulator firm risks were not identified

5.14 A further theme of the Reports is that the SRA did not routinely identify and consider the risks specific to accumulator firms. For example, the self-report into PM Law Limited received in May 2025 (see 5.8 above) identified a number of accumulator firm-specific risks, such as very heavy caseloads, inherited from a high number of departing fee earners post-acquisition, and being discharged by a lawyer who was required to work long hours across six offices without adequate support to meet client demands.

5.15 In addition, the PM Law Group's practice of entering into asset and business sales on occasion left shell firms without assets to meet liabilities. For example, in 2023 the SRA received two similar Reports from complainants who had reached settlements with the legacy entity where the shell firm was unable to discharge the settlement. In each case the SRA opted not to take regulatory action.

5.16 Furthermore, during its investigation of another Report into PLL the SRA learned that the PM Law Group had a practice of informing clients of the selling entity about the acquisition only on the day of completion (and treating silence as consent for files to transfer over).

5.17 We have not seen records of these issues being recognised as specific to accumulators and thus indicating the attendant risks of such firms.

The PM Law Group structure was not well understood

5.18 Two Reports relating to Litkraft Solicitors, a trading style of 3M Law, demonstrate the SRA's staff not understanding the PM Law Group's structure. Neither Report was recognised as connected to 3M Law and the PM Law Group. The AERT assessment plan for the second Report stated that there was "*no relevant regulatory history"* notwithstanding: (i) the significant regulatory history for the PM Law Group at that time; and (ii) the live investigation into 3M Law specifically, including that an FI had been commissioned.

5.19 Having provided a high-level overview of a number of Reports concerning the PM Law Group in respect of which the SRA opted not to take regulatory action, we turn now to the SRA's other material touchpoints with the Group between 2023 and 2026.

<u>2023 FI into Proddow Mackay (Conveyancing) Limited</u>

5.20 The first material regulatory touchpoint we have considered was the SRA's 2023 forensic investigation into PMCL. For reasons of proportionality, and given the passage of time since the relevant events, we have considered documents relevant to this matter provided to us by the SRA and we have not interviewed any witnesses involved. The points set out below should be considered in that context.

5.21 The forensic investigation followed a report made by a former employee of PMCL on 5 March 2021. The report made several allegations, including that the firm had failed to carry out sufficient AML checks, had been acting in a matter where there was a conflict of interest, had failed to return client monies and had transferred funds between unrelated matters.

5.22 The report was passed to the SRA's AML team to consider. Given competing priorities and what appear to be capacity issues within the AML team, it was not until late November 2022 that an AML IO commissioned the FI team to investigate. At the same time, the AML Proactive Supervision Team informed a different PM Law Group entity, PMPL, that it wished to visit the firm to assess its AML compliance.

5.23 The FI commissioning document dated 28 November 2022 refers to client monies allegedly having been retained and moved between matters, which is identified as a potential breach of the Solicitors Accounts Rules. It included a list of AML compliance-specific questions, as well as a direction to attempt to identify the client file involving the conflict of interest. In short, FI was asked to look at "*everything while onsite*" so that AML compliance, the alleged conflict of interest case file and books of account could be assessed "*in one fell swoop"*.

5.24 The document did not make reference to the separately scheduled AML visit to PMPL. The FIO was informed of this visit on a preparatory call with Scott Evans, Group Head of Compliance at PMCL. Ultimately, the FIO and the AML IO agreed that the PMCL forensic investigation would therefore concentrate on SRA accounts compliance and a review of the specific conflict of interest case file.

5.25 The FIO in question visited PMCL on 6 February 2023. It transpired that PMCL had ceased holding client money having transferred its client matters to PM Law Limited in October 2021. The FIO explained in an email to their manager that "*[…] under the commission we do not have authority to review the Group documentation. However, the firm did provide the information at my request.*" As such, it appears that the fact that the FI was commissioned into PMCL rather than PM Law Limited did not inhibit the SRA's ability to access relevant information, notwithstanding the change in the business's operating structures during the nearly two years between the initial Report and the FI visit.

5.26 During the investigation, the FIO raised questions regarding the reconciliation between PM Law Limited's client account, cash book and client ledger. They received the relevant documents alongside lengthy and convoluted (albeit plausible) explanations as to why there were discrepancies in some of the reconciliation documents, including the reason as to "*why there are so many cash book adjustments*". The FIO also received an explanation as to why the balance on PM Law Limited's client account statement did not match the client ledger, the difference arising apparently because of a number of unallocated receipts. It appears that the FIO took the account at face value.

5.27 On 7 March 2023, the FIO leading the investigation asked another FIO to assist with the reconciliation for PM Law Limited and PMCL. In the course of that review, the assisting FIO made a number of comments with respect to the documents provided, including: that there were a number of "*unreconciled items*" totalling £178,774.22; "*unrepresented items of £1,110,432.46*"; there was no client matter balance matching the account balance; and that there were a number of adjustments the reasons for which were unclear.

5.28 We have not seen any evidence to suggest that these questions were explored with PM Law Group's leadership or others at the firm and resolved following satisfactory responses.

5.29 In a close out letter to the complainant dated 20 April 2023, the FIO stated that the FI "*reviewed the firm's accounting information and no issues of concern were identified*".

5.30 The AML visit to PMPL took place on 8 March 2023. The pre-visit document does not make specific reference to the March 2021 complaint made by the former employee. It does make reference to two other open cases and a closed matter. It notes:

> "*growing concerns over pattern of poor service in conveyancing matters. Awaiting LeO report. 5 matters in total with same comment. Letter of warning on accounting rules in September 2022. Large number of complaints re service and client care in 2021 and 2022. Informal engagement with firm has taken place to identify what has changed*."

5.31 The AML review identified a number of issues with PMPL's Firm Wide Risk Assessment ("**FWRA**") and AML Policies, Controls and Procedures ("**PCPs**"). A review of seven case files identified risk rating issues as well as an incomplete risk assessment form. Upon receipt of an updated FWRA, updated PCPs and an updated client/matter risk assessment form, the review was closed on 8 August 2023.

5.32 The FI and AML review present a pattern observable in other regulatory touchpoints: long delays before action is taken following concerns being raised about a PM Law Group entity; capacity constraints preventing more rapid action; in the case of the FI, a lack of challenge and curiosity when presented with information by the Group's personnel; and an overall lack of coordination between the various SRA teams tasked with investigating the Group's regulatory compliance.

<u>Other material touchpoints with the PM Law Group in 2023 and 2024</u>

5.33 We set out below a summary of other material touchpoints the SRA had with the PM Law Group between the 2023 and 2025 FIs.

The FBA Accumulators Data Spreadsheet, January 2024

5.34 PM Law Limited was added to the SRA's FBA Accumulators Data Spreadsheet in January 2024.

5.35 The FBA Accumulators Data Spreadsheet is an internal SRA document maintained by the SRA's Authorisation team, which lists:

5.35.1 "*Firm acquisitions - Firms which have acquired two or more firms in the previous 12 months*";

5.35.2 "*Other Group Structures – Bodies which have become owners of two or more authorised bodies in the previous 12 months*"; and

5.35.3 "*Previous accumulators – Firms which have been listed as accumulators within the last 12 months but do not currently meet the definition*".

5.36 We understand that the FBA Accumulators Data Spreadsheet is not routinely circulated to other teams within the SRA, although the data on accumulator firms is supplied by the FBA team to the Intelligence Unit, which the latter uses to compile the ORIA and its successor intelligence report, the Investigations Directorate Inflow Assessment ("**IDIA**").

5.37 PM Law Limited's addition to the FBA Accumulators Data Spreadsheet was triggered by the acquisitions of Barrett & Co Solicitors LLP (on 8 June 2023) and Law Offices UK Limited (on 1 December 2023). Technically speaking, however, PM Law Limited was not the acquiring entity for Barrett & Co, which was acquired by PMCL.

5.38 In addition to the FBA Accumulators Data Spreadsheet, we understand that the SRA separately maintained an Accumulator Firm Watchlist[3]. This appears to be a folder maintained by the Authorisation team containing structure charts for groups the SRA had identified where acquired firms continued to trade as if they were separate entities. Its purpose was to keep tabs on otherwise apparently unconnected firms. We have not seen evidence that the PM Law Group was included in this folder. In effect, it appears that the SRA's Authorisation team ran two overlapping tracking mechanisms: the Firm Watchlist folder (for the purposes of broader group structure tracking) and the FBA Accumulators Data Spreadsheet (the monthly report on acquisition activity).

ORIA report January 2024

5.39 PM Law Limited appeared in the accumulator firms table of the SRA's January 2024 ORIA. This was the first time PM Law Limited had featured in the ORIA, reflecting the SRA's recent classification of it as an accumulator firm. The January 2024 entry was simply an inclusion by name in a table of accumulator firms: no descriptive risk profile on PM Law Limited was produced until the August 2024 ORIA.

Removal from FBA Accumulators Data Spreadsheet, July 2024

[3] The Accumulator Firm Watchlist should not be confused with "watchlist firms". We understand this to describe the practice by which IOs in AERT are allocated all the Reports for a particular firm (or group of firms), as occurred when IO1 was assigned PM Law Limited (and firms trading under the PM Law name) in September 2024.

5.40 In July 2024 PM Law Limited was removed from the FBA Accumulators Data Spreadsheet on the grounds that the first of the two acquisitions that prompted its inclusion had occurred more than 12-months previously.

Thematic Review visit to PM Law Limited, Summer 2024

5.41 On 7 August 2024, the SRA's Thematic Risk team visited PM Law Limited as part of a sector-wide thematic review into compliance officers. The exercise was not directed specifically at PM Law Limited: firms were selected randomly and those with open investigations were excluded. The purpose was to interview the COFA and COLP of selected firms using a standardised questionnaire.

5.42 Interviews were conducted by a member of the Thematic Risk team. They learned[4] that the COFA role was held across five alternative business structures ("**ABSs**") within the PM Law Group whilst also serving as Group CEO; that fifteen internal breach reports made over three years, none of which had resulted in an external report to the SRA; that the COFA had not read the SRA's Reporting and Notification Guidance or its Enforcement Strategy Guidance (the primary documents governing external reporting obligations as COFA); and that there had been no compliance officer training within the previous year.

5.43 The Thematic Risk team member was further told that the COLP for PM Law Limited was also the COLP for three further ABSs within the Group, whilst also acting as MLRO and MLCO for PM Law Limited. The COLP disclosed only two external reports over the review period.

5.44 Following the visit, the SRA concluded that the firm required no referral for regulatory action and rated it "*Good*" across most assessment dimensions.

ORIA report, August 2024

5.45 PM Law Limited had received a full description of its risk profile in the August 2024 ORIA report for the first time and was given a 'High Risk' rating. The profile recorded the following key data points: 26 branches; 19 trading names; 5 managers; 46 fee earners (14 legally qualified, 32 non-legally qualified); a report-to-fee-earner ratio of 8.7%; and declared closed accounts of £11,406,480 for the 2023–2024 practising year — a 34% increase on the prior year figure of £8,463,732. The average client money balance was £16,894,995.82, a 2.73% increase on the prior year. The firm had declared 56 first-tier complaints in 2023–2024. The ORIA also noted 6 open matters (Reports to the SRA concerning entities in the PM Law Group) and 3 firm acquisitions (Barrett & Co, Law Offices UK Limited and Lloyd Green Solicitors).[5]

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[4] As with all notes of meetings or interviews taken by SRA personnel, we have taken those records at face value.

[5] In this respect the report was inaccurate as PM Law Limited was not in fact the acquirer of Barrett & Co (it was PMCL).

PM Law Limited discussed at the September 2024 meeting of the Risk & Intelligence Network

5.46 On 24 September 2024 there was a meeting of what was then called the Risk and Intelligence Working Group, which was later renamed the RIN. It was the first meeting at which an ORIA report on individual firms was considered.

5.47 The minutes reflect that PM Law Limited was the only individual firm discussed at the meeting. The group discussed the firm's 'High Risk' rating, raised questions about the number of trading names PM Law Limited operated under and whether any of those names appeared on other risk-related datasets held by the SRA.

5.48 Three actions were recorded against PM Law Limited, all due by 15 October 2024:

5.48.1 "*IU1 to confirm if PM law limited have changed area of practise*";

5.48.2 "*AU1 to confirm if PM law limited or any of their other trading names appear on any of our other risk data sets*"; and

5.48.3 "*IM1 to share with investigation teams a list of firms trading under PM law*".

5.49 Despite the 'High Risk' rating and the three recorded actions, neither PM Law Limited nor any of the other Group firms appeared by name in any subsequent RIN or RIG meeting minutes that we have seen. There is no record in the documents we reviewed of the outcomes of those three actions being formally reported back to the RIN. In interview, IM1 surmised that, unless a matter was on the agenda for the next RIN meeting, once the requested action was assigned, there was no need to go back to the RIN meeting with an update.

The commissioning of the 2025 forensic investigation

5.50 We now turn to the events that culminated with the visit by the SRA's FI team to PM Law Limited between March and May 2025.

November 2024 request for FI commission for PM Law Limited

5.51 Following the discussion of PM Law Limited at the September 2024 RIN meeting, IM1 provided a list of the trading names that were used by PM Law Limited to the AERT.

5.52 IM1 also assigned PM Law Limited as an 'AERT watchlist' firm to IO1, a new joiner and IO in AERT, which meant that any new Report concerning PM Law Limited or its trading styles was marked for IO1's attention and review. At this time there were other ongoing AERT reviews into PM Law Group entities being conducted by other IOs (of which we are aware from our review of the Reports). Those reports were not transferred to IO1 and, based on our interview with IO1, there appears to have been no sharing of knowledge or information about the open reviews between the various IOs.

5.53 IM1 told us in interview that they had asked AERT to inform them when any reports were received about PM Law Group entities. The increasing number of reports in the autumn of 2024 prompted them to ask IO1 to prepare a schedule including details of all live matters involving the Group and the Legal Ombudsman complaints the Group had received in 2024 (the "**PM Law Table 31.10.2024**").

5.54 On 1 November 2024, IM1 sent an email to an AERT lawyer and the then Head of AERT flagging that PM Law Limited had been identified as a 'High Risk' firm in the August 2024 ORIA report. IM1's email summarised the reasons for the risk rating as well as the six live matters under investigation by the SRA. The email also attached the PM Law Table 31.10.2024, prepared by IO1.

5.55 IM1 subsequently forwarded their original email to the Investigations Main Unit, the Potential Interventions team and, ultimately, the FI Duty Manager mailboxes by way of escalation. We do not set out the exchanges following IM1's email exhaustively. However, there are multiple features of those communications indicating that several of the SRA's employees involved considered PM Law Limited to present a serious risk. In summary:

5.55.1 IM1's email stated that the data showed "*a concerning pattern and may be indicative of a wider concern at the firm*" and noting the wish to "*act fast*" because the two newest reports were "*having a substantial impact on clients*".

5.55.2 An IM in the Investigations team, responded to IM1 describing the picture as "*very concerning given [the] nature of concerns raised*" and saying that the matter "*looks like one where we should be commissioning FI to go out on urgent basis*".

5.55.3 An IO in the Potential Interventions team, emailed IM1 confirming that they had informed one of the Intervention Managers who agreed it "*looks reasonably serious and quite urgent.*" The IO recommended that IO1 arrange to speak to the FI Duty Manager "*to discuss the possibility of an urgent FI commission.*"

5.56 IM1 also told us in interview that they did not think that the situation could wait the two to six months that it would likely take for a 'non-urgent' forensic investigation to be commissioned.

5.57 IM1 then emailed the FI Duty Manager Group mailbox and asked for the commission to be approved.

The decision not to commission an urgent FI

5.58 On 4 November 2024, the FI Duty Manager, FIM1, replied stating that they did "*not see that this falls within 'Urgent FI commission' territory. As far as I can see the issues have now been resolved and the firm has provided some context and an action plan."* In light of the importance of this decision to the SER, we address below the details of how we understand it was taken.

