LEGAL SERVICES CONSUMER PANEL

POSITION PAPER

A Regulatory Framework for the Future

July
2026

£60m+
Missing from Axiom Ince client account

£200m
Debts left for vulnerable consumers after collapse of SSB Law

10 yrs
From CMA recommendation to make regulatory information for consumers accessible to a public beta

8
Approved regulators and eight different rulebooks, eight different protections

40%
Of people have an unmet legal need for family matters (LSB ILNS 2023)

46%
Complaints found to be handled poorly by law firms in first instance (2023/24)

> ***"The current regulatory framework is no longer fit for purpose. It cannot protect consumers consistently, cannot govern modern risks, and cannot meaningfully improve access to justice."***
> — Legal Services Consumer Panel, 2026[1]

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Executive Summary

Think about the last time you, or someone you know, needed a lawyer. Perhaps it was a house purchase, a dispute at work, an immigration matter, or a family breakdown. Legal problems arrive at the worst moments and the real financial and personal stakes are high. Most people assume that when they instruct a lawyer or seek legal advice, there is a coherent system of rules, protections, and redress standing behind that transaction. There is not. Instead, there are eight separate regulatory frameworks, each with different rules about what happens when things go wrong. Whether you can complain, who will hear it, whether you are entitled to compensation, and how much you might receive depends not on what happened to you but on which professional title the person who failed you happened to hold.

When SSB Law collapsed in January 2024, thousands of people who had been assured they would never face legal costs were pursued for money they did not have. When Axiom Ince fell apart three months earlier, over £60 million of client money was gone.

These were not rogue events. They were the system working exactly as it was designed: in fragments, with no single body able to see the whole picture, and consumers paying the price.

The regulatory framework for legal services in England and Wales is structurally incapable of delivering the statutory objectives set out in the Legal Services Act 2007. Designed nearly two decades ago, it has become fragmented, inconsistent, and increasingly disconnected from the realities of a modern, technology-enabled legal market. Eight frontline regulators operate under one oversight body, each with their own rulebook, compensation arrangements, disciplinary standards, and regulatory culture.

The evidence is unambiguous. The collapses of Axiom Ince (£60 million in missing client funds, 2023) and SSB Law (£200 million in consumer debts, 2024) exposed systemic failures by a single frontline regulator. The Mazur litigation, which began in the High Court in 2025 and required Court of Appeal intervention in 2026 to restore workable practice revealed something more fundamental: that the boundaries of the Legal Services Act 2007 are so poorly understood that the entire profession operated for years in uncertainty. When a reserved legal activity requires two rounds of litigation to define, the framework has failed. The fact that the courts had to resolve what Parliament and regulators had left ambiguous is itself the indictment.

The Panel has warned about these structural weaknesses for over a decade. The Regulatory Information Service (RIS) recommended by the Competition and Markets Authority (CMA) in 2016 with the purpose of empowering consumers to make informed decisions, has only just reached public beta. In the ten years since CMA first called for it only two tools that constitute the RIS's delivery to date, 'check a legal adviser' and 'choose a legal adviser' are now live on the Legal Choices homepage. The Panel acknowledges this progress. But a decade to reach beta is not a success story. It is a structural indictment. And the beta itself covers only regulated providers, draws on eight separate data systems, and sits on a platform most consumers have arguably never heard of.

Complaints handling is similarly fractured. The Legal Ombudsman received 13% more contacts in 2023/24 than the previous year. In that same period, 46% of complaints investigated revealed unreasonable first-tier complaints handling, effectively meaning thousands of consumers having to resort to costly and time-consuming escalation as providers are unable to resolve at first contact. The artificial separation between 'service' complaints (Legal Ombudsman) and 'conduct' complaints (regulators) is a bureaucratic fiction that serves institutions, not consumers. SSB Law collapsed in part because over 100 complaints were miscategorised and scattered across this divided landscape, allowing warning signs to go unheeded for five years.

The compensation landscape is equally incoherent. The Panel has long raised concerns about opacity, gaps, and fragmentation in compensation fund arrangements. The largest of these is the SRA fund, whose levy contributions surged by 270% in the wake of Axiom Ince, illustrating the cost of regulatory failure for law firms as well as consumers.

This report sets out an evidence-based case for structural reform, culminating in ten hard recommendations. Incremental repair is not an option. A single, independent, risk-based regulator is the only credible response.

In full, the Panel makes ten recommendations, set out at the end of this report:

- Create a single, independent regulator to replace the existing eight frontline regulators
- Embed specialism within that unified structure through specialist divisions and expert panels
- Redraw the regulatory perimeter around risk rather than historical professional titles
- Complete and extend the Regulatory Information Service to the full market
- Abolish the artificial service/conduct divide in complaints handling
- Establish a single, universal compensation scheme for consumers of legal services
- Mandate user-tested transparency standards for price, quality, and redress
- Build a technology-ready regulator with the mandate to govern AI in legal services
- Make access to justice an operational, measurable regulatory objective
- Legislate for reform, with a transitional programme body to manage the transition

The Statutory Objectives: Stated but Not Delivered

The Legal Services Act 2007 originally set out eight regulatory objectives which the Legal Services Board (LSB) and all approved regulators must promote:

- protecting and promoting the public interest
- supporting the constitutional principle of the rule of law
- improving access to justice
- protecting and promoting the interests of consumers
- promoting competition in the provision of legal services
- encouraging an independent, strong, diverse and effective legal profession
- increasing public understanding of the citizen’s legal rights and duties
- promoting and maintaining adherence to the professional principles

A ninth objective was added by Section 209 of the Economic Crime and Corporate Transparency Act 2023: promoting the prevention and detection of economic crime. Nine objectives. Eight approved regulators. Multiple frontline regulatory bodies, tribunals, and ombudsman services alongside them. The architecture of oversight is not merely complex; it is systemically incapable of ensuring all nine objectives are met coherently across the entire landscape.

The Panel’s response to the Ministry of Justice’s 2026 public review of the Legal Services Board[1] was unambiguous: the current framework makes it structurally impossible for those objectives to be met. As our Chair, Tom Hayhoe, stated: *“The LSB is being asked to deliver coherence, consistency and consumer protection across a regulatory architecture that is fragmented by design. No oversight body can fully succeed in a system that is structurally incapable of acting as a single system.”*

The Panel argued that any assessment of the LSB cannot be divorced from an assessment of the framework it is required to operate within. The LSB is expected to co-ordinate and hold to account multiple frontline regulators with different cultures, inconsistent protections, different appetites for risk, limited staff resources, and an incoherent regulatory landscape. This structural incoherence weakens oversight and contributes directly to the persistent failures documented in this report. A framework that cannot deliver its own statutory objectives is not a framework in need of review. It is a framework in need of replacement.

[1] https://www.legalservicesconsumerpanel.org.uk/wp-content/uploads/2026/03/2026.03.09-LSCP-response-to-MOJ-Call-for-Evidence-on-the-LSB.pdf

> ***"The failures we see, from transparency gaps to inconsistent protections to delays in redress are symptoms of a failing model. Consumers deserve a regulatory framework that is coherent, modern and facilitates delivery of the statutory objectives."[3]***
>
> — Tom Hayhoe, Chair, Legal Services Consumer Panel, March 2026

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The Architecture of Fragmentation

Eight Approved Regulators, One Incoherent System

The Legal Services Act 2007 designates eight approved regulators, each with their own independent regulatory arm: the Solicitors Regulation Authority (Law Society), the Bar Standards Board (Bar Council), the Council for Licensed Conveyancers, CILEx Regulation (Chartered Institute of Legal Executives), the Intellectual Property Regulation Board (CIPA and CITMA jointly), the Institute of Chartered Accountants in England and Wales, the Faculty Office (Master of the Faculties, regulating Notaries), and the Costs Lawyer Standards Board (Association of Costs Lawyers).

