

Press Release

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Solicitors' regulator must not ditch key consumer protection

A key long-term protection which ensures consumers of legal services can get compensation for transactions – such as buying a home, wills and child personal injury cases – where a problem may only become apparent many years later must not be ditched by the regulator unless and until an appropriate alternative arrangement is in place.

In a rare move, the Legal Services Consumer Panel (LSCP) and the Law Society of England and Wales joined together to oppose plans by the statutory regulator, the Solicitors Regulation Authority (SRA), to weaken consumer protection.

The SRA wants to lose the Solicitors Indemnity Fund (SIF), effectively ending this long-term protection with nothing to replace it.

The SIF currently provides supplementary run-off cover for firms that have closed, ensuring ongoing long-term protection for clients.

The SRA has indicated its preferred option is to close SIF, claiming the cost of running it, compared to the volume and value of claims, is disproportionate to the consumer benefit it delivers.

It accepts that some consumers will lose out, but argues that the average successful claim of £34,000 is 'modest'.

It has not shown how ending this protection has any benefit to consumers, either in terms of reducing the price of legal services or increasing consumer choice, and its suggestion that the Law Society, as the representative body of the profession, could provide a similar level of consumer protection through a newly created fund is misleading.

The Law Society supports the continuation of SIF as a long-term consumer protection, backed up by a levy on law firms of £240 per year, which calculations demonstrate would have no material impact on the fees charged to consumers.

The LSCP agrees that the Fund should not be closed, especially while there are still assets within it, until alternative arrangements are made that would give consumers similar protection.

Law Society of England and Wales president I. Stephanie Boyce said: “It is a sign of how seriously concerned we all are by the SRA’s proposal that the body representing the interests of consumers of legal service is joining forces with the body representing the providers of those services to take on the statutory regulator.

“Our profession is happy to pay for SIF. Any knock-on cost to consumers will have negligible or no impact on the price of legal services – but even if they were, the increases would be tiny, measured in the 10s of pence.

“People go to solicitors for support and advice during the most important events in their lives – the death or injury of a loved one, family breakdown, a house purchase or estate planning.

“They do so confident in the assumption that solicitors are highly qualified and regulated. On the rare occasions something goes wrong, consumers believe their solicitor is adequately and appropriately insured, and that they will be compensated for any losses.

“Ending SIF would immediately stop long-term protection for consumers exposed to long-tail risks.”

Sarah Chambers, chair of the Legal Services Consumer Panel, said: “It is true that the administration costs of this Fund seem remarkably high given the number and level of claims paid out.

“Nevertheless, we remain very concerned that the proposal to close the Fund may be taken forward without proper consideration of the impact on consumers of ‘unknown’ mistakes made many years ago, and of how protection could be maintained through continuing the Fund or replacing it with an alternative which offers a similar level of protection. The SRA should think again.”

Ends

Notes to editors

- [Read the SRA’s consultation on post six-year run off cover and the Solicitors Indemnity Fund](#)
- [Read the Law Society’s consultation response in full](#)
- [Read the Legal Services Consumer Panel’s consultation response in full](#)
- [Find out more about the closure of SIF](#)
- [Read the SRA’s information on SIF](#)
- [Find out more about our template response to the consultation](#)

About the Law Society

The Law Society is the independent professional body that works globally to support and represent solicitors, promoting the highest professional standards, the public interest and the rule of law.

About the Legal Services Consumer Panel

The Legal Services Consumer Panel was established under the Legal Services Act 2007 to provide independent advice to the Legal Services Board about the interests of consumers of legal services in England and Wales. We investigate issues that affect consumers and use this information to influence decisions about the regulation of legal services.

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