5.59 FIM1's email stated that the problems with PM Law Limited appeared to relate to the fact that "*the firm has expanded rapidly in a short space of time because in addition to the three 'full' acquisitions listed in the email below the firm has also acquired defined assets and client matters of other firms*". FIM1 continued that "*[t]he firm has made some acceptances of failing to deal with some issues promptly etc. It seems that the firm attribute most of the failings to bedding in issues following these recent acquisitions."*

5.60 In interview, FIM1 explained their view that there was an insufficient risk to client monies to require an urgent forensic investigation. Specifically:

5.60.1 Three of the reports related to completion delays on conveyancing transactions. FIM1 said that client-money risk primarily arises following completion, at which point solicitors receive purchase monies. Before that there is limited scope to misappropriate client funds.

5.60.2 One report concerned a probate matter where the complainant had been told that sums held on account did not attract interest. Whilst FIM1 acknowledged that this amounted to a breach of the SRA Accounts Rules, it was not in their view sufficiently serious to require an urgent on-site investigation. FIM1 also explained that for probate matters the primary concern is ensuring that the principal sum is intact and, based on the report, there was no suggestion that those funds were at risk.

5.60.3 One matter related to the failure of the firm to redeem a charge. Again, FIM1 explained in interview that there was some client money risk evident from the report but, based on their review of the file, it appeared that the failure was a paperwork issue.

5.60.4 One matter concerned the firm not being registered as a trust and company service provider, which raised AML concerns. FIM1 told us that they did not consider this as they believed it to be a discrete matter for which the AML team was responsible and in respect of which FI could not provide meaningful assistance.

5.61 At this time there was no formal written guidance setting out the criteria for commissioning an FI, whether on an urgent basis or otherwise. However, FIM1 explained to us that urgent commissions are those with high public interest or where there is credible evidence that a firm is operating with a client account deficit, such that action within five[6] working days is required. FIM1 did not

[6] In fact, it appears (based on the evidence of HoI2 and IO2) that the timeframe is three working days.

consider an urgent commission was warranted, a position he maintained in interview. They also said that the 'High Risk' designation in the ORIA was a result of work done by the Intelligence Unit. When asked whether this risk rating triggered any particular actions by the SRA, FIM1 replied, "*I can't really comment…this assessment is dealt with outside of FI*". In other words, the 'High Risk' rating appears to have had no bearing on FIM1's assessment of the request for an urgent FI commission.

5.62 FIM1 said in interview that they relied on the information provided by IM1 and did not independently consider PM Law Limited's regulatory history. They also confirmed that they did not review the PM Law Table 31.10.2024 prepared by IO1 and attached to IM1's email.

5.63 Nevertheless, FIM1 concluded that the risk picture presented in IM1's email justified a non-urgent FI visit to the firm. In interview FIM1 stood by their decision and considered it to be reasonable and defensible in the circumstances. In their email to IM1, they noted that:

> "*the number of complaints, and the rapid growth of the firm via acquisitions, and the large amount of client money held are all risk factors. It probably falls within an 'FI accumulator precautionary type visit' category. We did a number of such visits previously for these types of firm, and have a specific work programme.*"

5.64 The upshot of this was that, rather than investigating the basis of the specific reports raised about the PM Law Group, the FI review was to be conducted through the prism of an AWP (the scope of which we set out below at paragraphs 6.80 and 6.81). IM1 explained in interview that an accumulator precautionary visit involved consideration of the firm's structure and financial arrangements, as well as whether its growth was sustainable. However, IM1's understanding was that the FI conducting the visit would not consider client files but would assess the financial picture of the firm more broadly.

5.65 FIM1's email to IM1 also referred to Operation Grouse — a major concurrent FI workstream focused on high volume consumer claims ("**HVCC**") firms: "*As you know we have substantial demands with Operation Grouse work currently so there will be a delay in us commencing any commission.*" FIM1 said in interview that this did not impact their decision not to commission an urgent FI investigation into PM Law Limited (which they believed at the time was not justified, irrespective of capacity constraints).

5.66 Based on the evidence we have considered, it appears that FIM1's decision was accepted by all involved. On 4 November 2024, IM1 instigated a new investigation case being set up and allocated to IO1. The case was created over five weeks later on 12 December 2024 and, FIM1 told us, went into an FI queue, where cases were allocated to an FIO on a 'first come first served' basis.

5.67 In October 2024 IO1 was still under the supervision of the training team. HoI1 said in their interview that new IOs are typically given straightforward cases, such as solicitors driving under the influence, and not cases that are complex or document heavy.

Conduct of the 2025 forensic investigation

Preparation for the visit

5.68 The FI commission was allocated to FIO1 on or around 14 March 2025, approximately four and a half months after the emails between IM1 and FIM1. FIM1 told us in interview that this timing between commission and a forensic investigation starting was (and is) not unusual. Others we interviewed suggested that Operation Grouse may have impacted the speed at which the visit took place. For example, HoI1 told us that their team routinely had commissions turned down or delayed because of Operation Grouse work.

5.69 The FI commenced on 27 March 2025 as a 'precautionary' AWP visit. FIM1 explained in interview that AWPs are 'precautionary' because there is no specific concern or report that prompts the FI beyond the general risk of being an accumulator firm.

5.70 The "**Accumulator Firm Investigations – Instructions for FIO"** document provides that the AWP is the "*minimum scheme of work*". It requires the FIO to ask questions regarding: the ownership and control of the firm; the firm's governance and strategy; the transfer of client monies on acquisitions, financing of the purchase(s); and the financial stability of the firm. The usual checks of books required in standard forensic investigations are also required. This involves ensuring that the bank statements, client cashbook and client ledger balance as at a specified date. The FIO must contact the firm's banks directly to confirm balances.

5.71 For standard (non-AWP) FIs, the FIO is typically given instructions prepared by the commissioning IO with specific questions to be addressed in the investigation. This can include specific documents that the FIO is to review to understand the issues under review. In this case, as this was an AWP, the commissioning IO, IO1 did not provide any specific instructions to FIO1. Further, IO1 had not commissioned an FI before and had not received any training on doing so.

5.72 FIO1 told us in interview that PM Law Limited was the third or fourth AWP they had conducted. They explained that their role was not to consider PM Law Limited's associated firms, rather they were going to be:

> "*looking into structures and governance [...] where it [PM Law Limited] has acquired a number of firms in a short space of time*. […] o*n this one, and on accumulator firm reviews in general, there is no*

substantive complaint or concern that we know of. The only concern that we know of is that they have expanded quite quickly".

5.73 When we asked them about the 'High Risk' rating in the ORIA which IM1's email of 1 November 2024 had flagged, FIO1 said: "*[i]t doesn't mean anything specifically. It doesn't sit within a risk grid where a firm is ranked as 'high risk', as far as I know. If it does, I don't know about it. I haven't seen the underlying report that [IM1] mentions*".

5.74 In preparation for the FI visit, FIO1 drafted a research note using information from the regulatory history section on the SRA's CRM as well as PM Law Limited's website. At the time there was no research note template to follow. FIO1 told us that when they had joined the FI team they had been shown how to put a research note together by a more senior FIO and had subsequently adopted the same practice.

5.75 FIO1 reviewed the emails of 1 and 4 November 2024 and the PM Law Table 31.10.2024. In their research note FIO1 adopted FIM1's assessment (contained in their email of 4 November 2024 to IM1) of the individual complaints against PM Law that IM1 had flagged. FIO1 also listed the PM Law Group trading names (taken from the August ORIA) and group companies that FIO1 had identified from their review of the Group's website. However, that list incorrectly identified trading styles as group companies and omitted various entities, including PMPL which had been the subject of the FI in 2023. FIO1 did not enquire whether there were any new matters or updates to the matters summarised in the November 2024 emails. In interview, FIO1 confirmed that they did not liaise with the those who were investigating the Reports, nor did they communicate with the AML review team. FIO1 also stated that at the time of the FI, they had not been aware of the 2023 FI.

5.76 FIO1's manager was FIM2, who joined the SRA as a FIM in November 2024. This was their first experience working as a FIM. They described they had no formal training on the role of a FIM, and had to learn what the role entailed "*on the job*". There was an Ops Manual but there were no processes or guidance on how to undertake file or case reviews. In interview, FIM2 described their role as manager of an FIO as "*first and foremost to look after them, to make sure they are ok*". FIM2 told us that the role also includes monthly 1:1 meetings with FIOs, weekly team meetings to discuss ongoing case work and giving guidance and advice, including reviewing FI final reports. In interview FIO1 could not recall having discussed the commission with FIM2 at the outset; they anticipated that FIM2 would have expected them to "*get on with the job."* FIM2, in interview, confirmed that they expected FIO1, who they considered to be experienced, to be "*getting on with it".* FIM2 explained that their workload was such that they did not have the capacity to be in too much detail of ongoing cases.

The documents provided by PM Law Limited

5.77 At FIO1's request, on 25 March 2025, PM Law Limited asked Virgin Money for the balances of the PM Law Limited office account, client account and conveyancing client account as at 28 February 2025. These were provided on 26 March 2025, with FIO1 in copy.

5.78 On 26 March 2025, FIO1 wrote independently to Virgin Money asking the bank to confirm the firm's account balances as at 28 February and to confirm the accounts held by the firm on the same date. The bank responded on 27 March 2025, providing the same information that FIO1 had received – in copy – on 26 March 2025. The bank also identified that the firm had a coronavirus business interruption loan ("**CBIL**") and, following a request from FIO1, confirmed the outstanding amount as at 28 February to be £162,304.11.

5.79 Under cover of a series of emails to FIO1 on 26 March 2025, PM Law Limited provided other documents that FIO1 had requested in the forensic investigation notification letter dated 20 March 2025. These included the bank statements for PM Law Limited's general client, conveyancing client and office accounts; bank ledgers; and the client cashbook.

5.80 FIO1 was also provided with the unaudited financial statements for the year ending 31 October 2023 (the most recent available) prepared by Menzies, and a copy of the AR1 accountants report for the period ending 31 October 2023 prepared by Armstrong Watson Audit Limited. We have learned during this SER that it has come to light during the SRA's intervention that this AR1 appears not to have been genuine. At the time of the FI visit, FIO1 did not appear to have noticed that the unaudited financial statements and the AR1 were prepared and signed by two different accounting firms. D2 told us that this should have triggered further investigation by FIO1.

The FI visit

5.81 FIO1 visited the PM Law Limited office on 27 March 2025 and conducted a number of interviews. During the visit FIO1 learned that PM Law Limited had two client accounts – one for conveyancing and one general. They were told that if people placed monies in the wrong account a '*yellow slip*' would be used to move it. The account statements for the client and conveyancing accounts had multiple entries with the word '*yellow*', which could signify that people had placed monies in the wrong accounts on a high number of occasions. FIO1 does not appear to have registered this or probed further.

5.82 FIO1 was also told that there was a CBIL loan account with £136,000 outstanding. This figure differed from the amount Virgin Money had provided to FIO1 on 27 March. FIO1 did not appear to notice this or probe it further.

5.83 FIO1 asked questions about the five firms they understood to have been acquired by PM Law Limited.[7] FIO1 was told that the only share purchase was of John M Lewis (with the rest of the acquisitions being asset and goodwill purchases). FIO1 was told that acquisitions were financed through earn out arrangements with nothing paid up front, and John M Lewis was the only one that required payment of "*around £400,000*", which was paid from "*spare cash*" held in PMS LLP. FIO1 told us in interview that they had not obtained documentary evidence of the £400,000 paid for John M Lewis, as they did not consider this to be a significant amount of money. They also explained that they had not probed further because they had satisfied themselves that client monies had not been used for the acquisition.

5.84 The acquisition agreements which FIO1 later obtained (which they told us they had reviewed but not discussed with PM Law Limited) suggest that the information was incorrect: approximately £300,000 was paid for Wilsons; £10,000 was paid for Barrett; £50,000 was paid for Butterworths; and approximately £230,000 was paid for WB Pennine. FIO1 told us that it had been suggested that no purchase monies from third parties (such as bank loans) had been used.

5.85 In relation to the requirement to check for source of acquisition funds, FIO1 told us that they understood that the purpose of the source of funds checks was to make sure client monies from the acquired firm were reconciled in the client accounts at PM Law Limited, and had not been used to fund the acquisition. FIM1 told us in interview that the checks are primarily intended to turn the FIO's mind to the risk that client funds may be misappropriated in the transaction. FIM2 told us that they would have expected the source of funds checks to include looking at the accounts of the firm to ensure that it was solvent and able to make the purchase payments. The interviewees collectively did not provide clear or consistent responses on what it meant to check the source of acquisition funds.

5.86 In respect of questions regarding financial stability, FIO1 was told that PM Law Limited had no bank loans, had nearly paid off the £2.9 million CBIL loan and was paying off a loan to cover a £7 million litigation loss from 2019 over a period of ten years. FIO1 did not independently verify what they were told, nor did they investigate the repayment amounts, obtain a copy of the loan terms or otherwise verify how PM Law Limited was able to meet the repayment schedule. FIO1 told us that they understood that the £7 million loan had been in place for a number of years and they believed it when they were told that it was not an issue. It was "*quite a historic loan, £7m, so not too significant. They were not a red flag for me.*"

[7] John M Lewis (January 2023), Barrett & Co (June 2023), Wilsons (December 2023), Bridgeview Law/Butterworths (February 2024) and WB Pennine (June 2024)

5.87 In response to FIO1's question "*are you aware of any misuse of client funds?*", PM Law Limited responded "*no*".

5.88 FIO1 also asked about the number of complaints the PM Law Group was facing. This was not technically within the scope of the AWP but FIO1 said that from IM1's and FIM1's email exchanges in November 2024 it was "*pretty obvious*" that the rise in complaints should be investigated.

5.89 FIO1 was provided with lengthy explanations, including that "*the majority of them have been NFA*[8] *by the SRA. We have reported one ourselves*". FIO1 recorded in their interview note that many of the complaints were blamed on the conduct of one individual about whom PM Law Limited had made a self-report. FIO1's record of the interview also noted that Bridgeview "*has been challenging*", and that certain complaints concerned "*conveyancing generally*" or arose because PM Law Group's more "*stringent measures and controls"* had led to delays in conveyancing matters that originated from firms it had acquired.

5.90 FIO1 told us that they did not stress test what they were told and that their review was high level. They said that they were primarily concerned with understanding whether, when PM Law Limited acquired a firm, there was an adequate level of staff with the right skills and appropriate supervision of the work being performed. FIO1 also said that they considered how complaints were managed, rather than the contents of specific reports made to the SRA.

5.91 Also on 27 March 2025, FIO1 requested PM Law Limited's client account bank statements from January 2023 onwards (each marked up with the client account transfers from the five firms which they understood to have been acquired by PM Law Limited). At PM Law Limited's request, FIO1 agreed to receive only the statements showing the client account transfers, rather than the full set of statements from January 2023 onwards. Various categories of financial information were provided over email, often with a lengthy explanation of the basis of preparation of the attached material. Rather than the bank statements for PM Law Limited's client accounts showing receipt of funds, as was requested by FIO1, PM Law Limited provided printouts from online banking platforms.

5.92 On 31 March 2025, FIO1 sent their 72-hour case report to IO1 with FIM2 in copy. Under the heading "*Books of Account"*, FIO1 wrote:

> "*[t]he firm's bank has provided the balances on the extraction date. These match with the information provided by the firm. Although some supporting documents still await, no concerns have been identified during an initial review of the books.*"

5.93 It appears that FIO1 did not review the bank statements in detail. In interview, they said that their job was to check that the bank statements, matter listings and

[8] This typically refers to 'No Further Action' taken on a particular matter.

cash book balanced. They also explained that they checked for any potential issues, for example anything that might suggest a potential client account shortage. Specifically, they said:

> *"looking at bank statements, I didn't seem to think there were any issues. They said there was no overdraft and there wasn't one on the statements. We don't do an in-depth review of or audit of financial standing as part of our reviews. It is fairly high level: can they pay their staff? And checking for concerns that they may be dipping into the client account to meet monthly rent and other direct debits."*

5.94 FIO1 does not appear to have registered a transfer of £2,000,000 from PM Law Limited's client account to its office account and then to its client conveyancing account, all on 30 December 2024. Nor did they raise with PM Law Limited that a significant number of outgoing transactions from the client accounts were described as 'direct debits' which, if correct, may result in a breach of the SRA Accounts Rules. They also did not ask PM Law Limited about the fact that payment references indicated a significant number of the transactions were made by mobile banking. Both FIM2 and D2 told us in interview that these matters should have been raised with the COFA and subject to a more detailed review by the FIO. In contrast with the FIO who conducted the 2023 FI, FIO1 did not ask for help in understanding or reconciling any of the financial information that they received.