Immigration advice sits outside this framework entirely. It is regulated separately by the Immigration Advice Authority (IAA), a Home Office sponsored regulator operating under the Immigration and Asylum Act 1999, not under the Legal Services Act 2007. The IAA is not one of the LSB's approved regulators, and immigration advisers who are not otherwise authorised fall under this parallel regime rather than the eight-body architecture described above. In practice this still leaves consumers facing at least nine differently governed bodies across legal and legal adjacent services, with different standards, different fees, different complaints processes, and different levels of consumer protection. The number alone tells a story. But the architecture is the real problem.

This fragmentation is not a strength. The Panel has consistently argued that this architecture was designed around historical definitions of legal professions not consumer need. A consumer does not experience their legal problem through the lens of which professional title their provider holds. They experience it as a problem that needs solving. If there is a problem within the regulated sector, the basic complaints pathway is consistent: complain first to the provider, then escalate to the Legal Ombudsman, with conduct matters going to the relevant regulator. All regulated providers carry professional indemnity insurance. But this surface consistency conceals real variation and real gaps. Compensation fund rules, caps, and levels of discretion differ significantly across regulators. The SRA operates the largest and most comprehensive fund; others offer lower or no equivalent protection. And the entire framework stops at the regulatory perimeter: a consumer using an unregulated provider, an AI-enabled tool[2], or a digital platform outside the reserved activities has none of these safeguards at all. Whether a consumer has meaningful financial protection and how much does depend on which regulator oversees their provider, not what their initial legal need was. That is not good enough.

> ***"An oversight regulator with fewer than 50 staff cannot realistically oversee multiple frontline regulators, monitor financial resilience, track emerging technologies, respond to crises, and drive structural reform. Legal services are the outlier: it expects a small oversight body to manage a fragmented system that was never designed to be overseen coherently."***
>
> Tom Hayhoe, Chair, Legal Services Consumer Panel, 2026

The fragmentation has direct costs for consumers. Regulatory competition, as the Panel warned in Breaking the Maze in 2013 does not drive standards up. It risks a race to the bottom. The Council for Licensed Conveyancers has publicly advertised for firms to switch to its regulation, emphasising its 'supportive' approach. CILEx has pursued redelegation of its regulatory functions to the SRA, a process that has consumed regulatory bandwidth and remains unresolved. These are not the behaviours of a coherent regulatory system. They are the behaviours of a fragmented one competing with itself.

[2] We know that in some circumstances AI powered tool owners have sought regulation

In addition, multiple lawyers are now subject to more than one regulatory regime, adding complexity and cost. Smaller regulators lack the resources to conduct meaningful consumer research, develop sophisticated data systems, or engage in proactive horizon scanning. The Panel has made these points consistently not as a criticism of those regulators individually; but of the limitations of the structural reality. A system that expects small bodies to perform functions requiring economies of scale will always produce uneven protection.

The Solicitors Disciplinary Tribunal: Another Anomaly

The Solicitors Disciplinary Tribunal (SDT) is a striking illustration of how far the current architecture defies coherent governance. Established under the Solicitors Act 1974, predating the Legal Services Act 2007 by three decades, the SDT is independent, judicially and administratively, of both the SRA and the Law Society. Cases are brought before it predominantly by the SRA, but the SDT operates under its own procedural rules and practice directions. Its members are appointed not by any regulatory body but by the Master of the Rolls.

The SDT's funding arrangements are no less unusual. Consider the Memorandum of Understanding dated November 2025 between the Legal Services Board, the SDT, the SDT Administration Ltd, and the Law Society. Under this the SDT is funded by the Law Society, a representative body, operating under a framework overseen by the LSB. The LSB is the oversight regulator, but the LSB's own visibility into how it engages with the SDT is limited. The Panel has noted publicly that there is 'little visibility' of how the LSB engages with the SDT. For a body that makes the most consequential decisions in legal services regulation, striking solicitors off the roll, imposing unlimited fines, determining public protection in the most serious cases, this opacity is indefensible.

There is no equivalent body for barristers, costs lawyers, or legal executives regulated by other frontline regulators. Each has its own disciplinary pathway.

The Panel has called for a single disciplinary process. Multiple tribunals and disciplinary bodies with overlapping or inconsistent approaches undermine fairness, transparency, and public confidence. A unified disciplinary pathway would strengthen accountability and reduce duplication.

> ***"Multiple tribunals and disciplinary bodies with overlapping or inconsistent approaches undermine fairness, transparency, and public confidence. A unified disciplinary pathway would strengthen accountability and reduce duplication."[5]***
>
> Tom Hayhoe, Chair, Legal Services Consumer Panel, March 2026

The Regulatory Information Service: A Decade to Reach Beta stage

Perhaps no single example illustrates the cost of fragmentation more starkly than the Regulatory Information Service (RIS). In its 2016 Legal Services Market Study, the Competition and Markets Authority was unequivocal: the lack of transparency was a barrier to competition and consumer choice. It recommended that the Legal Services Board oversee the creation of a centralised digital resource 'the RIS', to help consumers navigate the fragmented regulatory landscape, verify whether their provider was regulated, understand what that regulation covered, and know where to turn if something went wrong.

That was 2016. As of the publication of this report in 2026, a full decade later, two RIS tools have just reached public beta on the Legal Choices homepage: 'check a legal adviser' and 'choose a legal adviser.' The Panel acknowledges the milestone. But ten years to reach a public beta, after two CMA recommendations and repeated Panel interventions, is not a timeline any well-designed system would produce.

The Panel was direct in December 2025: delegation by the LSB to frontline regulators without robust oversight and accountability left RIS stalled, with consumers paying the price. The public beta now delivered does not undo that critique, it confirms it. What a single, well-resourced regulator could have built as a coherent system from the start has instead been assembled through a decade of co-ordination across eight bodies, resulting in two tools in beta, hosted on a platform most consumers do not know, drawing on fragmented data, and covering only a portion of the legal services market.

> ***"A decade of delay to reach two tools in public beta is not a performance problem. It is a structural one. A system built around eight approved regulators, each with their own data systems, cannot efficiently co-ordinate the delivery of a single coherent consumer-facing tool — and the beta itself proves the point."***
>
> **— Legal Services Consumer Panel, 2026**

The RIS beta is a microcosm of the wider fragmentation problem. Its structural weaknesses are not bugs; they are features of the architecture. The tools cover only regulated providers: a consumer using an AI tool, digital platform, or unregulated hybrid service finds nothing. The data comes from eight regulators with different standards and refresh cycles, so quality and currency vary invisibly across regulated communities. The tools live on Legal Choices, which the Panel's Tracker Survey shows most consumers do not use as their primary source of legal information. And disciplinary records and Legal Ombudsman complaint outcomes sit in separate systems, so consumers cannot see a unified picture of their provider's history. Transparency reforms delivered within a fragmented architecture will always be partial, inconsistent, and incomplete. The architecture is the obstacle.

The cost of fragmentation — what consumers are unable access under the current system:

- **A single point to verify their provider's regulatory status and what it covers**
- **A clear, single route to complain without navigating the service/conduct divide**
- **Consistent compensation protection — fund rules, caps and discretion currently vary across regulators**
- **Any protection at all if their provider is unregulated, AI-enabled**[3], or outside the reserved activities perimeter
- **Consistent disciplinary standards — multiple tribunals and pathways depending on professional title**
- **Meaningful quality indicators to compare providers — absent from most of the regulated market**
- **Any protection at all if their provider is unregulated or uses AI/digital tools outside the perimeter**

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The Failures That Demand Reform

Axiom Ince: A £60 Million Avoidable Disaster

Axiom Ince collapsed in October 2023 following the alleged misappropriation of over £60 million in client funds. An independent review commissioned by the LSB found that the SRA had missed clear warning signs, failed to verify client account balances, and inadequately managed the risks posed by the firm's rapid acquisition strategy. Two earlier accumulator firms had already collapsed due to financial problems, and SRA staff had raised concerns but little action was taken.

