
Decision Notice

Directions given under section 32, Legal Services Act 2007 to the Law Society, in respect of the Solicitors Regulation Authority

Summary of decision

1. The Legal Services Board (“Board”) gives notice to the Law Society, an approved regulator, of its decision to give it directions under section 32(2)(a) of the Legal Services Act 2007 (“Act”) in respect of the acts and omissions of the Solicitors Regulation Authority (“SRA”) (“Directions”). The Directions are appended to this notice.
2. The Law Society has delegated its regulatory functions under the Act to the SRA in accordance with the Internal Governance Rules 2019 made under section 30 of the Act. The Directions concern the independent discharge of those regulatory functions by the SRA in connection with the findings of the report of the independent review of the regulatory events leading up to the SRA’s intervention into Axiom Ince Limited, published in October 2024 (“the Report”). The Law Society had no direct connection to, nor involvement in, the events examined in the review and the Report.
3. The Board decided to undertake the review in December 2023, engaging Carson McDowell LLP, a law firm in Northern Ireland not regulated by the SRA, to undertake it. The primary aim of the review was to provide assurance to the Board, in the interests of public and professional confidence, and to identify any learning based on independent and objective assessment of the facts. Information gathered as part of the review also informed the Board’s consideration of whether to exercise its enforcement powers in accordance with its statement of policy for enforcement issued under section 49(1) of the Act.
4. The SRA intervened into Axiom Ince Limited (“Axiom Ince”), a law firm authorised by the SRA, in October 2023 after it became apparent that more than £60 million in client funds may have been misappropriated from its client accounts, allegedly involving individuals also authorised by the SRA. The SRA earlier intervened, in August 2023, into the practice of three directors of the firm.
5. The Report identified a series of findings and consequently made a number of recommendations to address the issues identified. The key findings in

the Report are that:

- The SRA did not act adequately, effectively and efficiently,
 - The SRA did not take all the steps it could or should have taken, and
 - The SRA's actions and omissions in this matter necessitate change in its procedures to mitigate the possibility of a similar situation arising again.
6. The Board considers that the SRA's acts and omissions, has had or is likely to have, an adverse impact in particular on the following regulatory objectives in section 1(1) of the Act:
- a) protecting and promoting the public interest,
 - b) protecting and promoting the interests of consumers, and
 - c) promoting and maintaining adherence to the professional principles (in particular the principles that authorised persons should act with independence and integrity and should act in the best interests of their clients).
7. The Law Society is therefore directed, through the SRA to take the steps set out in the Directions to address the failures identified in the Report and prevent the occurrence or recurrence of the adverse impact of its acts and omissions on the regulatory objectives. It is for the SRA to take steps directed under the Directions in discharging its regulatory functions, to better achieve these regulatory objectives.
8. The findings set out in the Report are directly related to the SRA's procedures and decision-making leading up to its intervention into Axiom Ince, and highlight weaknesses in the SRA's approach to governance, risk and supervision. The Directions therefore require the SRA to prevent the occurrence or recurrence of weaknesses in each of these areas.
9. In deciding whether to give the Directions, the Board considered their impact on all of the regulatory objectives, and were particularly assisted in this regard by the advice given by the Lord Chancellor, Competition and Markets Authority ("CMA"), Legal Services Consumer Panel ("LSCP"), and Lady Chief Justice – the persons listed in Schedule 7 to the Act ("statutory consultees") – on the Warning Notice and proposed directions given to the Law Society and the SRA, as well as the two sets of representations made by the SRA and the Law Society pursuant to that Schedule.
10. The Board is satisfied the Directions:
- will materially improve and will not detract from the furtherance of the regulatory objectives adversely impacted by the SRA's acts and omissions,
 - otherwise, will likely positively impact on the regulatory objectives of improving access to justice; encouraging an independent, strong, diverse

and effective legal profession; and promoting the prevention and detection of economic crime, and

- have a neutral impact on the remaining regulatory objectives, namely supporting the constitutional principle of the rule of law and increasing public understanding of the citizen's legal rights and duties.

11. The Board has had regard to the better regulation principles, in particular the need to act in a way that is proportionate and targeted, in its consideration.

