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Cybercrime Thematic Review 2020

What did we do?

- Analysis of the experiences of 40 firms we interviewed
- Randomly selected from 458 reports between 2016 and 2019

Cyber Quiz

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How much client money did firms report had been stolen in the first half of 2020?

a. £591,644

b. £982,781

c. £1.8m

d. £2.5m

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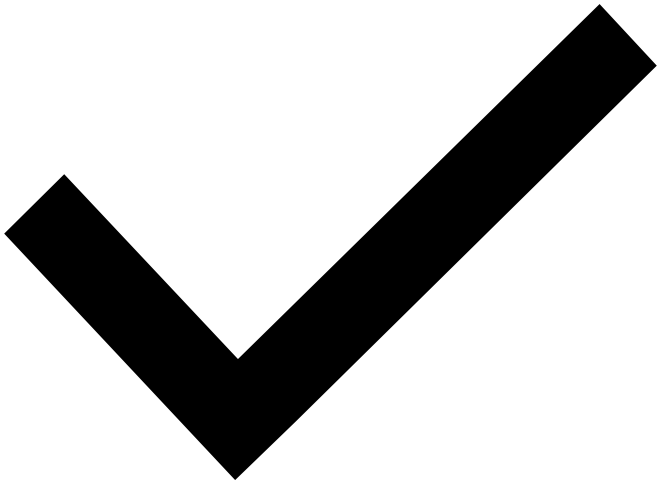
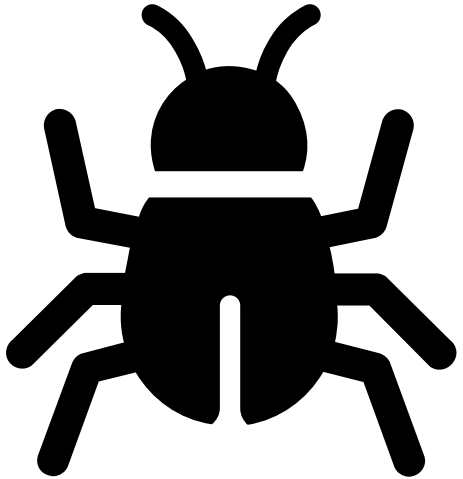


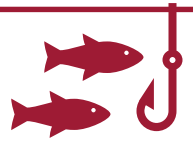
Types of attack

- Email modification most common attack
- 26% of attacks targeted clients
- Large firms targeted hundreds of times
- Opportunist and targeted
- Conveyancing transactions most targeted but not the only area
- 60% of firms felt their biggest risk linked to staff behaviors



Case study

- **Type of attack:** Vishing



- **Tactic:** Psychological Manipulation

- **Funds transferred:** £1.2m

Impact

- £1.2m shortage and client matters halted
- SRA Investigation
- Policy excess charge – £2.5k

The immediate impact of attacks

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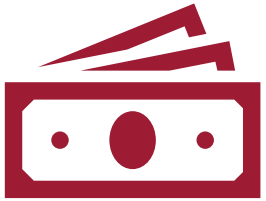

Loss of 4m client money at 23 firms

394K paid directly by firms to replace client money

Disruption, excess costs, time and effort

Reputational damage and emotional impact

Mitigation: Policies and Processes

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Good Practice

- 30% had specific cyber insurance
- 5 with Cyber Essentials Plus accreditation had good policies
- 15 escalated concerns to senior managers
- 5 had a specific cyber budget
- Most had good banking details procedures

Mitigation: Policies and Processes

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Poor Practice

- 60% did not keep an incident log
- 25% had inadequate policies
- 20% had never provided cyber training
- 20% without a policy on removeable media
- One firm's PII did not cover client losses from cybercrime

Mitigation: Controls

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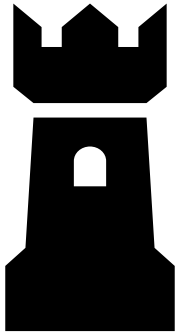
Good Practice

- Two factor authentication used by most
- Most firms used accounts and permissions
- 50% protect & delete equipment remotely
- All systems password controlled and most used software to change regularly
- Clear reporting lines and IT support