When the shortfall was first identified in July 2023, the SRA chose a partial intervention, targeting three individuals rather than closing the firm. This allowed a further £36 million to be lost from the client account before full intervention in October 2023. The independent review concluded the SRA had the funding, staff, and powers to act. It chose not to.

The LSB subsequently activated Section 32 of the Legal Services Act for the first time since the Act's creation, the first formal enforcement action against a frontline regulator in the history of the current framework. Axiom's insurers are now suing the SRA for negligence over £64.5 million in client money losses. The SRA's Compensation Fund levy rose by 270% in response.

> ***"The SRA was focused on increasing its fining powers and proposing regulatory expansion, rather than tackling known risks from accumulator-style firms and ensuring its operations were joined up and laser-focused on protecting consumers."***
>
> — Law Society, response to Independent Review of Axiom Ince, 2024

SSB Law: 100 Warnings, Zero Action

SSB Group entered administration in January 2024 with debts exceeding £200 million. The firm had acted for thousands of clients on cavity wall insulation claims on no-win, no-fee terms. Many of those clients were subsequently pursued for substantial legal costs they had been assured they would never face.

The independent review by Carson McDowell LLP found that the SRA had received more than 100 reports about SSB between January 2019 and March 2024. It repeatedly failed to respond effectively. The SRA miscategorised systemic conduct complaints as service complaints and redirected complainants to the Legal Ombudsman. This is the artificial service/conduct divide in action: over 100 warning signs, scattered across two systems, amounting to nothing.

A forensic investigation in April 2023 revealed the firm owed £128 million to litigation funders, one charging 32% interest over LIBOR, and was relying on new borrowing to service existing debt. The SRA failed to act. In March 2026, the LSB formally censured the SRA and ordered it to publish mandatory performance targets.

100+	**£200m**	**270%**

Complaints about SSB ignored 2019–2024	Debts left for vulnerable consumers	Rise in SRA Compensation Fund levy after Axiom Ince and SSB collapses

Mazur: What the Litigation Really Exposed

The Mazur case has been described as "the most consequential judgment for legal services in recent history[3]." That description is accurate, but the significance lies not in the legal outcome but in what the litigation revealed about the regulatory framework.

In September 2025, the High Court held that non-authorised individuals were prohibited from conducting litigation altogether, even when acting under the supervision of an authorised person. The judgment sent shockwaves through the profession. Law firms had operated for years and regulators had permitted them to operate on the assumption that supervised delegation of litigation tasks was lawful. The High Court found that assumption was wrong.

In March 2026, the Court of Appeal overturned that decision, restoring a workable distinction between the conduct of litigation (a reserved activity requiring authorisation) and supervised assistance with litigation work (permissible under appropriate delegation). The Court held that an unauthorised person can perform litigation tasks under the supervision and responsibility of an authorised lawyer.

The Court of Appeal judgment provides some operational clarity. But it does not resolve the deeper problem Mazur exposed. As law firm Bevan Brittan noted, the Court of Appeal decision represents a 'course correction' back to arrangements that many practitioners had assumed existed all along, yet had never been clearly defined, consistently enforced, or coherently governed. The law did not change. What changed was that the legal profession discovered, through expensive litigation, that its longstanding practices had never been placed on a secure regulatory footing.

> ***"Mazur does not change the law – it simply interprets the Act, which many practitioners and indeed regulators had overlooked or failed fully to grapple with for many years."***
>
> Bevan Brittan, April 2026

The Panel's position is that Mazur, across both judgments, is a case study in the consequences of a framework that is insufficiently clear about who can do what, insufficiently co-ordinated across multiple regulators, and insufficiently governed to prevent fundamental questions reaching the courts. Eight regulators issued eight different guidance notes in response to the High Court judgment, with varying interpretations and different timelines. The Court of Appeal subsequently noted that supervision requirements are 'a matter for the regulators', precisely the outcome a coherent, unified framework should have delivered without two rounds of costly litigation.

CILEx has called on the government to address the regulatory shortcomings the Mazur judgment represents. The Panel echoes that call. However, the answer is not better guidance from eight regulators. It is structural reform.

[3] Jennifer Coupland, the Chief Executive of the Chartered Institute of Legal Executives (CILEX), following the landmark Court of Appeal ruling in *CILEX and others v Mazur and others* (delivered on March 31, 2026).

When Scandal Meets a Fragmented System

The failures documented in this report do not exist in a vacuum. Three have been the subject of television documentaries and investigations that reached audiences far beyond the legal sector. Each is instructive not merely as a case study in institutional failure, but as a direct illustration of what regulatory fragmentation produces, and why fragmentation leaves those failures unspotted. In each instance, the architecture of the Legal Services Act 2007 — its divided responsibilities, its siloed complaints systems, its inconsistent protections, and its oversight gap, is not incidental to the harm. It is the mechanism through which harm was enabled, sustained, and delayed in its remediation. The LSB is the oversight regulator across all these contexts. The question these scandals pose is not whether the LSB failed in each case. It is whether any oversight regulator of its size can prevent failures that are structurally embedded in the architecture it is required to govern.

The Post Office Horizon Scandal: When Lawyers Enable Systemic Injustice

The ITV dramatisation "Mr Bates vs The Post Office" (2024) brought the Horizon scandal to public consciousness in a way that a decade of campaigning and litigation had failed to achieve. Between 1999 and 2015, more than 900 sub-postmasters were wrongfully prosecuted based on faulty data from the Horizon IT system, leading to wrongful imprisonment, financial devastation, and at least 13 suicides linked to the scandal. The statutory public inquiry, which concluded in December 2024, found that senior Post Office and Fujitsu executives either knew or should have known about Horizon's defects and continued to rely on it regardless. Volume 1 of the final report, published in July 2025, described patterns of institutional cover-up and a determined failure to disclose what was known. The Metropolitan Police is investigating potential criminal offences including perverting the course of justice and perjury.

The link to legal services regulation is direct: the Post Office exercised prosecutorial powers as a private body, instructing solicitors and barristers in the prosecution of sub-postmasters it knew, or ought to have known, were innocent. Research funded by the Economic and Social Research Council at the University of Exeter has established that the scandal was not merely a technology failure. It was enabled by failures in lawyering, professional ethics, and the governance structures that should have held legal professionals to account.

The solicitors involved were regulated by the SRA. The barristers were regulated by the BSB. Neither regulator has any structural mechanism for identifying systemic misconduct patterns across large volumes of prosecutions conducted by a single institutional client. Eight regulators operating in parallel cannot generate system-wide intelligence. The LSB, with fewer than fifty staff, cannot provide it. The Post Office scandal is, in part, a legal regulation failure. It has not been treated as one. That is the oversight gap in operation.

Harassment at the Bar: A Regulatory System That Added to the Trauma

A Channel 4 News investigation into sexual harassment and misconduct at the Bar exposed not only the prevalence of predatory behaviour by senior barristers, but the failure of the regulatory system charged with addressing it. The BSB's own Chair acknowledged publicly that the BSB had *"added to the trauma of the already distressing situation"* faced by witnesses. The barrister at the centre of the investigation was ultimately disbarred but only after a process that compounded harm rather than mitigated it. Victims were afraid to come forward precisely because the system they were asked to trust had failed them repeatedly.

The subsequent independent review led by Baroness Harriet Harman, a senior Privy Councillor and former Solicitor General "identified a "*culture of denial*" and a "*cohort of untouchables*" protected by silence, fear, and a broken complaints process. Junior barristers waited years for complaints to be resolved. The LSB rated the BSB red for "well led" and "operational delivery" in 2025, with an amber rating for "effective approach to regulation" and had issued red ratings in two of its five assessment categories in 2023, among the poorest performance assessments of any frontline regulator. An independent review by Fieldfisher in 2024 found the BSB could have met its performance targets but was not doing so. By 2025, the BSB had to give voluntary undertakings to the LSB to address persistent shortcomings. The fragmentation link is stark: the BSB exists as a separate institution because barristers operate in a different way to other legal professionals. What the evidence demonstrates is that a dedicated specialist regulator produced worse regulatory outcomes for the profession and for the people it harmed. The argument for independence from a unified structure does not survive the evidence of what independence has delivered. It required television coverage and a Baroness-led review to surface what a well-resourced, unified regulator should have identified and acted upon internally.