12. The Directions take effect from 29 May 2025 ("Effective Date").

13. The Board's reasons for its decision are detailed in the following paragraphs.

Reasons

14. Having considered:

- a) representations made by the SRA and the Law Society on the advice given to the Board by the statutory consultees listed in Schedule 7, as well as their comments on the revised proposed directions, revised to take into account the statutory consultees' advice and earlier representations from the SRA and the Law Society on the Warning Notice and proposed directions, and
- b) advice given by the statutory consultees on the Warning Notice and proposed directions, earlier given by the Board to the SRA and the Law Society,

the Board is satisfied that in all circumstances, it is appropriate to give the Directions under section 32(2)(a) to the Law Society, in respect of its regulatory body, the SRA.

15. The Directions require the SRA to take the steps that the Board considers are necessary to prevent the occurrence or recurrence of its acts and omissions identified in the Report, which has had or is likely to have, adversely impacted on the following regulatory objectives:

- a) protecting and promoting the public interest,
- b) protecting and promoting the interests of consumers, and
- c) promoting and maintaining adherence to the professional principles (in particular the principles that authorised persons should act with independence and integrity and in the best interests of their clients).

16. The SRA's acts and omissions are summarised below:

- a) The SRA failed to take a proactive approach to assessing risk to clients and consumers, in light of intelligence, and regulatory and market information before it on risks in relation to the merger, sale and acquisition of firms in the years prior to its intervention into Axiom Ince.
- b) The SRA missed an opportunity to identify the alleged wrongdoing within Axiom Ince, owing to a failure to carry out an effective inspection, in

compliance with the SRA's procedures, of Axiom Ince's client accounts during an investigation in October 2022 on an unrelated matter which looked into those accounts, and did not have an adequate procedure for checking client account balances. The SRA asked for and received detailed information on the firm's accounts. It did not check off each of the balances at the extraction date to the bank statements, did not obtain copies of them for the file, and did not obtain a confirmatory bank letter. The October 2022 investigation insofar as it related to the client account was not sufficiently thorough. In addition, the SRA's system of supervision was insufficient as it failed to pick up omissions in the investigation during the internal managerial review process.

- c) The SRA had intelligence that Axiom Ince had acquired a succession of firms – and their client files and money belonging to clients – practising in different areas rapidly from September 2020 but failed to undertake a risk assessment of the firm before March 2023, despite having intervened in other accumulator firms in previous years. After that risk assessment was undertaken, the SRA failed to take proactive and effective steps in line with its stated purpose to protect the public by ensuring that solicitors maintain high standards of practice and acting when risks are identified.
- d) The SRA did not identify the risk that one individual, who the SRA knew was also managing director and sole owner, held all the statutory and regulatory compliance roles in Axiom Ince. In the time period of the SRA's authorisation of this individual the firm had grown significantly. The firm grew from having 80 employees to 1,400 employees and from £13.9m to over £107m in turnover from 2021 to 2023. Axiom Ince's last two acquisitions were firms being closely monitored by the SRA. The regulatory information before the SRA on Axiom Ince and the two firms concerned did not prompt it to take action to proactively consider risks before the acquisitions were completed. On any reasonable view, the SRA ought to have been aware of risks to the specified regulatory objectives and acted to mitigate those risks.
- e) The reasoning behind the SRA's decision to initially intervene into the practices of three of the directors of Axiom Ince, including its owner, rather than the firm as a whole was not formally recorded. While some of its reasoning is reflected in its Notice Recommending Intervention dated 9 August 2023, that Notice, and the Notice Recommending Intervention into the firm, does not address why the SRA decided to initially undertake an intervention into the three directors only, nor does it satisfactorily address why it was in the public interest to intervene only into the three directors and not into the firm.