5.95 On 22 April 2025, IO1 emailed FIO1 with details of open PM Law Group Reports, and one which had been passed out for investigation, which they thought may be relevant to FIO1's work on the FI. FIO1 replied on 24 April 2025 to say that they were commissioned to follow the AWP and that they therefore had not looked into any of the individual complaints in detail or reviewed any specific matter files. FIO1 further confirmed to IO1 that they had asked questions about the firm's arrangements for supervising fee earners and explored whether this was the root cause of rising complaints.

5.96 On 28 April 2025 FIO1 emailed IO1 their 30-day review, with FIM2 in copy. They suggested that they and IO1 discuss, which they did on 30 April 2025. There are no notes of that meeting. A short entry in the investigation log confirms that they discussed PM Law Limited's supervision of its fee earners and that the firm had provided a "*supplementary supervision document and further info on how they are recently improving their processes*". In interview, neither IO1 nor FIO1 were able to recall what the meeting was about. However, FIO1 explained that:

> *"[d]epending on the IO, it is quite normal to have a low level of interaction. [Here] I couldn't see any misconduct that would justify a Forensic Investigation Report (i.e. a detailed report potentially leading to regulatory action), it required a bit more input, I didn't want to close without that input […] hence that meeting on 30 April".*

5.97 On 9 May 2025 FIO1 emailed IO1, referencing their "*last conversation*" (on 30 April) and attached their "*File note on PM Law Ltd addressing points on Work Programme*". FIM2 was not copied. FIO1 suggested a meeting with IO1 for the following week, which took place on 14 May 2025. There is a very limited documentary record of this meeting. In interview, IO1 said that they recalled that the meeting had been very brief and that FIO1 had simply said that all required steps had been taken and that they were now ready to close out the investigation. The investigation log states "*Agree to close the investigation*" and the rationale given was "*FIO has not identified any tangible misconduct. Rise in complaints attributable to factors that the firm now rectified. IO confirms there have been no further complaints on the firm.*"

5.98 On 14 May 2025 FIO1 sent their final report to FIM2, confirming that the "*IO has seen it already*". They further noted: "*I've agreed with the IO that I will send the closure letter to the firm*". There is no mention of a conversation between FIO1 and FIM2 to discuss the completed visit. FIO1 was unable to recall in interview whether they ever discussed in any detail the closing out of the forensic investigation. In interview FIO1 explained that, because no substantial concerns had been identified, the report was not detailed and that their practice was only to write a detailed document if there was a high chance of enforcement action.

5.99 On 15 May 2025, FIO1 shared a link to their final report with IO1 by email, with FIM2 in copy. FIO1 referred to their discussions with IO1 and confirmed that they were "*closing this one*" and that they would update PM Law Limited accordingly.

<u>3M Law Limited Report, July 2025</u>

5.100 Having summarised the evidence we have considered on the 2025 forensic investigation, we turn now to another report relating to the PM Law Group that resulted in a further commissioning of the SRA's FI team.

Background to 3M Law

5.101 3M Law was a law firm authorised by the SRA on 14 March 2022. It was the subject of a report made to the SRA via the red alert email inbox on 7 July 2025.

5.102 3M Law operated pursuant to a Joint Venture Agreement ("**JVA**") between its majority owner "**Mr J**", who held 75%, and Proddow Mackay Legal Ltd ("**PMLL**"), a non-regulated firm holding the remaining 25%. Under the JVA, Mr J was responsible for attracting clients, while PMLL was to provide the COLP and COFA, and back-office processes including IT, accounting and systems infrastructure. PMLL was also contractually responsible for handling elements of legal work via "*insource secondment*" to itself or other companies within the PM Law Group.

The 3M Law report

5.103 On 7 July 2025 the SRA received a Report from Mr J. Among the allegations were the following: that multiple payments of over £100,000 had been taken from 3M Law's business account without Mr J's knowledge; that Mr J had been denied access to 3M Law's financial records; that client damages had been paid into an office account rather than a client account; that transactions had passed through accounts unrelated to 3M Law; and that there was a concern over PII insurance. The complaint was assessed as 'urgent' by the AERT and was 'passed out' for investigation to the Investigations team on 15 July 2025 in light of the seriousness of the report, including the risk of financial instability.

The Investigations team's considerations of the 3M Law report

5.104 On 21 July 2025, IM2 emailed the Potential Interventions team ("**PI team**") and the FI Duty Manager, flagging the report and highlighting financial stability concerns. When we interviewed IO2, the IO assigned to this report, they explained to us that Investigations have thirty days from receipt of an AERT Assessment Plan to assess the evidence and prepare an Investigation Plan. IO2 told us that if Investigations concluded that it was appropriate to seek an FI Commission for an in-person visit, FI would usually be contacted once the Investigation Plan had been prepared. However, IO2 explained that the Investigations team is trained to inform FI and the PI team immediately if the matter is potentially serious, and in this case IM2 immediately escalated the matter to FI and the PI team on the basis that the Report identified a potentially serious risk and was therefore considered urgent.

5.105 IM2's email acknowledged the potential risk associated with the Report but characterised the matter as "*lacking in evidence and potential for this to be directors' fall out rather than concerns we will find evidence for*," stating that they were flagging for risk management and to obtain a view on whether FI would be likely to accept a commission. A member of the PI team replied that it was "*a bit too early [for Interventions]to raise a case at this juncture*" but said that they would add the matter to the PI watchlist.

5.106 On 23 July 2025, a meeting took place between IM2, IO2 and HoI2 of the FI team, who at that stage was an FIM. HoI2 told us in interview that he thought "*it looked like a partnership dispute…it did not strike me as something FI should get involved with straightaway*" and that further evidence was needed before determining whether an FI inspection was appropriate. As such, IO2 was tasked with seeking further information from Mr J. IO2 explained to us in interview that they did not like this decision because their instinct was that this was risky and therefore should be resolved by commissioning an in-person investigation by FI, but they nevertheless considered it to be a proportionate response given the lack of evidence at that stage and in light of FI's limited resources.

5.107 IO2 therefore began to gather evidence and work on an Investigation Plan. As they were looking into the PM Law Group's regulatory history, they became aware of a number of features which, they told us at interview, made their "*antennae go up*". These included the "*complicated*" and "*creative*" PM Law

Group structures, the existence of non-licensed entities within the group, intercompany transfers of funds, delays in filing accounts at Companies House, a high number of reports and a regulatory breach by a manager of 3M. They also noted that it appeared that the non-authorised firm owner in the PM Law Group seemed to believe that they could carry out reserved legal activities – a criminal offence under the Legal Services Act. IO2 explained to us that they therefore concluded that this was more than just a falling out between directors and that the report raised serious concerns with implications for clients. They therefore recommended in the Investigation Plan of 30 September 2025 that FI should visit 3M Law.

The FI commission relating to 3M Law

5.108 IO2 told us in their interview that, on the basis of the evidence and their plan, they had expected FI to accept the commission within the week, and that it would be categorised 'urgent' or 'high risk'. On 8 October 2025 they chased HoI2 for a response to their memo of 30 September, as more than a week had passed. On 9 October FI accepted the commission. HoI2 emailed a group of FI Managers (copying the "FI Duty Manager" email group) noting that "*just thought I'd make you aware that we should be receiving an FI Comm today which we may need to treat as High/Urgent*". Ultimately the FI team categorised it as 'high risk'.

5.109 IO2 told us when interviewed that they felt that the case was 'urgent', but they understood why it had not been categorised as such, since FI was dealing with a large number of HVCC cases and there were significant demands on the FI team at the time. In interview HoI2 also acknowledged that this case was a risk but that it was definitely 'high risk' not 'urgent' in their view, based on their experience. They said that even if the waiting list had been shorter, this would not have altered the risk status of the case: "*the risk is the risk*", but it would have meant that FI would have gone out to visit the firm sooner.

5.110 Also on 9 October 2025, IM2 "*extra flagged*" the case by email to HoI1 as they were "*very worried about the risk on this case*". HoI1 responded to thank IM2 for flagging and said, "*I do agree that there is quite a lot of risk here*" and asked for an update once FI had been out to the firm and reached the 72-hour report stage.

5.111 IO2 told us at interview that they had expected the case to be allocated to an FIO within a month of the commission being accepted, given the contents of their Investigation Plan. However, they said:

> "*Here things got a bit strange for me. Although I knew how much FI had on, when I came back from Christmas, I was shocked that it hadn't been allocated… when there are financial stability concerns, we normally move very fast. Mr J had told us there were more than 1,000 clients and live matters…I might be paranoid, but I was thinking when it goes bad it goes very bad. So I was trying to anticipate that*".

5.112 IO2 explained that they had updated Mr J on 12 January 2026 that an investigator had not yet been allocated. An investigator was ultimately allocated to the case on 30 January 2026. However, IO2 recounted that Mr J contacted them on 4 February 2026 asking for an update as it appeared as though the firm had ceased trading. It was at that point that IO2 learned about the intervention into the PM Law Group.

5.113 We asked HoI2 how long it takes for FI to allocate an investigator, and for that investigator to visit a firm. They explained that this depended on the perception of the risk and on the FI team's capacity. For 'urgent' cases, investigators must be allocated within one day of the team being commissioned, and then those investigators must visit the firm within three days, according to the team's KPIs.

5.114 HoI2 told us that between October 2025 and January 2026, when FI accepted the 3M Law commission, the FI team had twenty-one new investigations commissioned, six of which were 'urgent' and fifteen 'high risk', as well as ten or eleven interventions. In addition to FI work, HoI2 explained that the FIMs were also undertaking second triaging of AERT decisions for one full day a week and reviewing qualified accountants' reports. HoI2 told us that the FI team, which has forty-nine members currently, has to carry out a "*balancing act*". They said that although it was "*far from ideal*" to have a 'high risk' matter waiting for four to five months to be investigated, this is not unusual because of operational capacity constraints.

6. Overview of the SRA's systems and processes as relevant to the PM Law Group

6.1 Having summarised our factual findings with respect to the SRA's contact with the PM Law Group between 2023 and 2026, we set out below an overview of the evidence we have considered relating to how the SRA operates in practice in regulating an organisation like the PM Law Group.

6.2 In summary, this section addresses:

6.2.1 the changes that the SRA has made to its organisation and operations following the interventions into Axiom and SSB; and

6.2.2 other matters relevant to the PM Law Group, principally the systems and processes of the FI team.

<u>The LSB Directions and SRA Implementation Plan</u>

Background to the LSB Directions

6.3 In May 2025, the LSB issued directions under section 32 of the Legal Services Act 2007 (the "**LSB Directions**") requiring the SRA to make changes following the suspected fraud at Axiom Ince. The SRA developed an Implementation Plan in July 2025 to meet the LSB's Directions. The SRA has reported progress against this Implementation Plan to the LSB on a quarterly basis since August

2025. Specifically, these show "RAG" ratings as against the relevant steps of the SRA's Implementation Plan.

6.4 On 6 May 2026 the LSB released a statement noting its expectation that the SRA commission an independent external audit to assess and evaluate the SRA's compliance with the LSB's Directions. It is expected that the report of this independent audit will be produced at around the same time as we report on the outcome of this SER.

6.5 As a law firm, we are not qualified to formally audit the SRA's compliance with the LSB's Directions and the SRA's Implementation Plan, nor would it be appropriate and proportionate for us to duplicate the work to be done as part of the independent audit. That said, we have for the purpose of this SER considered certain post-Axiom governance and operational changes made by the SRA insofar as they are relevant to the PM Law Group, as set out below.[9] In doing so, we make no findings as to whether the LSB's Directions have been complied with, this aspect being for the professional judgment of the independent auditors retained by the SRA.

Governance / Risk & Intelligence changes

6.6 In its Implementation Plan the SRA committed to governance changes to improve its regulatory effectiveness and efficiency to better protect the public interest and consumers. The SRA also committed to strengthening its risk functions and market intelligence to ensure a proactive and integrated approach to identifying and responding to risk across the legal sector.

6.7 Of particular relevance to the PM Law Group is the RIF, which forms part of these changes.

<u>The Risk & Intelligence Framework</u>

Background to the RIF

6.8 The RIF was established in response to the Axiom collapse and the SRA's internal Serious Event Review that followed it. Prior to that, there had been an Operational Risk Forum within the Investigations function,[10] but it had operated without visibility at SRA ExCo level. In interview ED1 explained that the then-CEO requested that a mechanism be put in place to provide an organisation-

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[9] We note that the SRA's Progress Report covering the period of 29 November 2025 to 27 February 2026 indicates that all but one of the steps of the Implementation plan is either complete or "*on track for completion by implementation date*". The sole exception is a step under requirement 2(a)(ii) *"[c]onduct market risk assessment, including reviewing risks arising from firm structures and from the sale/merger/acquisition of firms*". The Progress Report indicates that the SRA is "*currently reviewing our approach to the market risk assessment in the light of insights provided by recent cases. We will re-forecast this step and discuss with the LSB*".

[10] The last Operational Risk Forum meeting was held on 18 June 2024.

wide overview of risk to the ExCo and to make connections across teams.

6.9 The RIF was accordingly set up with a view to providing the SRA with an overview of intelligence, insight and data based on the observations and experiences of SRA staff in their day-to-day roles. It was intended to break down internal silos by creating a channel through which intelligence generated at operational level could be shared across teams, escalated to senior leadership, and ultimately reported to the ARC and the Board.

6.10 The RIF operates through two governance forums — the RIN and the RIG. The first meeting of what became the RIN took place on 16 July 2024.[11] The first meeting of the RIG took place on 5 August 2024.

6.11 As to terminology, the 'RIN' and the 'RIG' describe the two forums that form part of the RIF. The RIF describes the SRA's broader 'Risk and Intelligence Framework', of which the work of the RIN and the RIG (as the RIF's two key groups) forms part. However, the RIF goes beyond just the RIN and the RIG and includes broader SRA activities, such as the trial in August and September 2025 of a specialised risk analyst being deployed within the SRA's operational teams (such as AERT in the case of the pilot). The processes of the RIF have evolved since its establishment, meaning that it is difficult to define with precision what the work of the RIF as a whole involves. The best way of understanding what the term 'RIF' means is to consider it as the collective activities of the SRA that seek to address the Axiom directions under the heading "*Risk*" (i.e. Direction 2).

Terms of reference of the RIN and the RIG

6.12 Several witnesses have described to us how the aims and operation of the RIN and the RIG evolved over time. This was reflected in the Terms of Reference of each of the RIN and the RIG changing between the draft forms in which they were considered at these initial meetings and the finalised versions settled in the summer of 2025.

6.13 The initial draft Terms of Reference for the RIN described its purpose and objectives as being *"[t]o act as subject matter expert for the production of intelligence for respective business areas*". It indicates that membership of the RIN was to be drawn from across the SRA's functions, including from Authorisation, Intelligence, AERT, Investigations and Client Protection. It also records that members were to be responsible for bringing together information from across the SRA that would serve as intelligence on the risks the organisation was seeking to manage to be considered by a cross-functional forum.

[11] The RIN was initially called the "Risk and Intelligence Working Group", albeit in this document we refer to it as the RIN throughout to avoid confusion. It was renamed the RIN following its meeting on 15 October 2024.

6.14 The finalised Terms of Reference for the RIN were settled in April 2025. The stated purpose and objectives remained the same as described in paragraph 6.13 above, but the membership had expanded to include a broader range of representatives from across the organisation. In their final form, the Terms of Reference of the RIN indicate that its role had developed beyond collating intelligence to become more focused on identifying themes observed within the work of the teams of its constituent members and seeking to feedback learnings from the RIN discussions into the work of the SRA's functions.

6.15 The initial draft Terms of Reference for the RIG show its initial purpose was to evaluate the intelligence collated by the RIN and to monitor the RIN's work, determining the strategic response to the intelligence and ensuring that any response was understood and executed across the SRA. The RIG drew its members from the SRA's ExCo and directors of its functions including Investigations, Legal & Enforcement and Authorisation.

6.16 The RIG's Terms of Reference were finalised on 31 July 2025. The stated purpose and objectives of the RIG had expanded, as had the membership to include greater representation at Executive Director and Director level from across the SRA. The finalised Terms of Reference of the RIG indicate a wide-ranging role in supervising the work of the RIN, providing leadership for the SRA on its approach to risk management and making strategic decisions as to how that risk is managed.