Licensed Conveyancers and Referral Fees: Regulatory Competition and Its Consumers

A BBC Panorama investigation into “conditional selling” in the residential property market exposed a practice in which estate agents were incentivised to steer buyers towards in-house or preferred conveyancing services, regardless of quality or consumer interest. Following the investigation, the CLC's own review of referral fee arrangements between licensed conveyancers, regulated by the Council for Licensed Conveyancers, and estate agency businesses found that these arrangements had not been subject to proactive supervisory scrutiny.

The CLC launched a thematic review following the broadcast, acknowledging that the programme had raised “serious concerns.” Its interim findings, published in 2026, confirmed that all twelve practices reviewed had referral arrangements in place, that record-keeping was inconsistent, and that there was a “potential regulatory blind spot” in how the CLC had supervised these arrangements.

The CLC has publicly advertised itself to firms as a more “supportive” regulatory environment, the kind of regulatory competition the Panel warned about in Breaking the Maze. This is a systemic risk in a model where regulators compete for firms, regardless of any individual regulator's conduct: a regulator with a commercial interest in attracting and retaining the firms it regulates carries an inherent, structural pressure that a single, unified regulator with no institutional interest in competing for firms would not face. Separately, the CLC's own review of referral fee arrangements found a “regulatory blind spot” in its supervision, identified only after a Panorama investigation into estate agent conditional selling had drawn attention to the issue. The CLC's review was prompted by a television programme. It should have been prompted by the regulator itself.

> ***In each case, Post Office prosecutions, harassment at the Bar, referral fees in conveyancing, a television camera had to do what the regulatory system could not: make the failure visible. These are not coincidences. They are the predictable outputs of a system where oversight responsibility is diffuse, accountability is fragmented, and no single body has either the mandate or the capability to see the whole picture.***

A Framework Muddied Further: The CJC Review of the Solicitors Act 1974 and the Proposed Expansion of LeO

Into this already incoherent landscape, two further developments are now proceeding simultaneously. Each are meritorious in isolation but together are acting to deepen the structural complexity the Panel has consistently highlighted.

In April 2026, the Civil Justice Council’s Reform of the Solicitors Act Working Group published a consultation on a comprehensive overhaul of Part III of the Solicitors Act 1974, the statutory regime governing solicitor and own-client costs. Parts of the existing structure can be traced to the Attorneys and Solicitors Act 1729. The CJC has described the current regime as "*complex, formalistic and outmoded*." The Working Group's provisional position is that Part III should be entirely repealed and replaced with a modern, principles-based statutory code, supplemented by professional conduct rules overseen by the SRA. Central to that proposal is a graduated dispute resolution mechanism: bills of up to £50,000 would be directed to the Legal Ombudsman as the primary route for consumer redress before any court-based challenge. For bills over £50,000, mandatory alternative dispute resolution would precede court proceedings. The consultation closes in July 2026.

The Panel does not dispute the case for reform of a costs regime that has not been substantively updated since 2007. Reform of own-client costs is overdue. But the proposal to route the majority of costs disputes through the Legal Ombudsman (LeO) raises a concern that cannot be separated from the state of LeO as it currently operates. LeO's own 2026/27 business plan acknowledges that the time from accepting a complaint to resolving it, which stands at roughly 260 days, will rise to between 330 and 390 days by the end of 2027/28. The Panel has already called publicly for radical reform of the Legal Ombudsman, noting that it is a vital institution operating under structural constraint and sustained demand pressure. Adding thousands of solicitor-client costs disputes on top of an already stretched caseload, before the structural problems driving that backlog have been resolved, risks transforming a reform intended to simplify redress into a new bottleneck that further delays justice for consumers.

There is a deeper structural concern. The CJC's proposals relate only to solicitors, as the Solicitors Act 1974 governs only that profession. The costs regimes for barristers, licensed conveyancers, legal executives and other regulated professionals are governed by different instruments and different regulatory arrangements. A reformed own-client costs regime for solicitors, routing disputes to LeO, will sit alongside entirely different arrangements for other legal professionals. Rather than simplifying the landscape, this layered reform adds another strand of inconsistency to a system already characterised by fragmentation. It asks the Legal Ombudsman to absorb a new category of jurisdiction without the structural coherence or the additional resource to deliver it consistently across the full market. It is, in short, another incremental adjustment to a framework that needs replacement, not repair. The fragmentation of the Legal Services Act, the separateness of the Solicitors Act 1974, and the unresolved capacity pressures at LeO are three symptoms of the same structural disease. Treating them separately does not treat the disease. It produces three partially reformed systems that continue to pull against each other.

- ***The Panel urges that any expansion of LeO's jurisdiction be contingent on demonstrated readiness, adequate resourcing, and structural reform of the complaints landscape as a whole. Expanding an overburdened, architecturally constrained institution is not a solution. It is a deferral of the harder structural question this report is asking the government to answer.***

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Complaints, Redress, and the Price of Incoherence

The Complaints Landscape: Fragmented by Design

Legal services complaints are divided across two parallel systems: ‘service’ complaints go to the Legal Ombudsman; ‘conduct’ complaints go to the relevant frontline regulator. The Panel has consistently argued that this artificial divide is a bureaucratic fiction. From a consumer’s perspective, poor service and misconduct are often the same event. The distinction serves institutional convenience, not consumer protection.

SSB Law proved the cost of this divide in the most devastating way possible. More than 100 complaints about SSB were made to the SRA between 2019 and 2024. The SRA repeatedly miscategorised them as service complaints and redirected complainants to the Legal Ombudsman. No single body saw the full picture. No body connected the dots. The pattern of systemic failure was invisible to a system designed to keep conduct and service in separate silos. The firm collapsed with £200 million in consumer debts.

The Panel has called for the complaint-handling functions of the SRA and Legal Ombudsman to be effectively merged into a unified risk and intelligence hub. This is not a novel suggestion. It is the logical conclusion of the Panel’s consistent position over many years: that the artificial chasm between service and conduct complaints ‘sacrifices consumer protection on the altar of bureaucratic convenience.’

The Legal Ombudsman: Constrained by Architecture

The Legal Ombudsman is a vital institution operating under significant structural constraint. Contacts to the LeO rose by 13% in 2023/24 compared to the previous year. The LSB noted ‘underlying increase in demand’ and expressed concern about the risk this posed to the LeO’s improvement journey. In the 2023/24 reporting period, 46% of complaints investigated revealed unreasonable first-tier handling, and 69% involved poor service overall.

First-tier handling failures feed directly into the LeO’s caseload. When providers fail to deal with complaints properly, consumers escalate. When eight regulators apply different first-tier complaints standards or none consistently escalation rates rise. The Panel has called for a mandatory model complaints resolution procedure to be applied consistently across the sector. This is a sensible reform. But without structural coherence across the frontline regulatory landscape, it addresses a symptom without treating the cause.

Also, LeO cannot accept complaints about unregulated providers. A consumer who receives flawed advice from an AI-enabled tool, a digital platform, or a hybrid service operating outside the reserved activities has no route to the Ombudsman, no access to compensation, and no regulatory body with jurisdiction. The Panel’s Tracker Survey shows consumers assume protections exist where they do not. This gap is not marginal. It is systemic.