Advice and representations on proposed directions

17. In deciding whether to give directions, the Board considered all of the representations from the SRA and TLS, and the statutory consultees' advice. None of the advice or representations, including from the SRA, has sought to persuade the Board that no directions should be issued at all. All statutory consultees were supportive of measures designed to protect and promote the public interest and the interests of consumers in legal services and to remedy the failures identified in the Report.
18. In particular, the Lady Chief Justice agreed that formal action is needed to address the failings identified in the Report. The Lord Chancellor advised that it is important for the SRA to take accountability for the regulatory oversight failings identified and take appropriate steps to avoid a similar case in future. The Lord Chancellor's advice noted the collapse of Axiom Ince *"...has had a significant impact on affected consumers and has negatively affected the trust in the solicitor profession, bringing lawyers' professional ethics into the spotlight."* She continued: *"Having considered the main findings outlined in the independent report of the SRA's handling of Axiom Ince, I note the significant regulatory failings incurred by the SRA. Such acts or omissions will have undoubtedly undermined the public's confidence and trust in both the legal sector and the regulation of legal services. It is important for the SRA to take accountability for the failings in regulatory oversight identified and take appropriate steps to avoid a similar case in the future."*
19. The CMA's advice noted that the proposed directions are designed to address the impact the Board considers the SRA's acts and omissions had on various regulatory objectives, including protecting and promoting the public interest and the interest of consumers. It acknowledged that there are *"some inherent characteristics of legal services that lead to greater potential for serious consumer protection issues and a greater imbalance between consumers and providers than in other sectors."*
20. The LSCP advised that the Report revealed significant failures in consumer protection and regulatory oversight, highlighting that the SRA's actions resulted in *"...substantial consumer detriment and a loss of public trust in legal regulation."*
21. All statutory consultees were supportive of measures designed to protect and promote the public interest and the interest of consumers, including support for addressing the failures identified in the Report to avoid a similar case in future. However, the statutory consultees advised that the proposed directions needed to be:

- a) **Specific and directive** – some of the proposed directions were too broad in scope, and did not provide sufficient specificity and precision. They advised that the proposed directions needed to be more directive to make clear what the SRA was expected to do.
- b) **Clear and measurable** – the proposed directions required specific, achievable and measurable actions and sufficient clarity on implementation timelines. They advised that the proposed directions be revised to ensure the SRA understands what steps it needs to take to address the weaknesses identified.
- c) **Proportionate** – some statutory consultees, notably the Lord Chancellor and the CMA, stressed the importance of ensuring that the directions were proportionate. They advised that the proposed Directions should balance the need for consumer protection with the need to avoid unnecessary regulatory burdens on individuals or firms regulated by the SRA. The statutory consultees also advised that any measures resulting from the proposed directions should be sufficiently flexible to accommodate firms of varying sizes, so as not to negatively affect market access, growth or consumers' access to justice. The CMA additionally cautioned that overly burdensome requirements could risk distorting competition, leading to poorer outcomes for consumers.

SRA and the Law Society's representations on advice

- 22. On 12 and 8 May 2025, the SRA and the Law Society each provided their representations on the statutory consultees' advice and comments on the revised proposed directions, which had been amended to take account of the advice from the statutory consultees.
- 23. The SRA submitted that the revisions in the revised proposed Directions, provided greater clarity about what the Board required, in order to be satisfied that a direction has been met. However, it also submitted that the revised proposed directions should be amended further to avoid a disproportionate focus on the financial stability of law firms in assessing consumer harm. It also submitted that it should be afforded more discretion to implement regulatory solutions to address the harms identified, particularly in relation to authorisation, sales, mergers, acquisitions and pre-intervention procedures.
- 24. The Law Society noted the statutory consultees' advice that the revised proposed directions were in line with its earlier representations, and that it would not make representations on the advice given by the statutory consultees.

Key changes from the proposed directions

25. The Directions substantially contain the same themes and outcomes as the proposed directions and revised proposed directions on which all advice and representations were received. Each Direction is firmly anchored in the findings of the Report, with an opening purpose statement. As a result of the Board's consideration of the representations and advice, the Directions overall are proportionate, specific, measurable and focused on the protection and promotion of consumers' interests and the public interest, and the promotion and maintenance of the professional principles.
26. It is not in the public interest if the SRA – as the subject of Directions – is unclear about what it must do, or is unable practically, to comply. As such, the Directions carefully balance the need to be prescriptive in some areas – in order to remedy the failures identified in the Report – with creating an enabling framework that will allow the SRA some flexibility in complying with the Directions in the most effective and efficient way.
27. The Board agrees with the SRA's representations that it is not generally for the Board to dictate specific regulatory arrangements for regulators to adopt, but to ensure that appropriate frameworks are in place within which effective regulatory decisions can and are taken. The Directions are consistent with that principle. Where the Directions require specific matters to be taken into account or addressed, that is because those matters directly arise from the Report; in all instances, it will be for the SRA to give the appropriate weight to that matter in the specific risk and factual context.
28. In giving the Directions, the Board has sought to ensure that they are clear and specific on what action the SRA is directed to take, and how actions will be measured and enforced. Importantly, the Directions provide the SRA with discretion as to how it will design and develop rules, policies, guidance and procedures to comply. This approach is appropriate, targeted and proportionate in the circumstances and consistent with the Board's overall regulatory approach.
29. Overall, the key changes in Directions from the proposed directions and revised proposed directions are:
- a) **Governance:** an earlier reference to changing the SRA's culture and behaviour has been omitted, as this is not practically possible to measure within the timeframe for compliance. Instead, this issue will be kept under review through the Board's ongoing oversight of the SRA. Other changes are to ensure this Direction is more specific and action oriented.