The RIN and the RIG in practice

6.17 The SER has examined how the RIN and the RIG operated in practice, based on our review of the minutes of the two groups and our interviews with the SRA's personnel.

6.18 The RIN meets monthly. Its members are expected to identify emerging trends and risks, submit topics using agreed templates, discuss those topics and feed insights back to their respective teams. The RIN's role is to exchange intelligence across teams, identify emerging patterns and escalate matters of strategic significance to the RIG. Its meetings typically involve an update on the status of the group's actions, consideration of a risk intelligence report[12] for that month, discussion of topical issues and the agreeing of relevant actions to address particular risks. The intelligence input for the RIN comes primarily from the ORIA (later referred to as the Risk Intelligence Assessment from December 2024 and then later the IDIA from November 2025). Its meetings are scheduled at least one week before the RIG to allow for timely escalation.

6.19 The RIG also meets monthly and is the senior strategic forum. The intention with the dual structure was that significant risks identified by the RIN would be escalated to the RIG, which could then determine at a strategic level how a particular type of risk should be addressed by the organisation. ED1 explained

[12] The name of this report changed over the period we considered, as explained later in paragraph 6.18.

to us that the RIG does not seek to duplicate, manage or intervene in the work of the operational teams.

6.20 Minutes of each group are due to be issued within two working days (albeit we understand that sometimes this did not occur in practice) and RIG minutes are to be shared with the ExCo members participating in the RIG. Quarterly summaries of RIF activity are provided to the ARC, which reviews the Strategic Risk Register and provides assurance to the Board on the effectiveness of the SRA's risk governance.

6.21 The following are examples of the types of risk we have observed being discussed at the RIN and the RIG:

6.21.1 the increase in Reports made to AERT, and analysis of the drivers of this rise and the consequent impact on the AERT team’s capacity;

6.21.2 the sale of wills held by firms as a means of raising funds, with the consequence that a client may not be aware that the firm no longer holds their will; and

6.21.3 the age profile of the sole practitioner population (with 40 percent being 61 or older), and the attendant risk of client harm through service disruption.

6.22 While the initial meetings of the RIN and the RIG considered some ‘firm-level’ risk, the approach of each group evolved away from doing so. The minutes of the RIN meeting of 24 September 2024 record a senior member of the SRA’s staff indicating that individual cases should not be escalated to the RIG and that such risks should be dealt with as ‘business as usual’ by the operational teams. Similarly, a document dated 30 September 2024, which summarised recommendations of the RIN to the RIG, suggests that the RIN wished to “*move away from a focus on individual cases to looking at hypothesis and cumulative risk coming out of intelligence-driven data sets*”. While particular firms might be discussed during RIN and RIG meetings as illustrating specific categories of risk, we understand that the evolved purpose of these two bodies was not to consider the risk to consumers posed by an individual firm or group of firms such as the PM Law Group.

6.23 Notwithstanding this, as we explained at paragraphs 5.46 to 5.49 above, the September 2024 RIN discussed PM Law Limited. We raised with IU1 the appearance of PM Law Limited in the ORIA discussed at that meeting. IU1 explained to us that the researcher compiling the report had highlighted various breaches of undertaking, which, combined with the volume of conveyancing work done by PM Law Limited, was the reason they (working alongside their supervisor, then Head of Intelligence) rated the firm as ‘High Risk’. IU1 explained that the ‘High Risk’ rating was to be discussed with everyone in the meeting to see if anyone disagreed.

6.24 IU1 also explained that the Intelligence team uses 'High-', 'Medium-' and 'Low-' risk ratings, which are determined by reference to a list of risk and mitigating factors. However, the ratings are not expressly defined. IU1 stated that there were no specific consequences of a firm being assigned a risk rating, nor were risk ratings displayed within the SRA's CRM or otherwise disseminated to the wider organisation. The only consequence of PM Law Limited's 'High Risk' rating, as far as we have determined, was the assignment of actions to the members of the RIN, which were considered as part of its action log process. Once those actions were completed, there was no mechanism by which a 'High Risk' firm would return to the RIN agenda periodically.

6.25 This issue appeared to go beyond the operation of the RIN and the RIG. D1 commented in interview that there is no consistent definition of 'High Risk' used by the SRA. Indeed, they explained that the organisation has no "*common language*" on risk. In D1's opinion, this has meant that risk assessments have historically been subjective and might vary from one team member to another based on the part of the organisation in which they work. D1 noted that, at the time of interview, work was ongoing within the Intelligence team to address this, and they hoped that the RDP would help to make the SRA's use of language on risk more consistent and practically applicable.

6.26 D3 echoed this view. They explained that there was no clear governance defining the meaning of 'High Risk', nor did this description trigger any particular regulatory action (such as additional monitoring or prioritisation of considering reports) by the SRA. Indeed, several witnesses indicated that the output for the RIN and the RIG's discussions was not circulated to the SRA's wider operational teams in a systematic way.

Limitations of the RIF

6.27 While it appears to have served the useful purpose of facilitating the discussion of risk across the SRA's functions, several witnesses recognised that there are limitations to the RIF. ED1 described it as "*quite roving — it was trying to do lots of different things*". The RIF was conceived as an immediate response to the need for the SRA quickly to have an overview of risks which different teams within the organisation were observing. Attendees of the RIN and the RIG were encouraged to share anything which made them feel uncomfortable but, in the absence of a sophisticated data platform and a 'data lake', there was a material limitation on what it was able to do.

6.28 Witnesses[13] explained that the RIF was created and evolved in an *ad hoc* manner. As ED1 put it, "*[t]he Risk and Intelligence Framework as it stands at the moment is a moving thing*". Its purpose was to improve the SRA's oversight of risks swiftly rather than constituting a long-term operating model unifying data and insight across the SRA, which is the purpose of one of the projects in the SRA's RDP. ED1 explained, "*[w]e needed to get expertise in to help us*

[13] ED1 and D2.

design a solution. But we didn't want to stop doing RIG and RIN until the stage at which everything was perfect.". By "perfect", we understand that ED1 meant a more sustainable and comprehensive solution rather than absolute perfection.

6.29 ED1 observed that the ambition was that the RIN and the RIG would provide an overview of emerging risks within particular types of firms or 'thematic risks' from the market but (in their opinion) the RIN and RIG never wholly achieved this. They explained that, in practice, intelligence came mainly from the Investigations team, and the intelligence reports provided to the RIF did not pull in information from every function across the SRA. D3 echoed this, telling us that while other parts of the SRA sometimes contributed, the focus of the RIN has mainly been driven by the work of the Investigations team, and that Authorisation and Client Protection had little (if any) involvement.

6.30 ED1 also explained that, while the RIN and the RIG were not designed to capture individual firm risk of the kind of the PM Law Group, this is "*an area of ambiguity*". ED1 told us that, given the risk that ultimately materialised, they would have wanted the PM Law Group to be on the RIG's radar.

6.31 The SRA recognises the limitations of the RIF. It has created the "RIF Optimisation project" as part of the RDP, apparently to address these limitations.

The FiTAC

6.32 A further cross-SRA forum, the Firm Tasking and Coordination Group ("**FiTAC**"), was established in or around August 2025.

6.33 The FiTAC's purpose was to address a gap in the RIF, namely there being no adequate mechanism for discussing risks arising from individual firms observed by the SRA's operational staff. Indeed, the RIN minutes of 17 June 2025 reference a discussion of this issue:

> *"Three firms have been identified as being subject to nine or more reports. It was commented that the previous operational risk forum used to consider this information and the possible operational response to individually identified firms. D2 commented there should be opportunity to review how this can be best reviewed operationally."*

6.34 The FiTAC's draft Terms of Reference dated August 2025 describe its objective as follows:

> *"The aim of the Firm Tasking and Coordination Group [FiTAC] is to improve collaboration and co-ordination across teams in the SRA with responsibility for firm-based regulation, to ensure a consistent approach to the targeting of resource against risks presented. This will in turn lead to better analysis of risks to the public and the profession, enabling appropriate regulatory activity.*
>
> *[FiTAC] is not designed to replace the reporting which feeds into, or*

the work of, the RIN and RIG. Rather, any issues identified through [FiTAC] will be escalated to RIN where appropriate

The primary purpose of [FiTAC] is to review all available data in relation to incoming reports about firms, to highlight and risk rate firms which are subject to multiple reports and those classified as accumulator firms, in order to recommend appropriate regulatory response."

6.35 Our understanding is that the FiTAC's process is to meet monthly to discuss data collated by the Intelligence Unit on firms generating a specific number of Reports and on accumulator firms. The FiTAC will assign 'high-', 'medium-' or 'low-' risk ratings to each firm, based on numbers of reports and the FiTAC's knowledge of those firms to inform the actions of the operational teams. The FiTAC is intended to support operational coordination, prioritisation and escalation without interfering in the operations, formal governance or decision-making of the SRA's functions. Its role is to bring together available intelligence and operational insight, agree follow-up actions across relevant teams, commission further analysis where needed and escalate significant issues or systemic concerns through the appropriate governance routes, including RIN and RIG.

6.36 The attendees of the FiTAC listed in the draft terms of reference include the Directors and Heads of Investigations, plus representatives from Intelligence, Authorisation, Regulatory Management and AML.

6.37 In interview, HoI2 described the FiTAC as a forum at which stakeholders from across the SRA discuss risk on a case-by-case basis. HoI2 explained that the FiTAC agenda is driven by spikes in the numbers of reports made to the SRA about a firm in a given month, and by reference to a report setting out all relevant matters for such firms. D1 concurred with this view, noting that FiTAC was established because the RIN and the RIG were not picking up "*firm-level risks*". They explained that information being considered by the RIN was primarily "*data-driven*", which was therefore "*somewhat meaningless in the abstract*". D1 explained that the FiTAC was set up as a cross-SRA forum so that the SRA could look at firms that came up repeatedly and assess issues in the round. They described it as an interim measure with the aim of identifying patterns relating to individual firms, which was a gap that previously existed in the RIF.

6.38 In line with the FiTAC's draft terms of reference, several interviewees explained that where a theme is identified by FiTAC it is escalated to the RIN. The RIN's role on receiving that information is to task the FiTAC or the operational functions with particular actions or escalate the matter further to the RIG.

6.39 D1 informed us that in March 2026 the SRA established a second FiTAC forum that is to focus specifically on accumulator firms, in addition to the general FiTAC referred to above.

Relationship between the RIF and the ARC

6.40 The ARC is a committee of the board of directors of the SRA with overall responsibility for (as relevant) the company's strategic risk register, approach to risk management and internal control environment. Its role is to provide assurance to the SRA's Board on matters including (as relevant):

6.40.1 the effectiveness of systems to identify and manage risk;

6.40.2 the effectiveness and independence of the internal and external audit processes; and

6.40.3 the effectiveness of systems of internal control.

6.41 An SRA document entitled "*Risk and Intelligence Framework: Review of internal risk reporting mechanisms*" dated November 2025 describes the operation of the RIF and its relationship with the ARC. It does so from the perspective of how the RIF is developing and the "*work currently in progress*". That document explains that:

> "*With regard to the Risk and Intelligence Framework, the Committee:*
>
> - *Scrutinizes the SRA's strategic and mid-tier risk registers, which contain market risks alongside operational risks.*
>
> - *Scrutinizes a summary, quantified report of all concerns that have passed through the Risk and Intelligence Framework in the preceding quarter*".

6.42 BM1 explained to us that the ARC did not discuss individual cases because of its need to be able to "*see the big picture*". Instead, its role is to guide the SRA's approach to such risks, through activities such as defining thematic reviews to be carried out. In a situation where a firm was identified as having multiple 'high risk' indicators, BM1 explained that it was within the SRA's ExCo's remit to address this.

6.43 BM1 also explained that they expected the RIN and the RIG to be discussing particular firms of concern in order to serve as exemplars of the kinds of the risk at a firm level the SRA faces. They noted that they expected the work of the RIN and RIG to be most effective when it could develop mitigations from its discussions to help the SRA as a whole to manage particular categories or examples of risk.

6.44 With respect to accumulator firms specifically, BM1 was clear that the ARC was aware that law firms with 'aggressive growth strategies' were a key risk. They directed us to the ARC's Strategic Risk Update, which was considered at the December 2025 ARC meeting, and included 'aggressive growth strategies' on the SRA's Mid-tier Risk Register. BM1 explained that the risk remained outside the SRA's risk appetite boundary, even when controls had been put in place to mitigate the risk. The Strategic Risk Update describes a number of "*Current Key Controls*" in place with respect to this risk, including a thematic review and the FI onsite inspections, which had been completed. BM1 explained to us that, even delivering on these actions would not mean that the risk arising from aggressive growth strategies would be mitigated so as to fall within the SRA's risk appetite.

6.45 Overall, we took BM1's evidence (when considered alongside the relevant documents) to indicate that the ARC was aware of the risk arising from aggressive growth strategies, that it was monitoring the processes in place that sought to address that risk, but that it recognised that those processes could not address the risk such that it was managed to a tolerable level without the RDP being completed.

Conclusion on the interaction between the FiTAC, the RIN, the RIG and the ARC

6.46 In broad terms, we understand that the FiTAC escalates risk information arising from its consideration of firms to the RIN, which itself escalates thematic risks for strategic decision-making to the RIG. The ARC, in its capacity of having responsibility for the SRA's strategic risk register, approach to risk management and internal control environment, oversees the work of the RIG.

Risk and Data Programme

6.47 We turn now to consider the RDP, which we understand to be the SRA's proposed long-term solution to the management of risk and data.

Background to the RDP

6.48 The RDP was established in 2025 as a major internal transformation programme, directly in response to Axiom and SSB, and governed by a dedicated Steering Group with SRA Board oversight.

6.49 The RDP represents an ambitious structural response to the SRA's failures identified in the Axiom and SSB collapses. The programme encompasses ten component projects — including a new Risk and Data Operating Model, optimisation of the RIF, an Intel Capability project, a Law Firm Risk Dashboard, a Law Firm Profiler Dashboard, Culture and Skills Development, AI Oversight, Data Quality improvements, and a Data Catalogue — and is not scheduled for full completion until 2027.

6.50 The scale and complexity of the programme reflects the depth of the organisational transformation required: we understand it to involve a fundamental redesign of how the SRA identifies, shares, analyses and acts upon regulatory risk across the entire organisation, which will take time. As at February 2026, several programme components remained at an early stage: the Law Firm Risk Dashboard and Profiler Dashboard had been live for only three months; the Intel Capability project had key deliverables listed as yet to be confirmed; the new Market Risk Operating Model was not due until Q3–Q4 2026; and culture change initiatives were not scheduled for completion until Q4 2026.

6.51 As with the governance and risk and intelligence reforms, this SER has only focused on those aspects of the RDP that were operational and relevant to the regulation of the PM Law Group, namely the Law Firm Risk Dashboard and the Law Firm Profiler Dashboard.

Law Firm Risk Dashboard and the Law Firm Profiler Dashboard

6.52 Both tools were developed as part of the RDP and went live in November 2025. We understand them to represent the SRA's most concrete technological response to the Carson McDowell criticism that it lacked the data infrastructure to obtain a holistic view of individual firms and identify risk in a systematic and proactive way.

6.53 Both dashboards draw their information from the SRA's existing CRM system, described by ED2 in interview as the SRA's "*single source of truth*", which is nevertheless "*clunky to navigate*". The Dashboards are designed to bring that information together in a more accessible and analytically useful form. For any given entity, the Dashboards consolidate in one place (as relevant) a firm's areas of practice, complaints history, the identity of individuals holding key roles and regulatory history.

6.54 The two tools are functionally similar but serve different user groups. The Law Firm Risk Dashboard is used by the FI team. The Law Firm Profiler Dashboard is designed primarily for AERT. As ED2 explained, prior to these tools being available, there was no mechanism by which SRA staff reviewing a Report could quickly see the full picture of what the SRA held across its systems about the firm in question.

6.55 In the course of the SER we have been provided with on-screen demonstrations of both the Dashboards and the CRM system.

6.56 IO2 demonstrated the CRM to us. They described using the CRM system to review a firm's regulatory history as a "*cumbersome process*", which required them to spend extensive time joining the dots manually, despite being very experienced using the system. Importantly, the CRM does not show, under a law firm's registration, details of linked firms within a group, or (where relevant) that it is considered an accumulator firm.