Mitigation: Controls

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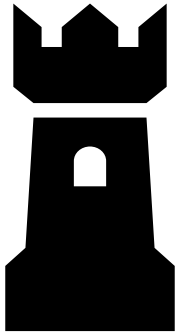
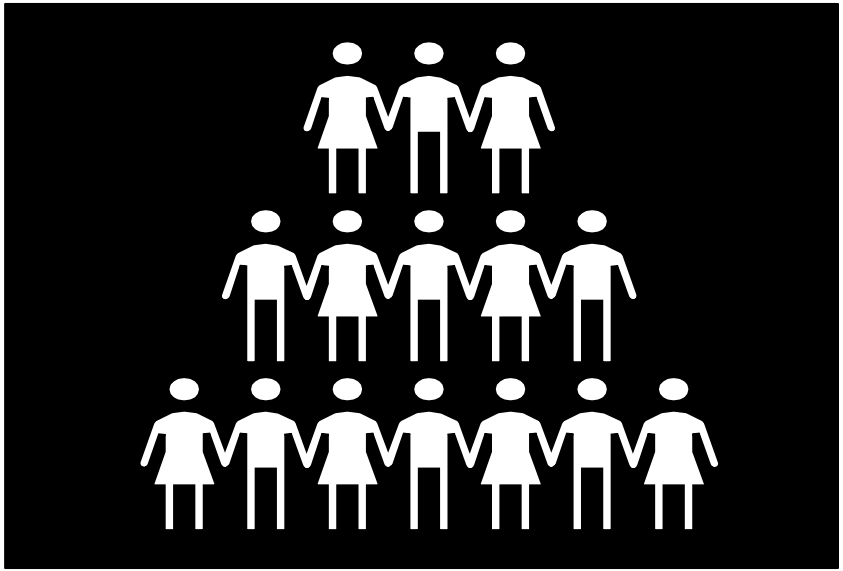
Poor Practice

- 25% did not encrypt laptops/mobile devices
- Two firms exposed to attacks by IT providers
- 60% accepted data sticks from 1/3 parties
- 47% did not have a systems inventory
- 37% operating systems almost outdated



Mitigation: A Human Firewall

- A supportive ‘no blame’ business culture
- Reward and motivate staff
- Regular training (free!)
- Encourage staff to regularly scrutinise emails
- Oversight and clear reporting lines



Your Obligations:

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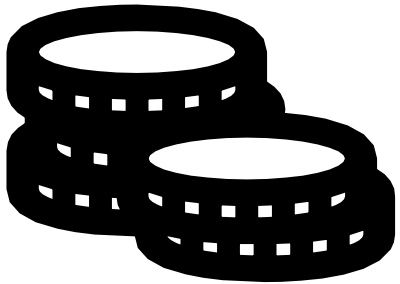
Rule 6.1 Solicitors Accounts Rules:

Repay client money

immediately

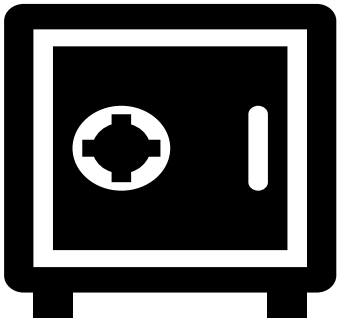


Your Obligations

5.2 & 2.9

Standards and Regulations

Monitor risks, safeguard funds and assets



Reporting Obligations

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Know your

reporting requirements:

The SRA and ICO

Five steps to manage cyber risks

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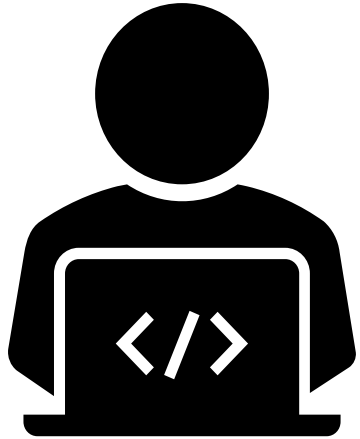
- Update your knowledge
- Patch software and monitor malware defences
- Support and motivate staff
- Plan for future threats
- Have effective cyber management oversight



Further reading:

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SRA Cybercrime Thematic Review:
www.sra.org.uk/sra/how-we-work/reports/cyber-security/

Cyber Essentials Scheme
www.itgovernance.co.uk/cyber-essentials-scheme

SRA guidance and materials
www.sra.org.uk/solicitors/guidance/cybercrime