- b) **Risk:** the Directions make clear that the SRA must strengthen its risk functions and market intelligence to ensure a proactive and integrated approach to identifying and responding to risk across the legal sector. One specific change was made to omit 'continuous' and insert 'ongoing' for clarity, in response to the SRA's representations.
- c) **Supervision:** the Directions provide greater specificity on the steps the SRA should take to strengthen its supervisory activities and intervention decisions, while affording it appropriate discretion to develop regulatory solutions. The Directions:
- provide the SRA with discretion on how it may make changes to its regulatory arrangements (which are subject to consultation and Board approval under Schedule 4 to the Act) to mitigate risks to consumers arising from the concentration of ownership, compliance and management roles in one individual. This gives the SRA discretion to follow the evidence it acquires through its Consumer Protection review and related work (paragraph 3(a));
 - emphasise the importance of a risk-based approach to decision-making in monitoring the financial stability of higher risk firms, so as to clarify the SRA is to take a proportionate approach, and avoid raising regulatory costs unnecessarily (paragraph 4(a)(i)); and,
 - require the SRA to revise its guidance relating to interventions and how it investigates concerns in response to the SRA's representations that it was unclear what guidance this direction referred to (paragraph 6(a)(i)).
- d) **Further Directions:** paragraphs 7 to 10, on time limit for compliance and reporting, and evaluation and alteration to regulatory arrangements, which were not in the proposed directions, sets out the process for the SRA's compliance with the Directions, and the time limit for doing so.

Impact on the other regulatory objectives

30. Before making a decision on whether to give directions under section 32, the Board must in particular consider the impact of giving those directions on the other regulatory objectives (section 32(3)). The Board's consideration is set out below.

31. The regulatory objectives most relevant to our consideration in the circumstances are promoting competition in the provision of legal services and improving access to justice.

Promoting competition in the provision of legal services

32. In respect of the regulatory objective of promoting competition in the provision of services, the Board noted the CMA's advice that: "*the*

Proposed Directions would not (or would not be likely to) prevent, restrict or distort competition within the market for reserved legal services to any significant extent.”. The Board also considered the Lord Chancellor’s advice for the Board and SRA “*when finalising the directions to keep in mind the balance between ensuring appropriate consumer protection whilst not placing unnecessary regulatory burden on individuals or firms regulated by the SRA. This is to avoid negative impacts on growth or consumers access to justice.*”. The Board also had regard to the CMA and LSCP’s advice here. The CMA advised that any requirements imposed by the SRA on providers as a result of the directions imposed ought to be sufficiently flexible to reflect the diversity of providers in the market, with any intervention processes effective and proportionate. The LSCP advised that the proposed directions should use a mixture of prescription and outcome-focused regulation to address the SRA’s failings.

33. Changes have therefore been made so that the Directions take account of the advice of the statutory consultees and ensure that they are sufficiently proportionate and targeted. In particular, care has been taken to avoid imposing disproportionate impacts on smaller providers. The SRA is directed to ensure that, in complying with the Directions, any measures it puts in place are proportionate and targeted, taking into account area of practice, size of practice, and the nature and scale of risks and their impact on consumers and the public.

Improving access to justice

34. In respect of the regulatory objective of improving access to justice, the Board considered the Lord Chancellor’s advice that the proposed directions should not result in unnecessary regulatory burdens on individuals or firms regulated by the SRA, so as to avoid negative impacts on consumers’ access to justice. We have made amendments reflected in the Directions, to take into account this advice. The Directions give the SRA discretion to act on risk in a proportionate and targeted way, having due regard to protecting consumers’ interests and the public interest.