Compensation: Opaque, Fragmented, and Unfit

The compensation and financial protection landscape mirrors the broader architecture: fragmented, opaque, and impossible for consumers to navigate with confidence. The Panel set out these concerns formally in our historic Financial Protection Arrangements work and has repeated them in our responses to SRA consultation in 2024. The core finding has not changed: the compensation fund arrangements are fragmented, opaque, and there is a dearth of data around their administration.

Not all regulators operate compensation funds. Those that do have different rules, different eligibility criteria, different caps, and different levels of discretion. The SRA fund is the largest and is discretionary: the SRA decides whether a claimant is eligible. It covers losses where a solicitor has stolen or failed to account for client money not covered by professional indemnity insurance. The maximum grant is £2 million. Other regulators have lower or no equivalent protection. Providers operating entirely outside the regulated sector carry none at all.

Following Axiom Ince, individual solicitor contributions to the SRA Compensation Fund rose significantly. Consumers, many of whom remain unaware of the distinction between regulated and unregulated providers, continue to assume a level of universal protection that simply does not exist.

> ***"The Panel has long raised concerns about opacity, gaps and fragmentation in existing compensation fund arrangements. Now is not the time to weaken them — it is the time to address the underlying structural problem."***
>
> — Legal Services Consumer Panel, October 2024

The Panel has called for a sector-wide review of compensation fund arrangements[4] and has explored the case for a single scheme that joins up professional indemnity insurance and compensation funds across the whole market. In financial services, the Financial Services Compensation Scheme provides universal, clearly communicated protection governed by a single set of rules. Since 2001 it has helped more than 4.5 million people and paid out over £26 billion. Legal services consumers deserve equivalent clarity. They do not have it.

What a consumer faces today if something goes wrong:

- An artificial divide between 'service' and 'conduct' complaints that can split a single problem across two systems
- Compensation protection that varies significantly by regulator — fund rules, caps and discretion are not uniform
- No redress or compensation pathway at all if their provider is unregulated, AI-enabled, or a digital platform
- Different disciplinary standards and processes depending on which professional title their provider holds
- A Legal Ombudsman under sustained demand pressure, fed by systematic failures at first tier
- The assumption — almost universally held — that legal services are universally regulated. They are not.

06

Technology, Platforms, and AI

Technology has transformed the legal services market more profoundly in the past five years than in the previous two decades. Consumers now encounter legal services through automated document generators, AI-enabled triage tools, online platforms, and hybrid digital–human models that did not exist when the Legal Services Act 2007 was drafted. These developments offer real opportunities. But they introduce risks that the current regulatory framework is structurally incapable of governing.

The Panel's Tracker Survey shows that consumers increasingly search for legal help online, rely heavily on perceived authority and presentation, and may assume that digital tools are neutral, accurate, and safe. Vulnerability affects digital confidence and decision-making. These are known, evidenced risks that the regulatory framework has not addressed.

There are currently no mandatory requirements for providers to disclose when AI is used in the delivery of legal services. No standards exist for testing or validating automated tools. No single body is responsible for cross-sector technology risk assessment. Eight regulators interpret technological risk through eight different lenses, with predictable inconsistency. A single regulator with genuine scale could build the data science, horizon scanning, and algorithmic accountability capacity that the current system cannot.

The Case for a Sector-Wide Technology and Innovation Strategy

The Panel has argued consistently that the regulatory response to technology in legal services requires more than guidance. It requires a sector-wide technology and innovation strategy with clear ownership, adequate resource, and genuine accountability. In July 2023, the LSB consulted on draft statutory guidance for regulators on promoting technology and innovation to improve access to legal services. That guidance, published in April 2024, sets three outcomes it expects regulators to pursue: enabling technology and innovation to support improved access; balancing benefits and risks in the public interest; and actively fostering a regulatory environment open to technology providers and innovators. The Panel engaged with that consultation and broadly supported its direction. It noted, however, that guidance of this kind, directed at frontline regulators operating under separate frameworks with separate cultures and separate data systems, cannot substitute for the co-ordinated, intelligence-led, consumer-centred approach the scale of the challenge demands.

The regulatory focus appears to be on legal service providers as users of AI, while consumers, who are also encountering AI tools directly, and whose decisions are increasingly being shaped by AI-generated outputs they cannot verify, have received far less structured attention. The Panel's 2024 Tracker Survey found that 68% of legal services consumers think accessing legal services digitally would make them more accessible, but 56% said they would trust a legal service less if they could only access it digitally. These are not contradictory findings. They describe a consumer population that is open to technology but rightly uncertain about accountability, quality, and redress when things go wrong. The regulatory framework has no adequate answer to either concern.

The LSB's own commissioned research, published in June 2026, confirms the same pattern at a system level. MEL Research found that the majority of consumers expect AI-powered legal tools to make services easier to use, more affordable, and more accessible, but identified five expectations consumers are not prepared to see compromised: a guaranteed minimum standard of accuracy; no consequential action taken without informed consent; meaningful human oversight and transparency; clear accountability when an AI tool causes harm; and no compromise on basic safety, regardless of whether the tool is free or paid. The research found that standards written specifically for consumer-facing legal AI are almost entirely absent, and that lawtech providers have been left to assemble their own working practices from adjacent regulatory requirements, professional instinct, and trial and error. For services operating without a qualified legal professional in the loop, this leaves a structural gap: the protections a consumer would ordinarily expect from a regulated provider simply do not apply. The LSB itself has described this as an "expectation-reality gap." A fragmented system of eight frontline regulators, none of which has either the remit or the technical capability to set AI-specific standards across the whole market, is not equipped to close it.

68%	56%	5
Think digital access would make legal services more accessible (LSCP 2024)	Would trust a legal service less if digital-only (LSCP 2024)	Non-negotiable consumer expectations of legal AI (MEL Research/LSB 2026)

Four specific failures are now documented. First, there are no mandatory disclosure requirements when AI is used in legal service delivery, consumers cannot know when they are receiving machine-generated advice rather than professional judgement. Second, there are no standards for testing, validating, or auditing automated legal tools, meaning quality assurance is entirely voluntary and entirely inconsistent. Third, there is no single body with the remit, technical capability, or cross-sector data access to monitor how AI is affecting consumers in real time. And fourth, as the Panel has explicitly warned, the absence of proactive regulatory framework or strategy risks creating a "hurt first, fix later" dynamic.

Research by the Nuffield Family Justice Observatory has found that lower-cost AI-enabled services which are not subject to quality standards may deliver systematically worse outcomes for those with fewer resources, effectively reproducing existing inequalities in a new register. An Open University study found that AI tools provided legal advice that was not always reliable or accurate, and critically that paid-for versions delivered higher quality and more accurate advice than free versions. Without a co-ordinated regulatory response that sets minimum quality standards applicable across all providers regardless of delivery model, the expansion of AI in legal services may widen rather than close the access to justice gap.

The Panel's position is that the LSB's statutory guidance represents a necessary but insufficient step. What is required is a cross-sector technology and innovation strategy for legal services, owned by a body with the regulatory authority, technical capacity, and consumer intelligence to execute it. That strategy must be built around five commitments: mandatory disclosure of AI use to consumers in all service delivery contexts; binding quality standards for automated legal tools covering accuracy, bias testing, and version control; a real-time consumer intelligence function drawing on cross-sector AI harm data from other regulated markets where AI has been deployed at scale; a clear accountability framework so that when AI systems cause consumer harm, redress is available and liability is unambiguous; and a systematic programme to identify and mitigate the digital exclusion risks that arise when access to justice becomes contingent on digital confidence and connectivity. None of these commitments can be delivered by eight regulators working separately. All of them are deliverable by a single, well-resourced regulator with the mandate to act.

Technology and AI in legal services require a sector-wide strategy not guidance directed at eight regulators working separately. The Panel has called for mandatory disclosure, binding quality standards for automated tools, a real-time consumer intelligence function, a clear accountability framework, and a programme to address digital exclusion. The risk of a "hurt first, fix later" approach is documented and concrete. Without a single body with the mandate and scale to execute this strategy, that risk will materialise.