6.57 For PM Law Limited, the only firms shown in the CRM record were the three firms the SRA believed PM Law Limited itself to have acquired[14], and there was no record of the wider PM Law Group entities or businesses. In order to

[14] We now know this to be inaccurate as PM Law Limited did not acquire Barrett & Co.

identify that PM Law Limited was part of a wider structure, IO2 demonstrated navigating to the records for PM Law Limited's COFA which directed them to their individual record. By clicking on their employment history, IO2 could see that they were also the COFA of other related firms. It was by this method that IO2 explained they had learned, when looking at the 3M Law report in 2025, that 3M Law was in fact part of the wider PM Law Group. They told us that they had tested their suspicions that this was so by accessing the records for Companies House, which confirmed that the firms were indeed linked.

6.58 While it appeared to us that, in the 3M Law context, IO2, as a diligent and responsible IO, had successfully identified the links between a number of different entities and trading names operating under the PM Law Group banner, the SRA's CRM does not make this process straightforward. We therefore consider that it would be very possible for SRA users of this system to miss links between different but connected entities, and therefore not to be informed of key regulatory history informing a particular case.

6.59 We received a demonstration of the Law Firm Profiler Dashboard from a senior member of AERT. The demonstration indicated that the Dashboards make accessing an individual firm's regulatory history easier than via the CRM. D3 confirmed this impression in interview, commenting that the Law Firm Profiler goes some way to addressing concerns about the SRA operating in informational silos. They explained that caseworkers now have a good "*snapshot at what is happening at a firm*". However, D3 explained their view that the new Dashboards have their limitations including that they do not operate as an intelligence tool that would alert caseworkers to a risk arising in a particular firm (e.g. as a result of a threshold number of reports being received) and so remain reactive in their functionality.

6.60 We further noted from the demonstration that the Dashboards do not consolidate the regulatory histories of linked firms within a group, since the underlying data is drawn from the CRM. IU1 shared this view, confirming that the Dashboards' utility is ultimately dependent on the quality of data held within the CRM, some of which is populated manually by SRA staff in the course of their work. For example, they explained that, where a firm has multiple trading names, they would not show as part of the same overall entity. There is no indicator on the Dashboards that a firm is part of an accumulator group, and establishing the regulatory history of the group as a whole would require a similar methodology as deployed by IO2 in investigating 3M Law.

6.61 IO1 told us in interview that the Law Firm Profiler is a marked improvement on the CRM system. Although it does not contain any new information, it is easier to review and IO1 believed that it was easier to track regulatory history. FIO1 shared similar views, although they did not believe it would have made much substantive difference to their approach and conduct of the 2025 FI.

6.62 ED2 told us in interview that, while the Dashboards could assist with identification of risk, they "*still require individuals to act on the information*".

They explained their view that PM Law Limited's regulatory history was already known to the SRA before the Dashboards existed; the tools would have presented that information more accessibly but would not have guaranteed a different outcome. The Dashboards had also been rolled out initially on a limited basis — piloted in FI and in AERT — but were not yet in universal use across the organisation.[15]

Other aspects of the SRA's systems and processes relevant to the PM Law Group

6.63 We address below other aspects of the staffing, systems and processes of the SRA considered as part of the SER. Some of these concern changes the organisation has made post-Axiom, albeit outside the context of the LSB Directions.

Capacity challenges

6.64 In interview HoI2 told us that the FI team has a small headcount given the amount of work with which it is involved. D1 also described capacity as having been a "*persistent problem*" in FI, such that its backlog of FI commissions that were yet to be allocated had increased materially in recent times. By way of an example, D1 told us that in July 2025 the number of unallocated commissions in FI had exceeded twenty. They indicated that this backlog had been compounded by a focus on HVCC, which had driven "*a lot of the operational prioritisation*". HoI2 also referred to the impact of the prioritisation of HVCC on the FI team's workload. D1 explained that they had understood FI's focus on HVCC to have been mandated by the SRA's then ExCo following concerns raised by the then Board. D1 explained their understanding that the Board's perspective was that "*we could not have another SSB*". D1 noted that this prioritisation therefore appeared to have been driven by a direction "*from above*" rather than based on a specific risk assessment.

6.65 FI was not the only team we understood to have faced capacity challenges. D3 described to us similar difficulties in AERT, which they explained had prompted members of the FI team to be redeployed to consider AERT reports. D3 shared with us a project brief for "*AERT Improvements*", which we understand was prepared in September 2025. The document refers to "*operational challenges being experienced in [AERT]*", and notes that *"[s]ince September 2024, there has been significant increases in the volumes of misconduct reports into AERT. That culminated in a record high number of receipts of 1,512 in June 2025*". The brief explains the efforts of the SRA to address these challenges but noted that "*they are unable to keep pace with the high volumes. This has resulted in increased unallocated cases and presents a significant risk to the wider investigation and enforcement teams over time*."

[15] We understand that, subsequent to our interview with ED2, the Dashboards had been rolled out for use across the Investigations function.

6.66 HoI2 expressed the view that these high volumes of reports coming into AERT, which members of the FI team were redeployed to assist with, put additional pressure on the capacity of the FI team.

6.67 We raised with ED2 whether the ExCo was aware of these challenges. ED2 provided evidence showing that the ExCo was aware and had taken steps between July and October 2024 to address these, by approving additional roles, increasing salaries to attract talent and seeking the assistance of external law firms to support with its workload. Unfortunately, during the key PM Law Group period, those investments had not had the time to make a material difference to the capacity strains in FI.

6.68 We consider that it is inherently challenging for the SRA to manage its FI workload where there are no fixed timeframes for commencing particular FIs (other than those deemed 'urgent'), and there is no risk assessment framework that allows its staff to rank an individual case by reference to its relative risk. This caused delays in the commencement of each of the 2023 FI, the 2025 FI and the 3M Law FI visit that never took place.

6.69 D1 told us that there is now senior oversight of the number of unallocated FI cases since they had recently (around six weeks previously) instituted a weekly meeting to consider unallocated cases and discuss them with the FI team. Nevertheless, we consider that high demand and capacity strains are a relevant part of the backdrop to the SRA's response to the risks arising from the PM Law Group.

Commissioning of forensic investigations

6.70 As part of this SER we have sought to understand the process for commissioning an on-site FI investigation. We reviewed a slide deck entitled "*Commissioning Forensic Investigation*" used to deliver a training on this topic on 21 November 2023, which we understand reflects the SRA's approach to commissioning a forensic investigation up to April 2026. That deck states that "*[t]here is no prescriptive list of criteria which will prompt the need for an onsite FI commission. The particular circumstances of each case will need to be considered. It is important that timely decisions are taken.*" The deck lists the indicative criteria for commissioning FI as follows:

1. *An urgent regulatory response is required*
2. *Material Accounts Rules breaches*
3. *There is a large volume of documentation to be reviewed*
4. *Complexity of Matters*
5. *Suspected fraud, dishonesty or criminality*
6. *Electronic data needs to be reviewed*

> 7. *Conveyancing irregularities*
>
> 8. *Anti - Money Laundering Compliance*
>
> 9. *Pattern of behaviour*
>
> 10. *Regulatory interviews are required.*

6.71 The statement in the deck that there is no fixed list of criteria for commissioning FI accords with evidence we obtained in interviews with FI team members, who informed us that such criteria had only recently (i.e. after February 2026) been recorded in writing. We understand that the FI team is currently finalising written guidance on the commissioning process, which records the criteria expressly, and we have seen a draft document to that effect. Specifically, it describes the "*three primary criteria which must be considered by the commissioning team in determining if regulatory matters are suitable for an FI commission*" as being:

> *"Does it comprise one of the nine subject matters which make it suitable for an FI commission?*
>
> *Is the information sufficiently reliable or credible?*
>
> *Is the information sufficiently detailed to allow an effective and targeted onsite investigation?"*.

6.72 It lists the nine "subject matters" as follows:

> 1. *Material SRA Accounts Rules breaches*
>
> 2. *Fraud / dishonesty / potential criminality / AML involving financial aspects*
>
> 3. *Conveyancing irregularities with client money risks*
>
> 4. *Probate irregularities with client money risks*
>
> 5. *Financial stability*
>
> 6. *Abandonment or non-co-operation*
>
> 7. *Unauthorised personnel working at a firm*
>
> 8. *Specific cohorts with agreed FI involvement e.g. HVCC investigations*
>
> 9. *Other reasons*

6.73 The document does not include a risk assessment matrix that would allow for quantitative assessment of the risk of each individual case. This is something that IU1 noted would help the SRA’s staff to prioritise their work, particularly in the Investigations function.

6.74 We also explored with several interviewees the timeframes between commissioning an FI investigation and a site visit taking place. HoI2 explained to us that the FI team was subject to a KPI requiring allocation of an investigation to an ‘urgent’ FI commission within one day, and for an investigator to be deployed onsite at a firm within three days. By contrast, there is no fixed timeframe for ‘high-risk’ or ‘medium-risk’ commissions, and ‘low-risk’ commissions are conducted as a desk-based exercise only.

Changes to FI Processes

6.75 The changes to the SRA's forensic investigation process following the Axiom collapse were voluntary operational reforms, implemented by the FI function of its own volition rather than as a requirement under the LSB's Section 32 Directions. In particular, the SRA has made a number of changes to address the risk of firms concealing their financial position.

6.76 In August 2023, within approximately two months of the Axiom fraud being discovered, the SRA made two specific changes to its standard FI procedure:

6.76.1 First, whenever a firm requests a confirmation letter of account balance from its bank, the FIO must be copied into both the request and the bank's response, removing the firm's ability to intercept or manipulate that correspondence.

6.76.2 Second, FIOs must seek direct confirmation from the bank of client account balances.

6.77 A further change, also implemented following Axiom, requires FIOs to conduct a confirmation of a firm's client money as a mandatory step at the outset of every FI investigation, regardless of the subject matter for which the investigation was commissioned. Previously, the client money check could be left to a later stage. Both changes have been included in the FI Operations Manual.

6.78 By the time of PM Law Limited's FI visit in 2025, these revised procedures were in operation: FIO1 wrote directly to Virgin Money, the firm’s bank, before the site visit to obtain independent confirmation of PM Law Limited’s account balances.

Changes to AERT processes

6.79 There has been a demonstrable improvement in the quality of record keeping of AERT Report assessments over the period covered by this SER. For example, our review identified only a single AERT case file prior to October 2024 where there was a document that set out the application of the three-stage Assessment Threshold Test (“**ATT**”) to the specific facts. Assessment plans were more evident from October 2024. A standard assessment plan appears to have been introduced from early 2025, which in tabular form requires the IO to set out the basis on which each limb of the ATT is satisfied (or otherwise).

The Accumulator Firms FI Work Programme

6.80 The AWP is a voluntary post-Axiom reform, originating from the SRA's SER into Axiom rather than the LSB's Directions. It seeks to address the concern that the SRA had failed to carry out a proactive risk assessment of Axiom as an accumulator firm, and that the FIOs conducting the 2022 investigation into Axiom did not know that it had been identified as an accumulator.

6.81 From October 2023 the SRA began proactively commissioning FI inspections of all firms on the FBA Accumulators Data Spreadsheet. To give those inspections consistent structure and focus, the AWP was created in February 2024. As explained above at paragraph 5.70, the AWP is a structured scheme of work. This framework was the basis on which PM Law Limited's 2025 FI was conducted.

6.82 The FBA Accumulators Data Spreadsheet was therefore the trigger mechanism: a firm appearing on it was, in the first iteration of the post-Axiom process, automatically subject to an FI on-site inspection. Between October 2023 and May 2024, this operated as a blanket rule: all twenty firms that appeared in that spreadsheet during that period received an FI inspection, structured around the AWP. However, in or around March 2025, following a review proposed by the RIN (drawing on experience of those twenty inspections, the majority of which had not identified serious concerns) and escalated from the RIG through to the ExCo, the SRA stopped the automatic inspection of accumulator firms. Instead, it instigated a risk-based assessment model that could result in a desk-based investigation or no further action.

6.83 The Accumulator Firm Watchlist pre-dated the AWP by several years. As explained at paragraph 5.38 above, the Authorisation team had maintained a Firm Watchlist folder containing information on group structures for some time before January 2023.

6.84 The monthly system report on accumulator firms was also a separate development. We understand that it was created in January 2023, was based on the firms included in the FBA Accumulators Data Spreadsheet and was first circulated at the monthly Operational Risk meeting in January 2023 as part of that month's ORIA. We understand this was the first time accumulator firms appeared as a discrete data category in the ORIA.

6.85 D1 explained to us that there is no specific team in the SRA that 'owns' accumulator firm risks. They described decision-making on the issue to be "*disjointed*". We understand that the SRA has taken steps to address this in creating the specific FiTAC group to consider accumulator firms, although this group also does not 'own' the risk from a formal standpoint.

The Proactive Investigations Team

6.86 The PI team is a new team within the SRA's Investigations function, established as part of the post-Axiom and SSB reform programme (albeit outside of the LSB's Directions or SRA Implementation Plan). As noted by ED1 in interview, its origins lie partly in actions arising from the Axiom SER and partly in the SRA's obligations under the Economic Crime and Corporate Transparency Act 2023.

6.87 The PI team's stated purpose is to proactively identify and investigate emerging risks within the legal sector, focusing on higher-risk firms based on an evolving risk-based targeting framework. It sits within a broader Specialist and Proactive function and represents a shift from the SRA's traditionally reactive model of responding to Reports.

6.88 By the time of the PM Law Group's collapse in February 2026, the Proactive Investigations Team was still in its infancy. Recruitment to the team was ongoing: the Head of Proactive Investigations had been appointed but the wider team was not yet at full strength.

6.89 In practice, since its establishment the PI team has been heavily focused on HVCC work arising from SSB rather than operating the broader proactive investigations function it was designed to fulfil. ED1 told us in interview that the team was still being recruited and so employees from the thematic team were brought over to assist with the immediate HVCC exercise, and the team had not yet fulfilled its intended proactive function. We understand that the PI team's dependence on underlying data and intelligence (itself still largely manual and fragmented at this point) further limits its effectiveness.

7. Jenner's analysis of the factual evidence obtained through the SER

7.1 This section sets out Jenner's analysis of the factual evidence, by reference to the issues which were outlined in the SER plan.

Issue 1: SRA's awareness of PM Law prior to October 2024

a. <u>What relevant information did the SRA hold with respect to the PM Law Group between January 2023 and October 2024 and what was the nature of any relevant reports made to the SRA about the Group?</u>

7.2 The objective of Issue 1 in the SER plan was to look at the time period prior to that considered in the preliminary review in order to build a more comprehensive understanding of the information the SRA held on the PM Law Group.

7.3 In the following paragraphs we set out our findings in respect of the SRA's knowledge of the PM Law Group during the relevant time period.

The SRA held a significant amount of information concerning the PM Law Group

7.4 Section 5 of this report outlines the key information and material facts the SRA knew about the PM Law Group in the period from January 2023 until 4 February 2026. In summary, we found that, as an institution, the SRA held a significant amount of information on the PM Law Group prior to its intervention in February 2026. However, different information was held about different entities within the Group by different SRA teams and even (in some cases) by different individual staff members. Further, not all information was accurate: specifically, PM Law Limited was included in the FBA Accumulators Data Spreadsheet as it was said to have acquired two firms within a 12-month period. This was not in fact so: other PM Law Group entities were the acquiring firms in the case of four of the five acquisitions which occurred in the period covered by the SER.

A number of SRA employees sought to share information across different teams

7.5 Several SRA staff members who came across the PM Law Group, including some of the most junior and recent joiners, understood the importance of not operating in silos, and endeavoured to share information about the PM Law Group with their colleagues.

7.6 One example was IM1's November 2024 request for an FI commission, as explained at paragraphs 5.51 to 5.57 above. Another was the 3M Law report in July 2025, summarised at paragraphs 5.104 to 5.114. IM1 and IO2, in particular, demonstrated initiative, excellence and commitment in their work related to the PM Law Group. Both of them worked quickly to make connections between the various entities in the PM Law Group and escalated the risk to more senior colleagues. They were both clearly very competent IOs who understood the red flags they observed and took prompt and appropriate action.

