



7 October 2020

Dear Sir/Madam,

Consultation: on the proposal to become the regulator of the Association of Chartered Certified Accountants (ACCA) firms for the reserved activity of probate.

The Legal Services Consumer Panel (the Panel) welcomes the opportunity to respond to the Chartered Legal Executives Regulation (CILEx Regulation) consultation to regulate the ACCA firms and individuals delivering non-contentious probate activities.

De-designation process

In principle we support the effective transfer of authorised ACCA probate firms and individuals to another regulator. If this is managed well it can support the affected firms with a seamless continuity in delivering legal services.

Moreover, we understand from our discussions with the Legal Services Board (LSB) that ACCA's probate providers will continue to have a choice of regulator and do not have to automatically transfer to CILEx Regulation. We consider this to be important, and we would like to see the element of choice given high prominence in all communications with the profession on this matter.

We support the proposal that stipulates that ACCA/CILEx providers who wish to hold client money and carry out full estate administration activities should become CILEx authorised entities. This approach will limit the activities that can be carried out by ACCA/CILEx firms and provide a clear distinction between ACCA and CILEx authorised entities.

To avoid further regulatory and consumer confusion, it is crucial to make a clear distinction between ACCA accountancy firms (that can deliver unreserved activities linked to estate administration subject to ACCA rules), ACCA/CILEx authorised providers (that will only deliver uncontested probate) and full CILEx Regulated entities. This should be communicated effectively and in a standardised manner, prior to engagement

We understand that the two regulators will set out how complaints are to be handled in a Memorandum of Understanding. The Panel's expectation is that complaints for services delivered by ACCA/CILEx providers would be referred to CILEx Regulation, and not to ACCA as proposed in the consultation. The legal services regulator should ensure there is a single point for consumers to raise their complaints to avoid confusion.

Timings

The consultation indicates that the transfer of ACCA firms and individuals will be finalised by 1 January 2021. Given that this is an unprecedented process, we recommend that the regulators and the LSB do not rush this procedure. All aspects affecting the process should be considered carefully for their impact on consumers, the profession and regulation itself.

We are not required by the Legal Services Act 2007 to be consulted on this process. However, we will monitor it closely and engage with the LSB when needed.

Transparency

We support the proposal that the ACCA/CILEx providers should comply with the Competition and Markets Authority's transparency requirements on price and service information.

Professional Indemnity Insurance

The CILEx Regulation-ACCA Handbook 2020 proposes that the ACCA/CILEx providers must have professional indemnity insurance (PII). The draft handbook proposes that the minimum limit of indemnity will be £100,000 in respect of every claim. It further says that the limit of indemnity on PII in respect of every claim will range between £50,000 and £1m, depending on the firm's total income for the accounting year. Moreover, the CILEx Regulation's website cites that the minimum level of cover for CILEx Regulation entities is of £2m.¹

The statements in the draft handbook are confusing about the limits of indemnity that can be claimed. Moreover, given that probate is an area of high claim we are not convinced that the proposed values would be sufficient, and we have not seen any evidence to support the proposed range. Consumers accessing services from ACCA CILEx Regulation providers should be able to do so with the peace of mind that they are protected. Thus, we would like to see that ACCA/CILEx firms provide exactly the same cover as CILEx Regulation entities.

I hope you find these comments helpful. Please contact Lau Ciocan, Consumer Panel Associate, if you have any enquiries.

Yours sincerely,



Sarah Chambers

Chair

Legal Services Consumer Panel

¹ <https://cilexregulation.org.uk/entity/professional-indemnity-insurance/>