07

The Oversight Gap

The Legal Services Board was created to provide coherence, accountability, and strategic leadership. The events of the past two years have demonstrated that it cannot fulfil this role within the constraints of the current architecture.

The LSB's oversight powers are fundamentally limited by the Act. It can set expectations; it cannot mandate uniformity. It can encourage consistency; it cannot require it. It can intervene in cases of clear failure; it cannot redesign the system to prevent those failures. The LSB was forced into enforcement action against the SRA twice in twelve months, over Axiom Ince and SSB Law. In both cases, the LSB was responding to failures that had already devastated consumers. The architecture does not give the oversight regulator tools to prevent systemic harm before it occurs.

The Panel has also been clear that the LSB has consistently failed to hold regulators to account on first-tier complaint handling and that it does not hold the Legal Ombudsman to account effectively. An oversight regulator structured to manage eight frontline bodies, a complaints ombudsman, and an increasingly complex technological risk environment through co-ordination rather than direct authority is not set up to succeed. This is not a criticism of the individuals at the LSB. It is a structural reality, designed into the Act itself.

Technology has further exposed the oversight gap. The LSB does not have the statutory authority, technical capability, or regulatory tools to provide system-wide oversight of AI risk. The Mazur litigation across both the High Court and Court of Appeal demonstrated that the LSB's calls for regulators to provide 'clear information' in the wake of judgments affecting multiple regulated communities are necessary but insufficient. A unified regulator would have acted with a single voice from the outset.

08

Access to Justice

Access to justice is a statutory regulatory objective. Parliament made clear in the Legal Services Act 2007 that the framework must improve access to justice, not merely preserve it. The evidence of the past decade shows that the current architecture is structurally incapable of delivering this objective.

Two-thirds of people in England and Wales experienced at least one legal issue in the four years covered by the LSB's 2023 Individual Legal Needs Survey. Only half obtained professional help. Unmet need increased. The most acute unmet needs are in family law (40%), among those with disabilities (38%), and in low-income and deprived areas. Legal aid funding fell from 14% of legal services costs in 2012 to 5% in 2019 according to Tracker Survey data. Self-funding has risen from 56% to 73% over the same period. The regulatory framework has no coherent mechanism to respond to these structural shifts.

Digital exclusion compounds the problem. Technology can widen access but only if it is accurate, inclusive, and accessible. Automated tools may misclassify problems or produce outputs consumers cannot interpret. The regulatory framework has no standards for ensuring that technology is inclusive, and no mechanisms for monitoring its impact on vulnerable consumers.

> ***"Access to justice is a statutory objective in name, but not in operation. The regulatory perimeter is misaligned with modern risk. Unregulated services sit outside the framework. And the oversight regulator lacks the authority to drive change."***
>
> — Legal Services Consumer Panel, 2026

09

A Decade of Warnings — From Breaking the Maze to Today

The Panel was established in 2009, a year after the Legal Services Act 2007 received Royal Assent. In the seventeen years since, it has outlived five Chief Executives of the Legal Services Board and made the same structural argument under each of them: that a regulatory architecture built around historical professional titles, not consumer need, cannot deliver consistent protection. That argument has not changed because the underlying problem has not changed. What has changed is the volume of evidence behind it.

Breaking the Maze, the Panel's first major intervention on structural fragmentation, was published in 2013, just six years after the Act and only four years after the Panel itself was established. The Panel was not late to this question. It identified the structural risk near the beginning of the current framework's life, before most of the failures catalogued in this report had occurred. Axiom Ince, SSB Law, and Mazur did not reveal a new problem. They confirmed one the Panel had already named.

When the Panel published Breaking the Maze in 2013[5], it described a regulatory framework that was labyrinthine, fragmented, and structurally incapable of delivering consistent consumer protection. It warned that the framework was built around professional titles rather than risk, that the reserved activities were historical accidents rather than coherent safeguards, and that consumers were left to navigate a system so complex that even regulators struggled to understand its boundaries.

Over a decade later, those warnings have proved prophetic. The problems identified in 2013 have not been resolved. They have intensified. The CILEx redelegation dispute shows that the system has no clear mechanism for resolving who should regulate whom when institutional interests conflict. The CLC's active recruitment of regulated firms shows that regulatory competition is now an operational reality rather than a theoretical risk. Mazur shows that the boundaries of the Act itself can be litigated. And the ten-year journey to a RIS public beta shows that even the most basic consumer-facing transparency infrastructure cannot be co-ordinated efficiently across eight bodies.

Three of the failures documented in this report have been subjected to major television investigations that reached audiences well beyond the legal sector. The Post Office Horizon scandal, dramatised by ITV in 2024, exposed a regulatory failure in which lawyers acting for the Post Office prosecuted sub-postmasters it knew, or should have known, were innocent. Neither the SRA nor the BSB has a structural mechanism to identify systemic institutional misconduct of this kind. The Channel 4 investigation into sexual harassment at the Bar prompted an independent review led by Baroness Harriet Harman, which identified a "culture of denial" and a "cohort of untouchables" within a specialist regulator that had received the LSB's worst performance ratings of any frontline regulator in both 2023 and 2025. The BBC Panorama investigation into estate agent conditional selling prompted the CLC to launch a review of conveyancer referral fee arrangements that identified its own "regulatory blind spot." In each case, public scrutiny achieved what the regulatory architecture had not. That is not a performance failure. It is a structural one.

The Panel also notes with concern the simultaneous proposal by the Civil Justice Council to overhaul Part III of the Solicitors Act 1974 and route the majority of solicitor costs disputes to the Legal Ombudsman, an institution whose own 2026/27 business plan projects resolution times rising to between 330 and 390 days by 2027/28. This reform is meritorious in principle. But routing new categories of disputes through a structurally constrained institution, before its capacity problems are resolved and without addressing the broader fragmentation of the complaints landscape, adds complexity to a system that requires simplification. Incremental jurisdictional expansion is not structural reform. It defers the harder question.

The Panel warned in 2013 that smaller regulators lacked the capacity to deliver effective consumer protection. Nothing has changed. The LSB is expected to oversee eight frontline regulators, govern technology risk, manage crises, drive structural reform, and hold the Legal Ombudsman to account, on a co-ordination model rather than a model of direct authority. In other sectors, oversight regulators have the scale, data infrastructure, and structural authority to do this. In legal services, the oversight regulator is asked to manage a fragmented system that was never designed to be overseen coherently. The case for change has only grown stronger since 2013.

10

The Consumer Protection Crisis

The legal services sector is not sufficiently consumer-focused. This is not a peripheral observation. It is the central finding of the Panel's Consumer Focused Regulation report (2023), commissioned from London Economics and the most comprehensive assessment of consumer focus across legal services regulators ever produced. The report found, across six dimensions of regulatory practice, that there is 'ample room for improvement' across the sector and that many of the gaps are structural, not incidental.

The six themes of the report; governance, strategy, consumer research and engagement, policy development and implementation, approach to consumer protection, and responsive regulation are worth setting out precisely, because each one reveals a failure that fragmentation makes worse.

On 'governance': board decision-making processes across legal services regulators do not consistently account for consumer impact or the interests of vulnerable consumers. Not all boards include members with meaningful consumer expertise. Decisions are not always communicated transparently to external stakeholders. A fragmented system with eight separate boards, each with different cultures and compositions, cannot correct these weaknesses collectively. A single regulator with a unified governance structure and a consumer mandate embedded into its structure would.

On 'strategy': the report found no harmonised definition of consumer vulnerability across legal services regulators. Some, including the SRA and BSB, had adopted the British Standard on inclusive service provision (BS 18477). Others had not. A consumer who is vulnerable when dealing with a costs lawyer is no less vulnerable than when dealing with a solicitor. Fragmentation produces definitional inconsistency that directly disadvantages the consumers most in need of protection.