7.7 This high standard of work was not, however, demonstrated in all quarters of the operational teams. The FI 2025 visit was not conducted with the same degree of curiosity concerning PM Law Limited. We go into further detail on this point in the Issue 7 section below. There are examples of key information not being shared. The 2023 FI commissioning document, prepared by an AML team member and relied upon by the FIO, failed to mention the parallel AML compliance review. The Thematic Review team which visited PM Law Limited in August 2024 was not informed about the spike in Reports. The FIO who led the FI visit to PM Law Limited in 2025 was not informed about the FI in 2023.

7.8 There is also some evidence of a lack of information sharing in AERT. Prior to PM Law Limited being assigned as IO1's 'AERT watchlist' firm in October 2024, there was no consistency in the AERT reviewer of Reports. This meant that knowledge in addition to the information in CRM was shared thinly across AERT, rather than consolidated within a single person who could more easily assess patterns (indeed, IM1 told us in interview that it was for that reason that they had appointed a single IO to review all incoming Reports following the September RIN meeting).

7.9 In addition, AERT assessment plans do not tend to be employed beyond the specific case, despite their value. The AERT assessment plan is a useful record of the reasons why a particular Report is escalated to the main Investigations team or resolved within AERT. Several assessment plans we considered contained detailed and informed analysis. However, unless a case is passed out for investigation, the assessment plan is not reviewed by anyone beyond the IO who prepared it, meaning that their analysis might not be shared more widely within the SRA. For example, one assessment plan we considered stated:

> "*This report is one of c. 10 reports about this firm received between 27 March 2024 and present date. All reports relate to delayed auction sale/purchase completions, delayed accounting to clients for funds, and failure to redeem mortgages (all failure to redeem mortgage matters were explained away as banking errors, but occurred multiple times and would have put the firm in breach of undertakings). This could be indicative of serious issues at the firm.*"

7.10 This information could have supported the SRA's decision-making with respect to the PM Law Group, including with respect to the request for an urgent FI in November 2024.

The RIN facilitated the sharing of information about PM Law

7.11 The 1 November 2024 escalation of PM Law Limited for a potential FI commission came about following a discussion of the firm at the September 2024 meeting of the RIN. We summarise the evidence supporting this conclusion at paragraphs 5.46 to 5.49 above.

The SRA's Board and Executive team were not informed about the potential risks associated with the PM Law Group

7.12 Based on the evidence we considered, no one at ExCo, Board or even Deputy Executive Director level within the SRA was aware of the potential risks presented by the PM Law Group before February 2026. Although PM Law Limited featured in the minutes of the RIN meeting in September 2024, the firm did not return to the agenda of either the RIN or the RIG. This meant that, although certain individuals on the SRA's 'front line' were aware of the high volume of Reports concerning PM Law Group entities, and of the features of certain of the Reports which might suggest financial instability and accounting rules concerns (e.g. 3M Law), this information was not communicated to more senior ranks.

7.13 Interviewees explained to us that the purpose of the FiTAC is to ensure that specific firm risks, such as those presented by the PM Law Group, would be surfaced. However, the PM Law Group did not feature on the FiTAC's agenda at any point. We explored this with D2 in interview. They did not know why the Group did not come onto the FiTAC's radar given that FiTAC was operational from the autumn of 2025 but speculated that it was because there had been a recent FI visit to PM Law Limited which had closed in May 2025 with no further action required.

The SRA's technology hampered its ability to identify and track the PM Law Group risks

7.14 The SRA's CRM system does not help SRA personnel to understand the particular risks of accumulator firms or complex group structures such as the PM Law Group. For example, PM Law Limited is only linked to the three firms it was believed to have acquired and not to any wider Group entities with which it shares a COLP, COFA and back-office functions. There is no indication that PM Law Limited forms part of a larger group. SRA personnel can only find this information by tracing regulated persons linked to PM Law Limited, whose individual CRM pages show which offices and managerial roles they hold. This provides a 'breadcrumb' which users of the system can follow to establish the connections between firms. The Dashboards do not address this limitation: they do make it easier for a user to see in one place an individual firm's regulatory history but do not link the records of that firm with those of others within the same group structure.

7.15 There is also no indicator on a firm's profile of any risk rating or categorisation. For example, the CRM did not record PM Law Limited's 'High Risk' rating in the August 2024 ORIA. The absence of such a rating on its systems limits the SRA's ability to share information about a firm with all employees involved with regulating that firm. In turn this undermines the ability of the SRA to identify risks and escalate them within the organisation.

Issue 2: Status of post-Axiom/SSB learnings

a. <u>What was the status of the Axiom Directions and post-Axiom/SSB learnings to which the SRA had committed to complete by 4 February 2026 at the time of its intervention in PM Law?</u>

7.16 The sequence of formal regulatory steps taken by the LSB with respect to the SRA's management of Axiom and SSB, as well as the SRA's responses, was as follows:

7.16.1 on 29 May 2025, the LSB issued Directions to the SRA under section 32 of the Legal Services Act 2007, following publication on 29 October 2024 of the independent review by Carson McDowell LLP into the regulatory events leading up to the SRA's intervention into Axiom Ince Limited;

7.16.2 on 4 July 2025, the SRA provided the LSB with its Implementation Plan to address the Directions, which the SRA updated in November that year;

7.16.3 on 5 March 2026, the LSB issued a public statement of censure against the SRA under section 35 of the Legal Services Act 2007, following the 16 October 2025 publication of Carson McDowell's independent review of the SRA's regulation of SSB;

7.16.4 on 17 April 2026 the SRA wrote to the LSB proposing an extension of time of the Directions to the end of August 2027; and

7.16.5 on 5 May 2026, the LSB replied noting the SRA's proposed extension of time and requesting by 30 June 2026 provision of the Q4 progress report on the Implementation Plan, an independent audit of the SRA's effectiveness in complying with the Directions and the SER report.

7.17 Therefore, much of the timeline we considered occurred prior to the issuance of the Axiom Directions and the development of the SRA's Implementation Plan. The entirety of the timeline took place before the SSB statement of censure.

7.18 In very high-level summary (quoting in relevant part), the Axiom Directions required the SRA to make improvements across the following 6 areas within 12 months of the date of the Directions:

> *"**Governance**. 1. Put in place governance changes that deliver demonstrable improvement in regulatory effectiveness and efficiency. These changes must result in a regulatory approach that better protects and promotes the public interest and the interests of consumers and promotes and maintains adherence to the professional principles.*
>
> ***Risk**. 2. Strengthen risk functions and market intelligence to ensure a proactive and integrated approach to identifying and responding to risk across the legal sector.*
>
> ***Supervision:***
>
> *Authorisation – 3. Strengthen the SRA's authorisation controls to better protect and promote the public interest and the interests of consumers and promote and maintain adherence to the professional principles, to address the concentration of ownership, compliance and management roles in one individual.*
>
> *Client money – 4. Strengthen the regulation of client money to better protect and promote the public interest and the interests of consumers and promote and maintain adherence to the professional principles.*
>
> *Sales, mergers and acquisitions – 5. Introduce oversight mechanisms for firm consolidation activity to better protect and promote the public*

interest and the interests of consumers and promote and maintain adherence to the professional principles.

Pre-intervention procedures – 6. Improve its capacity to intervene early and proportionately to prevent serious regulatory failures."

7.19 Under the Implementation Plan, the SRA had committed to take actions to address each of these matters before the end of January 2026, albeit certain other actions within the plan were scheduled to take effect after that date.

7.20 In short, therefore, by the time of the intervention into the PM Law Group, the execution of the SRA's Implementation Plan remained a work in progress.

b. <u>By what date was the SRA to have implemented each of the changes scheduled to be made before 4 February 2026, and when were they in fact implemented?</u>

7.21 At the time of writing, the SRA has issued progress reports to the LSB with respect to the Section 32 Directions for the following periods:

7.21.1 30 May to 29 August 2025;

7.21.2 30 August to 28 November 2025; and

7.21.3 29 November 2025 to 27 February 2026.

7.22 Each of those progress reports indicates that every step under the Implementation Plan is either "*complete*" or "*on track for completion by implementation date*", with one exception: the most recent report indicates that the step of conducting a "*market risk assessment, including reviewing risks arising from firm structures and from the sale/merger/acquisition of firms*" is "*at risk of missing implementation date*". The report states that the SRA is "*currently reviewing our approach to the market risk assessment in the light of insights provided by recent cases. We will re-forecast this step and discuss with the LSB.*"

7.23 We have not sought to review the accuracy of these progress reports, in light of the ongoing audit work. The evidence we have considered indicates that the SRA's view is that the Implementation Plan is on track apart from as outlined in the previous paragraph.

c. <u>What impacts were those changes having operationally (if any) in the particular context of PM Law? Were the changes working as intended?</u>

7.24 The evidence we have considered shows the following changes in the SRA's operations in the PM Law Group context:

7.24.1 **Improvements in rigour and consistency of the SRA's processes.** We have seen evidence of improvements in the SRA's processes. These include expanding the SRA's capacity and capabilities; applying more rigour in recording the reasoning behind decision making in writing; a strengthened application of the AERT ATT; and formal minuting of the meetings of the RIN and the RIG.

7.24.2 **Breaking down of silos between functions and escalating thematic risks to the ARC and the Board.** Notwithstanding their limitations, the RIN and the RIG served to bring together representatives of the SRA's various functions to share intelligence and discuss topics concerning risk from their different professional perspectives. As described at paragraph 6.15 above, the RIG's membership draws from the SRA's Executive and Directors of its functions and other senior staff members, meaning there has been more senior oversight of the organisation's risk and intelligence activities. These groups also escalated matters to the ARC, which includes members of the Board and reported into the Board as a whole. We address the improvements that this led to in further detail in the Issue 3 section below. However, no risks concerning the PM Law Group were escalated to the more senior ranks within the SRA. The creation of the FiTAC may go some way to addressing this issue.

7.24.3 **Client money.** As set out paragraph 6.76 above, there are now requirements for an FIO to be copied into the communications between a firm and its bank when confirming account balances, and for FIOs to contact a bank directly verify client account balances. These represent improvements from the practices in place prior to Axiom in protecting client money. These checks were completed as part of the FI 2025. However, independent bank verification, whilst a necessary safeguard, addresses only one dimension of the risk. It confirms that client money is present at a single point in time; it does not, by itself, reveal misappropriation that may have occurred and been replaced before the verification date.

7.25 The SRA has also taken steps to improve its use of technology to manage data and assess intelligence, as represented by the Law Firm Risk and Profiler Dashboards, which are addressed in paragraph 7.27 below.

d. <u>Would the post-Axiom/SSB learnings that were yet to come into effect but were planned have made any difference to the events that led to the intervention into PM Law?</u>

7.26 There are a number of changes in progress or on the horizon for the SRA that we expect would have made the SRA's oversight of the PM Law Group more effective, as described below.

7.26.1 **The RDP.** Notwithstanding the improvements set out above, the strong impression we received from several witnesses was that the changes the SRA has made to date are largely interim measures that could be stood up rapidly while the RDP is developed. SRA personnel appear to anticipate the completion of the RDP being the culmination of its reforms to address much of the substance of the Axiom Directions, in particular those concerning the strengthening of risk functions and market intelligence. We understand the RDP to be a wide-ranging and ambitious project, and we consider it to be understandable that reforms of this nature take time to plan, design, build, implement and embed. At present, there remain challenges for the SRA's personnel who are using outdated systems to do their jobs. In particular, the CRM is not effective in aggregating the regulatory history of groups of entities, nor is it a sophisticated intelligence-gathering tool. We observed this with respect to those working on the 2025 FI and the 3M Law investigation (in particular). It is important that the RDP addresses these issues effectively.

7.26.2 **Proactive Investigations Team.** As explained at paragraphs 6.86 to 6.89 above, the PI team was set up with a view to proactively identifying and investigating emerging risks within the legal sector, focusing on higher risk firms and based on an evolving risk-based framework. This approach of proactive firm monitoring would appear to be the kind of regulatory approach necessary to deal with a complex and risky structure like the PM Law Group. However, while the PI team existed at the time of the PM Law Group's collapse, it had not yet matured into a functioning proactive risk identification capability of the kind that might have registered the accumulating warning signs around PM Law. We consider that this team could add considerable value in enhancing the SRA's regulatory approach if it is able to fulfil the initial purpose for which it was created.

7.26.3 **Criteria for commissioning FI.** We set out above the FI's work in progress to finalise written guidance on the FI commissioning process. It may be that, had this been in place, it would have led to different decisions being made in respect of the November 2024 and October 2025 requests for FI commissions. However, as indicated at paragraphs 6.73 and 6.74 above, we consider that the lack of a quantitative approach to assessing risk, or clearer timelines for visits to take place for 'high' or 'medium' risk commissions, presents operational teams with challenges in prioritising their workloads.

7.26.4 **Supervision pilot.** The SRA is in the early phase of a supervision pilot, which is focusing on HVCC and firms with non-traditional business models. We anticipate this work has the potential to better manage the risks arising from firms like the PM Law Group.

7.26.5 **Draft Business Plan for November 2026 to October 2027.** The SRA has also published a Draft Business Plan and Funding Requirements programme which was open for consultation through to 22 June 2026. This document recognises clearly that the SRA's approach, capabilities and resources have not kept pace as the market it regulates has evolved, and the document specifically refers to ever more complex business models in this context. The Draft Business Plan identifies business models posing higher risks as one of the SRA's priorities. The Plan anticipates moving towards a more proactive approach to regulation, including by further developing and investing in IT infrastructure and by shifting towards earlier engagement and intelligence-driven action. It recognises that there is a need to improve processes for receiving and assessing reports of misconduct, using more focused analysis and clearer escalation routes to support earlier identification of serious and emerging risks. These themes are consistent with the findings of Jenner's SER and we consider that they are likely to drive material improvements in the SRA's ability to manage risks such as those presented by the PM Law Group.

e. To what extent would changes such as the 'law firm profiler' have assisted in identifying risks in relation to PM Law?

7.27 Both the Law Firm Risk and the Law Firm Profiler Dashboards represented a genuine and meaningful advance on the position that existed during the Axiom and SSB days, when SRA personnel were reliant on the 'clunkier' CRM system to establish a firm's regulatory history. The Dashboards enable an 'at a glance' view of a specific firm's key information, including its regulatory history. However, as we explain at paragraphs 6.52 to 6.62 above, there are key limitations to these Dashboards, especially for firms with complex group structures. While we recognise the efficiencies and ease of use improvements that the Dashboards bring to users, we do not consider that they would have materially assisted in identifying risks in relation to the PM Law Group.

Issue 3: Operation of the RIF

a. As relevant to the PM Law context, how is the RIF intended to operate?

7.28 We have set out how we understand the RIF is intended to operate, by reference to the documentary record and our witness interviews, at paragraphs 6.8 to 6.46 above.

7.29 It appears to us that the RIN and the RIG were effective in breaking down silos between the SRA's functional teams. However, they did not solve the problem of the SRA's inability on a technological level to aggregate all its historic knowledge and experience relating to individual firms (nor could they have done so).

7.30 We also consider that the work of the RIN and the RIG may have been hampered by their diffuse remits. In our interviews with several witnesses, it was sometimes challenging for us to understand exactly what the RIN and the RIG were intended to achieve. The groups' meeting minutes also sometimes reflect a lack of clarity about the purpose and objective of each group's work, in that there are many examples of the groups discussing their roles, rather than points of substance.

7.31 That being said, the RIN did some good work in the PM Law Limited context by surfacing the risks of that firm and this ultimately led to IM1's request for the 2025 FI visit. In addition, some of the limitations of the RIF (especially concerning a lack of oversight of individual firm risks) appear to have been addressed by the creation of the FiTAC.

b. Why was the FiTAC established and how does it operate in practice? To what extent does it engage with the RIF and/or share findings with the Risk & Intelligence Network ("RIN") and Risk & Intelligence Group ("RIG")?

7.32 We set out the evidence on the establishment and operation of the FiTAC in paragraphs 6.32 to 6.39 above. We understand that it never discussed the PM Law Group and understand that this may have been because PM Law Limited had been subject to an FI visit earlier in 2025 (i.e. a few months prior to FiTAC being established), which concluded without any serious regulatory action being taken.[16]

c. The PM Law Group was on the radar of the RIN in September 2024 such that action items concerning the Group were delegated to operational teams. Why did PM Law not return to the RIN agenda after this date? Was this how the RIF was designed to function?

7.33 As explained at paragraphs 6.8 to 6.31, the RIN and the RIG evolved to look at themes and trends emerging from the day-to-day work of the operational teams rather than look at the risks posed to consumers by an individual firm. It was intended that any specific actions relating to a firm would always be dealt with by the operational teams.

7.34 Nevertheless, we consider the fact that PM Law Limited did not return to the RIN agenda to be a gap in terms of more senior ongoing oversight of operational risk. We address this in more detail at paragraphs 7.73 and 7.82 to 7.83 below.

Issue 4: The accumulator firm watchlist

a. How did the SRA's thematic reviews inform the approach to the regulation of the PM Law Group?

7.35 Thematic reviews are sector-wide exercises designed to examine compliance practices across regulated firms. The thematic review relevant to this SER was a project focused on the role and effectiveness of COLPs and COFAs across the profession.

7.36 PM Law Limited was selected at random for this thematic review and was visited in August 2024. The thematic review's conclusion was that the firm was rated "Good" across most criteria. However, there appear to us to have been a number of red flags which were not picked up by the thematic review team. For

[16] D2 interview.

example, the fact that the PM Law Group CEO was also the COFA for five ABSs within the PM Law and this was noted without any comment. There were fifteen internal breach reports over three years and zero external reports to the SRA. For a firm of this size operating across twenty-six branches under nineteen trading names, the absence of any external Report over a three-year period appears anomalous, especially in light of the significant rise in third-party Reports about the firm in July 2024.

7.37 It appears that the thematic review visit was conducted in isolation from the intelligence the SRA held about PM Law Limited at the time. Further, we saw no evidence that any mechanism existed by which thematic review outputs could inform the FBA Accumulators Data Spreadsheet, feed into an intelligence report or trigger a referral to the FI team.

7.38 In short, the thematic review did not materially inform the SRA's approach to the regulation of the PM Law Group.

b. <u>How were the accumulator firm watchlist and its related processes intended to operate in practice?</u>

7.39 We summarise the Accumulator Firm Watchlist and FBA Accumulators Data Spreadsheet at paragraphs 6.80 to 6.85 above.

c. <u>PML was removed from the accumulator firm watchlist as it no longer met the definition of an accumulator firm. What were the consequences of doing so? Had it stayed on the watchlist, what oversight would the SRA have had?</u>

7.40 PM Law Limited was removed from the FBA Accumulators Data Spreadsheet in July 2024 on the basis that its last acquisition, the acquisition of Law Offices UK Limited on 1 December 2023, fell outside the rolling twelve-month window that defined the accumulator threshold. Once a firm falls outside the definition, it ceases to receive any accumulator-related oversight at all, regardless of the scale of its growth through acquisition or the integration risks created. No protocol exists for managing the transition from active accumulator status to ordinary regulatory oversight.

7.41 One month after PM Law Limited's removal it received a 'High Risk' designation in the ORIA. The two events were not connected in any operational sense. We found no evidence that the team responsible for the FBA Accumulators Data Spreadsheet was aware of the ORIA 'High Risk' designation.

7.42 The question of what oversight PM Law Limited would have received had it remained on the FBA Accumulators Data Spreadsheet is, on the evidence available, difficult to answer. Between October 2023 and May 2024, all firms meeting the accumulator definition were automatically subject to an on-site FI inspection following the AWP. Had PM Law Limited remained in the FBA Accumulators Data Spreadsheet and been subject to that process, it would have received an on-site inspection that the 2025 FI eventually delivered, but approximately six to twelve months earlier and at a point when the firm's financial position may have been more recoverable (albeit this is pure speculation). Whether an accumulator inspection of PM Law Limited at that stage would have uncovered the apparent fraud is an academic question that we cannot resolve. Additionally, on the whole the twenty accumulator inspections conducted between October 2023 and May 2024 generated no material cause for concern across any of the firms reviewed, so by the time of PM Law Limited's removal from the FBA Accumulators Data Spreadsheet in July 2024, the SRA was already moving away from the automatic inspection model toward a risk-tiered approach. Under that model, PM Law Limited would not necessarily have received an on-site inspection automatically; it would have been subject to a risk assessment that might have classified it for desk-based investigation or no further action.

d. Is the accumulator firm definition adequate to identify firms and groups of firms that are high risk?

7.43 The full definition of an accumulator firm is contained in Annex 1 to a document called "*Protection Review – Accumulator Firm Inspections - Proposal for development of a Risk Assessment Approach to Inspections of Accumulator Firms by Forensic Investigations. For review by the Risk and Intelligence Working Group 24 September 2024*" and is as follows:

> **Accumulator**
> means an authorised body (or the group of which an authorised body or bodies forms part) which:
> (a) has expressed its intention to acquire other authorised bodies as part of its business model,
> (b) has acquired two or more other authorised bodies within the last 12 months and intends to make further acquisitions of authorised bodies or the SRA considers there remains active potential for it to acquire more, or
> (c) having previously met the definition of an accumulator and been declassified as such due to lack of acquisition activity, makes any further acquisition within 12 months of declassification.
> Note: For the purposes of these definitions, 'acquisition' in this context includes, but is not limited to:
> (a) authorisation of a new entity by new owners to transfer an acquired business into
> (b) transfer of the business of an acquired firm into an existing authorised body, or
> (c) maintaining the acquired firm as a separate authorised body within a group structure and the terms 'acquire', 'acquired' and 'acquiring' should be construed accordingly.

7.44 This definition is wide enough to capture acquisitions by the authorised purchaser entity and the group of which that authorised body forms part. In other words, on the basis that the PM Law Group as a whole made five acquisitions between 11 January 2023 and 14 June 2024, the PM Law Group (rather than PM Law Limited specifically) should have been included in the FBA Accumulators Data Spreadsheet and remained until around March 2025. It appears that those maintaining the document did not apply the definition correctly in the case of the PM Law Group. Those we have interviewed about the definition appear to have misunderstood its application in the context of groups of firms and construed the definition more narrowly than this.

7.45 The definition also embeds an assumption, namely that accumulator risk diminishes once acquisition activity ceases. The PM Law Group's collapse is evidence that it does not. The risks associated with rapid acquisition-led growth (client money management across multiple integrated entities, intra-group financial flows, governance stretch at the compliance officer level, integration of books and records) do not abate when a firm or group stops acquiring. They persist and may intensify in the period following acquisition as the structural pressures of integration compound. For this reason, we do not consider that the definition is adequate.

7.46 Finally, the fact that there have been overlapping processes of monitoring accumulators and that, as D1 put it, there was no part of the organisation that has ownership of accumulator risk, means that it has been difficult to establish definitively how the SRA's approach to managing such risks fits together. It also suggests that the SRA's management of such risks has not been as effective or optimised as it might be. It appears that the recent creation of the accumulator-specific FiTAC meeting (described at paragraph 6.39 above) may present a proactive step by the SRA to address this issue.

Issue 5: SRA's assessment of PM Law's risk profile

a. <u>What was the outcome of the SRA's 2023 forensic investigation of PM Law, and how did that inform the SRA's subsequent regulation of the firm?</u>

7.47 As noted at paragraph 5.29 above, the 2023 FI was closed out on 20 April 2023 with the FIO stating that "*the firm's accounting information*" had been reviewed and "*no issues of concern were identified*". Neither the outcome nor the fact of the 2023 FI appears to have informed the SRA's subsequent regulation of the PM Law Group.

b. <u>How did PML's 'High Risk' rating in August 2024 come about and what were the implications of this designation? What oversight did this rating trigger?</u>

7.48 The August 2024 ORIA report explains the decision to rate the risk of PM Law as 'High' as follows:

> "*first three reports which all refer to breach of undertakings. Two reports are awaiting allocation of IO. Increase in reports compared to previous year. Large amount of work in conveyancing with repeated allegation of breach of undertaking.*"

7.49 This concurs with what IU1 told us in interview (as set out at paragraph 6.23).

7.50 The rating did not trigger any specific regulatory oversight of PM Law Limited beyond its discussion at the September 2024 RIN. It did however trigger action by the operational teams which ultimately led to the November 2024 request for an FI commission.

c. Did this risk rating adequately inform decision making by the SRA in respect of the PM Law Group, including the decision whether to conduct an urgent review of PM Law Limited in November 2024?

7.51 The data in the August 2024 ORIA and the risk rating led to a discussion at the RIN and the decision by IM1 to request an urgent FI commission (as explained at paragraphs 5.51 to 5.57 above). However, this came about because of IM1's initiative, rather than any written process or procedure within the organisation.

7.52 Moreover, the August 2024 ORIA report did not contain other important information about the PM Law Group, such as the 2023 FI. It also only addressed PM Law Limited and its 'trading styles' and did not capture other intelligence relating to entities and businesses in the broader Group.

7.53 Overall, we do not consider that the risk rating adequately informed decision making in respect of the PM Law Group.

d. Given that the RIF appears to have replaced the ORIA, what is the new mechanism for overseeing "high risk" firms? How are firms identified for that list? What does such oversight involve?

7.54 This question, which was prepared following the preliminary review but before work on the SER commenced, contains a mistaken assumption: the RIF did not replace the ORIA. The RIN and the RIG replaced the Operational Risk Forum meeting that preceded it. Likewise, the ORIA was replaced by the Risk Intelligence Assessment and then the IDIA report, as explained at paragraph 6.18 above.

7.55 As to the mechanism that oversees 'High Risk' firms, we consider that the FiTAC most closely fits this description. As explained at paragraphs 6.32 to 6.39, the FiTAC monitors firms generating specified numbers of reports, as well as accumulator firms, and assigns risk ratings which inform operational coordination, prioritisation and escalation. The FiTAC escalating themes to the RIN.

e. At what point was PM Law Limited no longer considered 'High Risk', and what were the reasons for downgrading it? What were the consequences in terms of oversight?

7.56 At the time of the August 2024 ORIA, there was no formal mechanism for downgrading a firm's risk rating nor were there any direct consequences of such rating for the SRA's oversight of a firm.

Issue 6: November 2024 decision not to conduct a forensic investigation into PM Law

a. How was the decision not to conduct an FI investigation in November 2024 taken?

7.57 We explain the process leading to the decision not to commission an urgent FI in November 2024 at paragraphs 5.54 to 5.67 above.

b. What was the governance for a decision not to conduct an FI investigation and how was this implemented in practice?

7.58 It is important to note the inaccuracy in the question, namely that the decision was not that the SRA would not conduct an FI investigation at all, but rather that it would make an urgent visit, and instead would commission a precautionary AWP visit. As noted at paragraph 5.61, we understand that at the time of this decision there was no written criteria or guidance on commissioning FIs. This accords with the statement in the slide deck referred to at paragraph 6.70 that "*[t]here is no prescriptive list of criteria which will prompt the need for an onsite FI commission.*" Moreover, we understand that there was no formal governance on such decision-making, such as requiring the involvement of multiple FIMs in the event of differing views or more senior oversight. We also understand that there was no formal requirement to record the decision and its reasons in writing. As such, no written record exists beyond the email exchanges between the SRA's employees we describe above.

c. How was the FI investigation team resourced and deployed at the relevant time, and what were the competing priorities (e.g. high-volume consumer claims)? To what extent did this determine the decision not to conduct an FI on an urgent basis?

7.59 As noted at paragraph 5.65 above, FIM1's email to IM1 communicating their view that the issues identified did not warrant an urgent FI referred to "*substantial demands*" on the FI team as a result of its work on HVCC. FIM1 told us in interview that the HVCC work, however, did not influence the decision not to commission an urgent FI. They said that the reference to the HVCC work related to the time it would take for the "*FI accumulator precautionary type visit*" to take place.

7.60 The evidence suggests that the demands on the FI team, in particular but not limited to HVCC-related work, impacted the speed at which FI was able to allocate an FIO to conduct the PM Law Limited forensic investigation.

d. Is there a mechanism for re-prioritising cases and re-allocating resource?

7.61 D1 informed us that, as of around March 2026, they had instituted weekly reviews of commissioned FIs not yet commenced, which we understand may lead to a pending FI being reprioritised depending upon the circumstances. However, we have seen no evidence to suggest that there was any discussion of reprioritising cases or reallocating resource at the time of the commission that resulted in the 2025 FI.

Issue 7: 2025 forensic investigation

a. Was the 2025 FI sufficiently rigorous based on PM Law Limited's risk profile in late 2024/early 2025?

7.62 In our view, the 2025 FI was not sufficiently rigorous. First, we do not consider that the AWP was the correct framework in light of PM Law Limited's risk profile, and we address this in the next section. Second, there were a number of errors, as follows:

7.62.1 FIO1's research note prepared ahead of the FI visit did not identify the complete set of Group companies (e.g. it did not include PMCL, which had its own regulatory history). FIO1 carried forward FIM1's four-month-old commentary on the email chain of 4 November 2024 and did not update it, despite the passage of time. The fact that FIM1's comments were based on PM Law Limited's own explanations and they told us in interview that they had not themselves reviewed the PM Law Table 31.10.2024 further undermined the value of the research note and the rigour of the preparation for the FI visit.

7.62.2 FIO1 did not understand their role to require consideration of entities connected to PM Law Limited. This meant that they did not seek to understand the PM Law Group structure comprehensively, including that although PM Law Limited was understood to be the acquiring entity of five firms for regulatory purposes, PMS LLP was the *de facto* holding company sitting above PM Law Limited and other entities in the Group. FIO1 therefore assessed PM Law Limited's financial stability without having regard to its financial interconnectedness with other PM Law Group entities. This was despite learning that: all group loans sat in PMS LLP; IT and accounts staff were employed by PMS LLP and recharged to PM Law Limited; accounts were prepared at Group level before being split for statutory purposes; and the £400,000 paid for John M Lewis & Co was drawn from spare cash held in PMS LLP, not PM Law Limited.

7.62.3 FIO1 accepted at face value information provided by PM Law Limited and did not independently verify it. The information provided about the consideration paid for acquired firms was inaccurate and FIO1 did not check it against the acquisition agreements they obtained. As explained at paragraph 5.91 above, FIO1 did not obtain bank statements from the relevant acquisition periods to verify that purchase funds did not originate from client money. Indeed, they had asked for this information but were persuaded to receive only the statements showing the client account transfers. Ultimately, they only received printouts from online banking platforms. They conducted insufficient checks of the source of funds and appeared not to know how to do this effectively, and they did not ask for help. Further, they did not independently verify explanations they were provided with for the high volumes of complaints. FIO1 told us in interview: "*it seemed to be a professional organisation, there were a lot of people involved and a lot of oversight, it seemed unlikely that they would be telling you something that everyone knows is wrong*".

7.62.4 FIO1 missed material red flags in the accounts, such as the £2,000,000 payments from client to office to conveyancing accounts, which others told us were obvious red flags that should have been investigated further. FIO1 did not notice that there were two different accounting firms providing the unaudited financial statements and AR1. They did not enquire after the multiple ‘yellow’ entries in the account statements, which likely signified that monies had been placed in the wrong accounts.

7.62.5 FIO1 largely worked in isolation from other teams within the SRA. They did not enquire about the open Reports and investigations or share their conversation with PM Law Limited about the increase in complaints with the IO in any detail.

7.62.6 FIO1 did not keep detailed records of the forensic investigation steps and conclusions. For example, they did not prepare a detailed report of the investigation. They did not keep comprehensive notes of meetings with IO1 or FIM2 at which they discussed the FI. They did not hold a clearly documented ‘close out’ meeting with FIM2. Detailed documentation is investigations good practice and especially important for a regulatory body.

7.62.7 FIM2 did not provide FIO1 with detailed oversight and supervision, especially in light of the risk profile of PM Law Limited. Their own training for their role as FIM appeared to be insufficient.

b. <u>Was the accumulator workbook the correct framework and should other matters have been further investigated?</u>

7.63 We do not consider that the AWP was the correct framework for the following reasons:

7.63.1 The AWP was devised as a framework for what FIM1 described as ‘precautionary’ visits to accumulator firms where there was no suspected wrongdoing. Its questions on firm information, governance, strategy and client money were relatively standard. By the time of the March 2025 FI visit, however, the PM Law Group was not a generic accumulator: PM Law Limited had a ‘High Risk’ ORIA profile, the Group had made five acquisitions in eighteen months; there was a sharp increase in the number of Reports and LeO complaints; and the Group’s structure was diffuse and poorly understood. The AWP contained no mechanism for calibrating the depth of inquiry to the PM Law Group’s specific risk profile, and it was not supplemented with bespoke instructions reflecting any of this intelligence.