On 'consumer research and engagement': smaller regulators lack the capacity to conduct meaningful primary consumer research. The cost and timescale of commissioning research is prohibitive for bodies with limited budgets. The report noted that regulators were not always aware of research already available from other bodies, a symptom of poor co-ordination across a fragmented landscape. A single regulator with pooled research capacity and a shared evidence base would eliminate this structural gap.

On 'policy development and implementation': regulators do not consistently use consumer insights to drive policy. The link between evidence and action is weak. Monitoring and evaluation of policy impact on consumers is inadequate. Without a system-wide evidence base and consistent methodology, regulators cannot know whether their interventions are working for the consumers they are meant to serve.

On 'approach to consumer protection': the report found inconsistency in how regulators identify, assess, and respond to consumer risk. Consumer segmentation i.e understanding how different groups experience the market differently is underdeveloped. Digital exclusion and the needs of hard-to-reach consumers are not consistently integrated into regulatory design. These gaps are not correctable through co-ordination alone; they require unified standards and shared infrastructure.

On 'responsive regulation': the report called for regulators to act with agility in response to emerging threats and opportunities, including technology and AI. The structural barriers that prevent a coherent system-wide response to emerging risks, including technology, unregulated services, and cross-border digital providers have not been resolved.

Two years on, the Panel noted that strong appetite exists for independent, trustworthy quality indicators to help consumers make informed choices. That this remains elusive is, in the Panel's own words, 'not acceptable.' It is not acceptable because the architecture makes it structurally difficult to achieve. Eight regulators with different data systems, different approaches to quality, and different relationships with their regulated communities cannot consistently deliver what consumers need. A single regulator, built around consumer need rather than professional history, would be designed to do exactly this.

The LSB's 2023 Individual Legal Needs Survey, based on 17,688 people, the largest of its kind ever conducted in England and Wales, found that two-thirds of people had experienced at least one legal issue in the previous four years, but only half obtained professional help. Unmet legal need is highest in family matters (40%). Among people with disabilities, 60% face a legal need and 38% face an unmet one. Unmet need is significantly higher in low-income households and deprived areas.

The Panel's 2025 Tracker Survey found that only 51% of dissatisfied consumers knew how to lodge a complaint with their provider. Of those, fewer than half said they would actually do so. 21% do not complain at all -what the Panel terms 'silent sufferers'. They cite lack of trust, fear of being charged more, and difficulty contacting firms. These are not administrative oversights. They are cultural failings produced by a fragmented system that has never been designed around the consumer experience.

51%

Knew how to complain (LSCP 2025)

21%

Silent sufferers: do not complain at all

44%

Shopped around for a provider in 2025

Transparency remains a critical failure and fragmentation exacerbates it. The 2025 Tracker Survey found that the proportion of consumers finding pricing information on provider websites declined from 66% in 2023 to 61% in 2024. The most common way consumers found out the price of their legal service was through direct conversation with the provider (62%). As the Panel has argued publicly, price transparency without quality indicators is half-transparency at best. And under the current architecture, quality indicators, recommended by the CMA in 2016, remain largely undeveloped across most of the regulated market. Ten years on, the same deficits persist.

The Panel has been direct: even well-designed transparency reforms will struggle under the current architecture. A consumer who wants to compare providers across different regulated professions faces eight different regulatory websites, eight different register formats, and no single source of truth about regulatory status, authorisation scope, or complaints history. The RIS was supposed to fix this. Ten years on, two tools are in public beta on a website many consumers do not know. That is the cost of fragmentation.

> ***"Transparency, even at its best, will struggle to function coherently under the current design. The architecture is the obstacle."***

11

The Case for a Single Regulator

The evidence across this report leads to an unavoidable conclusion: the current regulatory architecture cannot deliver the statutory objectives of the Legal Services Act 2007. Fragmentation is not a quirk of the system; it is the defining characteristic of the system. And it is the root cause of its failures.

A single regulator is the logical, necessary response to a decade of evidence. It is not a radical idea; it is the model used in financial services (the Financial Conduct Authority, or FCA) and telecommunications/digital services (Ofcom, which regulates broadcasting, telecoms, post, spectrum, and online safety under a single structure), sectors where systemic risk, technological complexity, and consumer vulnerability all demanded coherent, capable, independent oversight. Stephen Mayson's Independent Review of Legal Services Regulation reached the same conclusion: the reserved activities are arbitrary, historically contingent, and disconnected from modern risk. Activity-based regulation is the only coherent alternative.

A single regulator does not mean a single way of regulating. It would house specialist divisions for different practice areas, expert panels for emerging risks, and dedicated teams for vulnerable consumers. What the current system delivers is not specialism: it delivers variation. Different standards, different protections, different capability depending on which of eight regulators a provider falls under. A single regulator replaces institutional variation with structured, accountable specialism.

The Barristers' Argument: Specialism Without a Separate Regulator

Arguably, the most persistent objection to a single regulator, advanced principally by the BSB and Bar Council, is that barristers operate in a different way to other legal professionals. They are self-employed. They provide independent advocacy. Their professional model is distinct from that of solicitors, legal executives, or conveyancers. The BSB's own Director General made five arguments for the independent regulation of the Bar in 2023: professional tradition, independence of judgement, specialist expertise, the overlap of public and professional interest, and the historical importance of self-regulation as a safeguard of professional independence from government.

The Panel takes these arguments seriously. Advocacy, independence of mind, and the cab-rank rule are genuine features of barrister practice that any regulatory framework must accommodate. But they are arguments for specialist regulatory 'expertise' and 'attention', not for a separate regulatory 'institution.' These are not the same thing. Specialist knowledge can be embedded within a division of a single regulator, just as the FCA houses specialist teams for different financial products and market segments without creating a separate regulator for each. The argument for expertise is an argument for structure within a unified framework, not a justification for the current fragmentation. Also, employed barristers make up 18% of the whole Bar, and just over half work in the public sector while nearly a quarter work in legal firms. This is relevant because many employed barristers work in roles that are functionally similar to other employed legal professionals, often solicitors, but within a different regulatory framework

The evidence does not support the claim that a dedicated specialist regulator produces better regulatory outcomes for barristers or for consumers. The BSB was rated red by the LSB for "well led" and "operational delivery" in 2025, having also received red ratings in two of five categories in 2023, among the poorest performance assessments of any frontline regulator. An independent review by Fieldfisher in April 2024 found the BSB could realistically meet its performance targets but was failing to do so. Investigations into barrister misconduct were taking too long. Authorisation processes were slow. By 2025 the BSB had to give voluntary undertakings to the LSB to address persistent shortcomings. Dedicated specialist regulation of the Bar, in its current form, has not produced superior regulatory outcomes.

> ***"There is a strong argument in favour of a merger of the BSB and the Solicitors Regulation Authority."***
>
> — Matthew Hill, Chief Executive, Legal Services Board, October 2023

The Panel notes that an intermediate model, sometimes characterised as a 'super-regulator' through merger of the SRA and BSB, has been floated at various points. The LSB CEO's 2023 intervention pointed directly at this model. The Panel's position is that such a merger, while welcome as a step, would not be sufficient. It would address the SRA/BSB divide but leave the remaining six approved regulators intact, preserving most of the fragmentation, the inconsistency, and the structural barriers to a coherent consumer-facing system. Half-consolidation is not structural reform. It is institutional tidying. The case for a single regulator is not diminished by the existence of the barrister profession's distinctive features. Those features belong in a specialist division, not in a separate institution that has failed, by objective measures, to regulate the Bar effectively.

A single regulator would also help to resolve the complaints architecture. The artificial service/conduct divide which allowed 100+ SSB Law warning signs to pass unheeded would be eliminated. A unified intelligence function would connect complaints data, conduct reports, financial monitoring, and supervisory intelligence into a coherent picture. A single compensation scheme, with clear rules and universal coverage, would replace the current patchwork. And the RIS's incomplete and disappointing ten-year journey under current fragmented model would be completed, extended to cover the full market, and be built on unified data infrastructure from the outset, not assembled piecemeal across eight separate bodies.