7.63.2 The AWP contained no requirement to examine the financial position of an entity sitting above the regulated firm. FIO1 was told during the site visit that all group loans, IT and accounts staff sat in PMS LLP, and that accounts were prepared at Group level. In spite of this, FIO1 only reviewed PM Law Limited October 2023 statutory accounts without examining those of PMS LLP or obtaining any Group-level financial information. The AWP provided no requirement to go beyond a review of accounts of the entity for which the visit had been commissioned.

7.63.3 The October 2023 statutory accounts were eighteen months old at the time of the FI visit and predated the Wilsons, Bridgeview, Butterworths and Pennine acquisitions, meaning they did not show the financial consequences of the period of greatest growth and risk. The AWP contained no requirement to obtain current-period management accounts or to verify that statutory accounts remained representative of the firm's position.

c. <u>Based on the training, support and definition of their role at the SRA (and the lack of forensic accounting qualifications of these officers), what is an FI officer expected to review and in what level of detail, and is this reasonable? Is that sufficient to identify the issues that such a review is intended to address?</u>

7.64 We learned through the SER that FI staff are not generally qualified forensic accountants, nor do they have any expertise in insolvency. Their skillset is largely dictated by their background and what jobs they might have held before joining the SRA.

7.65 FIOs are trained to understand the SRA Accounts Rules. They also receive three days of training on how to complete a three-way reconciliation between a firm’s client matter balance, cash book and bank accounts. Once that training is complete, during their first six months on the job the FIO is accompanied by a more senior colleague when making an on-site visit to ensure that the reconciliation is completed correctly.

7.66 Beyond this training there was, at the time of the PM Law Limited FI visit, no written guidance for FIOs about the practical steps that they were expected to take to verify the source of acquisition funds, or on the level of detail that was required when reviewing the bank statements and other financial data. FIM1 told us in interview that there was a lack of standardisation in the checks that were undertaken by FIOs and there was inconsistency in the level of review.

7.67 In our assessment, FIOs (and, potentially, FIMs) need more training and support to be able effectively to review financial documents. The “*Client Money - FI Work Programme*” introduced in February 2026 and its related Guidance document go some way to addressing this; the template investigation document it contains provides clear directions on the process for reviewing financial materials. The Guidance document explains the ‘why’ and the ‘how’ in support of the template tasks.

7.68 The importance of such training and guidance is underscored by comments made by a PM Law Group representative around the time of the SRA's intervention:

> *PM Law: […] But during that period of time you know you think how do I get away with, with – to forensics. Well, it's just being creative with the forensics we've had from the SRA. So they could have spotted it but didn't. […]*
> *Interviewer: […] So when you say creative, didn't they ask for bank balances?*
> *PM Law: Yeah, so you just edit the bank balances. They had authority to go and confirm it direct with the bank. Actually, I didn't edit the bank balances. First time I edited the bank balances for the SRA, the second forensic I just edited the matter listing, because they did confirm the bank balances with the bank. So, I had to go the other way with it.*

7.69 Similarly, in our assessment, FIOs (and FIMs) need more training and support to manage and understand the risks of complex firm structures. Indeed, we consider that it would be helpful to extend this training to the Authorisation team, so that they understand how firms within a group are connected, and can ensure that these complex firm structures are accurately recorded in the SRA's systems and communicated within the organisation.

d. <u>Did the FI sufficiently cover 'source of funds' in light of the requirements of the SRA's process?</u>

7.70 We address this point at paragraph 7.62 above.

e. <u>What role did the senior forensic investigations team play in relation to the FI?</u>

7.71 As explained above at paragraph 7.62.7, there was very little senior involvement in or oversight of the forensic investigation.

Issue 8: Triaging of reports regarding the PM Law Group and dissemination within the SRA

a. <u>Were the now-known issues affecting the PM Law Group evident from the reports made to the SRA?</u>

7.72 The Reports we have reviewed reveal a number of themes that are suggestive of the now-known issues with the PM Law Group. We set out our findings in paragraphs 5.3 to 5.19 above. Most importantly, lower-level client money issues were present in approximately one third of the Reports concerning the PM Law Group in the period prior to October 2024. Those Reports did not indicate in and of themselves that those involved with managing the PM Law Group were misappropriating client funds. However, had this trend been identified and shared more broadly within the SRA, it might have led to an appreciation of the risks presented by the Group and earlier regulatory action.

b. <u>To what extent were issues identified by junior team members and escalated to senior colleagues for review, and did this escalation lead to the requisite action?</u>

7.73 As set out above in detail, there are several examples of more junior members escalating issues to more senior colleagues, the most material ones being IM1 in November 2024 and IM2 and IO2 in the context of 3M Law. However, the escalations did not reach the SRA's ExCo, or even the Deputy Executive Director of the Investigations Directorate at the time of the 2025 FI and the 3M Law escalation.

7.74 ED2 explained that the ExCo receives regular updates on 'high-profile' cases, and that the SRA had recently developed a clearer definition of what constitutes a 'high-profile' case and how such cases should be escalated to the ExCo. [17] ED2 described such cases as being those that the ExCo needs to know about "*because of the public awareness around them*".

7.75 ED2 distinguished 'high-profile' cases from cases that would require escalation to the ExCo for other reasons, specifically those that are (in ED2's words) 'high risk' (i.e. they may have a significant potential impact on consumers) or 'urgent'(i.e. they require urgent action to avoid harm). ED2 noted that the ExCo recognised that the SRA needs to define these categories better, explaining that at present whether those cases are escalated to the ExCo is "*left to individual judgement*".

7.76 In our view, the absence of fully defined criteria for escalating key cases to the ExCo is a structural gap in the SRA's systems and controls. The evidence we have considered indicates that the SRA held information that could have signalled the risk to consumers posed by the PM Law Group. Had fully defined escalation criteria been in place, we consider that this information could have been aggregated and brought to the ExCo's attention. We address the need for such criteria as the third of the structural gaps identified at paragraph 8.7 below.

c. <u>How did PM Law's structure as an 'accumulator' with multiple brands / styles impact the SRA's management of reports made to it?</u>

7.77 We explain above how the accumulator firm features of the PM Law Group triggered the 'High Risk' rating in the August 2024 ORIA (paragraph 5.45) the consideration of PM Law Limited by the RIN in September 2024 (paragraphs 5.46 to 5.49), IM1's request for an FI commission in November 2024 (paragraph 5.54 to 5.57) and IO2's assessment of the 3M Law risks in September 2025 (paragraph 5.107). However, as explained above, we do not consider that the SRA as an organisation ever truly understood the complex nature of the Group's structure prior to the intervention.

[17] ED2 interview.

Issue 9: Potential SRA acts or omissions

a. <u>Was there an act or omission by any function or person that undermined effective oversight of or investigation into the PM Law Group?</u>

7.78 The SER has identified certain key instances we consider could have presented opportunities to take action in respect of the PM Law Group earlier than the intervention in February 2026. Specifically:

7.78.1 **The decision not to commission an urgent FI in November 2024**. In making the decision not to commission an urgent FI in November 2024, the FIM did not bring to bear all the knowledge the SRA held with respect to the PM Law Group, which together could have provided a more comprehensive picture of the risk presented by the firm. Moreover, that decision was taken against the consensus of members of the broader Investigations directorate that PM Law Limited presented a serious risk. The decision delayed action being taken against the firm by over four months. We are conscious that we have the benefit of hindsight in reaching these views. However, a more rigorous consideration of the broad sweep of information that the SRA held at this juncture might have led to the misconduct at the PM Law Group coming to light earlier.

7.78.2 **The scope and rigour of the 2025 forensic investigation**. We have set out above our view that the 2025 forensic investigation was insufficiently rigorous. We consider that the investigation should have been conducted on the basis of a broader, Group-wide scope, should have more thoroughly researched the PM Law Group, should have applied greater scrutiny of the materials and explanations provided by PM Law Limited, and the red flags in PM Law Limited's financial statements should have been identified. The SRA as an organisation would benefit from tighter controls to ensure that actions or decisions of individuals do not lead to the signs of financial irregularities in the bodies it regulates being missed.

7.78.3 **The delay in the FI visit to 3M Law occurring**. There was also a delay in the forensic investigation commissioned into 3M Law commencing, such that it never took place. This was (again) against a backdrop of concerns in the Investigations team about the level of risk the Reports presented, and the case apparently being borderline between 'urgent' and 'high risk'. It underscores what appear to be systemic issues creating delays between knowledge of a risk arising and action being taken by the FI team.

7.78.4 **Capacity management in FI.** Capacity challenges in the FI (and AERT) teams have been a recurring theme in the evidence considered in the SER as explained at paragraphs 6.64 to 6.69 above.

7.78.5 **Inadequacy of technological solutions to manage and present information held**. We repeatedly observed the work of the SRA's personnel being hampered by inadequacies in the technology used by the organisation, principally the CRM. During none of the touchpoints between the SRA and the PM Law Group we considered did the SRA's systems allow its staff to aggregate comprehensively the information it held about the firm so as to inform the organisation's regulatory decision-making and action. This inevitably limits the efficacy of the SRA's regulation of organisations such as the PM Law Group.

b. <u>Does the evidence considered as part of the SER indicate any material deficiency in respect of the SRA's training, operations model, its approach to embedding and teaching standards or its culture?</u>

7.79 We make the following observations on each of these points:

7.79.1 **We observed indications of a strong culture across the SRA**. Witnesses[18] spoke of their pride in the SRA and its purpose. We have observed repeated instances of SRA staff seeking to do good work and make improvements to how the SRA operates, in spite of there being suboptimal technology and systems.

7.79.2 **The FI team would benefit from more resource as well as tighter processes and better training with respect to reviewing financial documents**. As explained above, we consider that FIOs (and their managers) would benefit from more training and support to enhance their approach to reviewing financial documents. Obvious red flags in the financial documents provided by PM Law Limited during the 2025 forensic investigation were missed. More rigorous processes and better training should help address this. In addition, the team is relatively small and very stretched. The SRA's Board and ExCo have already taken certain steps to address this.

7.79.3 **SRA personnel would benefit from specific training on the particular risks of complex group structures**. We have identified through this SER that the PM Law Group was not well-understood, from the Authorisation team to the FI team on the 'front line'. Furthermore, the evidence would suggest that SRA personnel were ill-equipped to identify financial stability risks. Training in corporate structures and insolvency would be of material benefit.

7.79.4 **At present, the SRA's operating model is not where it needs to be but work is in progress to address this**. The SRA is in a period of significant change, with the RDP programme representing a transformation in how the organisation as a whole works. It is critical for the SRA to learn from the PM Law Group case to ensure the RDP

[18] Namely IO2 and HoI2.

(in particular) addresses the inadequacies we have identified in its approach to risk and intelligence.

Issue 10: SRA Board oversight

a. What governance processes exist in the organisation to provide the SRA Board with assurance that risks of this nature are appropriately managed and to allow the SRA Board to question or challenge the actions of the SRA Executive Committee?

7.80 We discussed with BM1 the processes by which the ARC seeks to provide assurance to the SRA Board with respect to the effectiveness of the organisation's: (i) systems to identify and manage risk; (ii) internal and external audit processes (as well as their independence); and (iii) systems of internal control. Our summary of the evidence we have considered on that issue is at paragraphs 6.40 to 6.46 above.

7.81 Accumulator firms were a known risk to the ARC (and by extension the Board), given their inclusion on the Mid-Tier Risk Register (under the banner of "*Aggressive Growth Strategies*"), and were therefore being monitored. BM1 also recognised that, even with all the controls in place to mitigate such a risk, the SRA would not be able to reduce the risk to a tolerable level prior to the completion of the RDP.

7.82 Overall, therefore, the evidence showed that processes exist to inform the Board of thematic (rather than firm-level) risks, and to allow it to scrutinise the actions of the ExCo. However, as the SER has shown, there is still work for the SRA as a whole to do in order to develop its management of such risks adequately. In particular, as we explained at paragraphs 7.74 to 7.75 above, the ExCo receives updates on 'high-profile' cases, but not those considered to be 'high risk' or 'urgent'.

7.83 As to the PM Law Group specifically, we asked BM1 (as well as ED2 and ED1, being the members of the ExCo that we interviewed) whether they were aware of the PM Law Group before the intervention. They were not. Both ED1 and BM1 indicated that, given what has come to light about the PM Law Group, they wished they had been aware of it. We took that evidence to mean that, with hindsight, they would have liked to have an opportunity to take action. Nevertheless, BM1 explained that the SRA's governance structure could not work effectively if the ARC (or the Board) were to oversee investigations into individual firms at an operational level, as those senior bodies need to be able to "*see the wood for the trees*".[19] We consider the same analysis applies to the ExCo: the organisation could not function if its Executives were involved in

[19] BM1 interview.

operational decisions at the level of deciding whether to commission an urgent FI into a particular firm.

8. Conclusions

8.1 The purpose of this SER has been to understand what the SRA knew about the PM Law Group during the period from January 2023 to February 2026, to assess whether the SRA's actions at each material touchpoint were adequate and to identify whether there were opportunities to act earlier.

8.2 Our answer to that final question is that there were such opportunities. The most significant were the decision in November 2024 not to commission an urgent forensic investigation, and the conduct of the 2025 forensic investigation.

8.3 What the evidence, taken as a whole, demonstrates is that the SRA held more information about the PM Law Group than was drawn together into a single, coherent picture. That information was distributed across different teams, different systems and different workstreams. None of it was aggregated and presented to decision-makers as a composite risk profile. Decisions were therefore taken in conditions of partial information, against a risk that was more serious than the decision-maker was able to appreciate.

8.4 That failure of aggregation is, in our view, the central finding of this SER. It is not the product of individual error, though individual errors were also made. It reflects a structural limitation in the SRA's operational architecture: its CRM did not, and does not (even with the Dashboards), enable its staff to compile a comprehensive picture of a regulated entity across all concurrent workstreams. The SRA has acknowledged this. The RDP is intended to address it. But the RDP was not complete by February 2026.

8.5 The 2025 FI compounded that failure. By March 2025, the PM Law Group's risk profile — five acquisitions in eighteen months, a high-risk ORIA, sharply rising complaints and a complex group structure — warranted an investigation that was calibrated to that profile. What was conducted instead was a standardised AWP visit, scoped to PM Law Limited in isolation, conducted without access to current management accounts or Group-level financial data and closed on the basis of explanations provided by PM Law Limited that were not independently verified. The PM Law Group representative's own account around the time of the SRA's intervention of how they managed those interactions — editing matter listings when bank balances were confirmed directly — underscores how consequential the absence of rigour was.

8.6 The SRA is not an organisation that was indifferent to the PM Law Group, nor one that lacked the instinct to act. IM1's escalation in November 2024, IO2's assessment of the 3M Law complaint and the risk intelligence that produced the August 2024 ORIA all reflect genuine professional engagement with the concerns the firm presented. What the organisation lacked was the infrastructure

— technological, procedural and in terms of trained expertise — to translate that instinct into timely and effective regulatory action.

8.7 Three structural gaps require resolution if the SRA is to discharge its consumer protection responsibilities in respect of firms of this complexity and risk profile in the future. First, the SRA needs the technological capability to aggregate intelligence across workstreams so that decision-makers are presented with a complete picture of a regulated entity at the point at which they are making consequential decisions about it. Second, its FI function needs clearer frameworks, better training and stronger supervision to investigate the financial position of complex group structures, including an understanding of how group entities interact with one another and how insolvency risk manifests in such structures. Third, the SRA needs fully defined escalation criteria so that the accumulation of serious concerns about a regulated entity reaches appropriate decision-making levels without depending on the initiative of individual officers.

8.8 The RDP, the planned mandatory accounts reporting reforms and the improvements to FI guidance and process already introduced represent meaningful steps in each of these directions. Moreover, the SRA's Draft Business Plan indicates that it is aware of the systemic problems it needs to address. The Foreword recognises that "*the SRA's approach, capabilities and resources have not kept pace as the market it regulates has evolved*", and states that the SRA must "*move from a largely reactive to a proactive approach to regulation, and improve operational and technological capabilities to be better prepared for the scale and complexity of the challenges*" the SRA faces. The PM Law Group example underscores the importance of the SRA's ExCo being able to execute on the plan it has set for itself.

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