> ***"A single regulator would create the scale and capability needed to govern AI-enabled tools, complete the RIS properly, unify the complaints landscape, and provide universal compensation protection. A decade to reach beta tells you everything about what fragmentation costs."***
>
> — Legal Services Consumer Panel, 2026

Independence would also be strengthened. A regulator structurally separate from all representative bodies would eliminate the institutional entanglement that Mazur exposed and that the CILEx redelegation dispute has dragged on for years. Representative bodies would continue to play a vital role in professional development and advocacy. But regulation itself would be structurally independent and consistently applied.

A single regulator is not a guarantee against failure. Ofwat's record on water company governance, and environmental compliance is a reminder that consolidation alone does not eliminate regulatory weakness; structural coherence must be matched by adequate powers, sustained independence from the sectors it oversees, and genuine accountability to Parliament and the public. The Panel's recommendation is not that a single regulator would be infallible. It is that a single regulator, properly resourced and built around the right checks and balances from the outset, removes the structural barriers that make consistent consumer protection impossible under the current fragmented model. Coherence is a precondition for good regulation. It is not a substitute for it.

CASE STUDY

Ofcom and the Consolidation of UK Communications Regulation

What the communications sector shows about the case for structural reform in legal services

Core lesson: structural coherence is the precondition for consistent consumer protection in converging markets.

The problem that drove reform

By the late 1990s, the UK communications sector was regulated by five separate bodies, each with their own statutory framework, industry relationships, and consumer protection approach:

- **Office of Telecommunications (Oftel)** — telecoms under the Telecommunications Act 1984
- **Independent Television Commission (ITC)** — commercial television
- **Radio Authority** — commercial radio licensing
- **Radiocommunications Agency** — radio spectrum management
- **Broadcasting Standards Commission (BSC)** — broadcasting standards

The issue was not simply performance by individual regulators. The architecture itself could no longer govern a market shaped by digital convergence, where the line between broadcaster, telecoms provider, and content platform was becoming increasingly blurred.

Reform timeline

1997 — communications regulation identified as a priority reform area.
December 1998 — publication of *Regulating Communications: Approaching Convergence in the Information Age*, making the case for a single converged regulator in principle.
December 2000 — publication of *A New Future for Communications*, confirming the model that would become Ofcom.
2001 — the Queen's Speech announces the creation of Ofcom.
2002 — the Office of Communications Act 2002 creates Ofcom as a preparatory body.
17 July 2003 — the Communications Act 2003 receives Royal Assent, transferring functions from the five predecessor bodies.
29 December 2003 — Ofcom formally begins operations.
From first Green Paper to operational regulator: five years.

Why this matters here

Ofcom did not solve every problem in communications. But it did create structural coherence: one route for consumers, one body able to see patterns across the sector, and enough scale to invest in specialist capability. That is the relevant lesson for legal services.

A single legal services regulator would not instantly erase backlogs or undo historic harm. But it would remove the fragmented architecture that allows intelligence, complaints, compensation, and standards to remain scattered across separate institutions.

Scale in practice

As of 2025, Ofcom employs approximately 1,557 full-time equivalents and regulates across broadcasting, telecoms, broadband, postal services, spectrum, and online safety. The Legal Services Board, by contrast, oversees eight frontline regulators and a complaints ombudsman with just a fraction of that number of staff.

The gap is not just about resource. It reflects the difference between a regulator designed for a converging market and an oversight body trying to co-ordinate a fragmented system that was never built to operate as one.

Recommendations

The following ten recommendations are grounded in the Panel's research, in the failures documented in this report, and in the statutory objectives Parliament set. They are the minimum required to build a framework that is coherent, modern, and fit for the future.

Create a Single, Independent Regulator

- Establish one body to replace the existing eight frontline regulators. This body should hold responsibility for standards, authorisation, supervision, enforcement, redress, and compensation across all legal services in England and Wales. The current architecture's fragmentation is the root cause of consumer harm. Only structural consolidation can address it.

Embed Specialism Within the Unified Structure

- The regulator should include specialist divisions for different practice areas, expert panels for emerging risks, and dedicated teams for vulnerable consumers. Coherence does not require uniformity. It requires accountability. Representative bodies retain their vital roles in professional development and advocacy; regulation itself becomes structurally independent.

Redraw the Regulatory Perimeter Around Risk

- Replace the reserved activities framework with an activity-based perimeter aligned to modern risk. Any service posing a material risk to consumers, regardless of delivery model or professional title, must fall within the regulatory perimeter. This includes AI-generated outputs, automated document services, platform-based triage, and hybrid digital–human models.

Complete and Extend the Regulatory Information Service

- The RIS public beta on Legal Choices is a start, but it covers only regulated providers, relies on fragmented data from eight separate systems, and sits on a platform most consumers do not know about. A single regulator must complete and extend the RIS to cover all legal service providers operating in the market, with consistent data standards, unified complaint and disciplinary history, and a discoverability strategy grounded in real consumer behaviour. A decade to reach public beta is not acceptable. A single regulator would have delivered this from the outset.

Abolish the Service/Conduct Divide in Complaints

- The artificial separation between service complaints (Legal Ombudsman) and conduct complaints (frontline regulators) must end. A unified complaints and intelligence function must connect complaints data, conduct reports, and financial monitoring so that patterns of risk are visible and actionable. SSB Law must never be allowed to happen again.

Establish a Single, Universal Compensation Scheme

- Replace the current patchwork of compensation arrangements with a single scheme covering all consumers of regulated legal services, with consistent rules, clear eligibility, and transparent operation. Model it on the Financial Services Compensation Scheme. The current opacity, fragmentation, and arbitrary variation in protection is indefensible.

Mandate User-Tested Transparency Standards

- Introduce mandatory, standardised transparency requirements for price, quality, regulatory status, and redress pathways across all legal services. Requirements must be designed around real consumer behaviour and tested with real users. Price transparency without quality indicators is half-transparency. Both must be required.

Build a Technology-Ready Regulator

- Develop and own a sector-wide technology and innovation strategy for legal services, built around mandatory disclosure of AI use in service delivery, binding quality standards for automated tools, a real-time consumer intelligence function, a clear accountability framework for AI-related harms, and a programme to address digital exclusion. Invest in data science, horizon scanning, and algorithmic accountability capacity. Monitor outcomes for bias and consumer harm. The Panel has called explicitly for this strategy

Make Access to Justice an Operational Objective

- The regulator must be required to assess the impact of its decisions on access to justice, monitor digital exclusion, and ensure technology widens access. It must collect system-wide data on unmet legal need and evaluate regulatory impact. Access to justice must move from statutory aspiration to measurable obligation.

Legislate for Reform with a Transitional Programme Body

- The Government must introduce primary legislation to create the new regulatory framework. A transitional programme body should be established immediately to manage phased consolidation, develop unified data and technology infrastructure, and ensure continuity of consumer protection. The cost of continued inaction, to consumers, to confidence, and to access to justice , exceeds the cost of reform.

THE COST OF INACTION IS CLEAR.

The benefits of reform are equally clear.

- Axiom Ince. SSB Law. Mazur. A decade to reach a public beta of the RIS. A complaints system that scattered 100 warning signs into silence. Compensation arrangements consumers cannot understand. Millions of people unable to access justice. A regulatory perimeter misaligned with modern risk. Lawyers prosecuting innocent sub-postmasters while no regulator saw the systemic pattern. Harassment at the Bar documented by television before the regulator could act. Referral fee oversight gaps discovered through a Panorama investigation rather than proactive supervision. A Solicitors Act reform that risks burdening a Legal Ombudsman already heading towards year-long resolution times. The evidence has accumulated for over a decade. The moment for structural reform has arrived.

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