Encouraging an independent, strong, diverse and effective legal profession; promoting the prevention and detection of crime

35. In relation to other regulatory objectives, the Board considers that the Directions may have a positive impact on encouraging an independent, strong, diverse and effective legal profession, and may also assist in promoting the prevention and detection of economic crime. This is because the Directions are intended, in part, to promote and maintain adherence to the professional principles, which is likely to assist in ensuring a strong and effective legal profession. In addition, in requiring the SRA to strengthen its approach to the regulation of client money, it is likely that the Directions will

assist in promoting the prevention and detection of economic crime.

Supporting the constitutional principle of the rule of law; increasing public understanding of the citizen's legal rights and duties

36. In the Board's view, the Report's findings do not indicate that the actions of the SRA have, or could have had, an impact on the two remaining regulatory objectives (supporting the constitutional principle of the rule of law and increasing public understanding of the citizen's legal rights and duties). The Board considers that the impact of the Directions on these objectives is likely to be neutral.

Compliance and progress reports on implementation

37. The SRA is directed to comply with the Directions within 12 months from the Effective Date and must provide quarterly reports on progress to the Board, and at any other time requested by the Board. The SRA has engaged constructively with the Board on proposals for an implementation plan reflecting work it has in progress and planned, that address the findings of the Report and the proposed directions and revised proposed directions. The Board intends to continue to engage with the SRA as it finalises its implementation plan against the Directions now given, and the Board's expectation is that plan will be finalised within 28 days from the Effective Date. The Board will then move to monitor the SRA's progress in complying with the Directions.

Publication

38. This notice and the appended Directions will be published on the Board's website, as required under paragraph 12(4) of Schedule 7 to the Act. All representations and advice received on the Warning Notice and proposed directions, including the revised proposed directions, are also published on the website, as required under paragraph 11, Schedule 7.

Conclusion

39. The Board is satisfied that in all circumstances of the case, having considered the statutory consultees' advice and all representations from the SRA and the Law Society, that it is appropriate to direct the Law Society, through the SRA, to take such steps as are set out in the Directions, to prevent the occurrence or recurrence of the adverse impact of the SRA's acts and omissions on one or more of the regulatory objectives. The findings set out in the Report are directly related to the SRA's procedures and decision-making prior to its intervention into Axiom Ince, and identify deficiencies in the SRA's approach to governance, risk and supervision. The Directions address weaknesses in each of these key areas highlighted in the Report.

40. The Directions are therefore intended to prevent the occurrence or recurrence of the adverse impacts on the regulatory objectives identified, by requiring the SRA to take steps to address the deficiencies in its approach to governance, risk and supervision to comply with the regulatory objectives.
41. In making the Directions we considered their impact on all of the regulatory objectives. We have also had regard to the better regulation principles, in particular the need to act in a way that is proportionate and targeted.

Legal Services Board
27 May 2025

Appendix – section 32 Directions

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Section 32 Directions

The Legal Services Board, exercising its powers under section 32 of the Legal Services Act 2007 (“the Act”), gives the following directions to the Law Society, an approved regulator under the Act.

The Law Society has delegated its regulatory functions under the Act to the Solicitors Regulation Authority (“SRA”) in accordance with the Internal Governance Rules 2019 made under section 30 of the Act. These directions concern the discharge of those regulatory functions by the SRA.

Preamble

- A. On 29 October 2024, the Legal Services Board published the report of the independent review of the regulatory events leading up to the SRA’s intervention into Axiom Ince Limited prepared by Carson McDowell LLP (“the Report”). The Report identified a series of findings and consequently made a number of recommendations to address the issues identified.
- B. The key findings in the Report are that:
- The SRA did not act adequately, effectively and efficiently,
 - The SRA did not take all the steps it could or should have taken, and
 - The SRA’s actions and omissions in this matter necessitate change in its procedures to mitigate the possibility of a similar situation arising again.

The detail underpinning the key findings is set out in the Report.

- C. In giving these directions under section 32 of the Act, the Legal Services Board is requiring the Law Society – through its delegated regulatory body the SRA – to take steps to address the failings identified in the Report so as to prevent the occurrence or recurrence of their adverse impact on the regulatory objectives.
- D. Our conclusions from the findings of the Report are that, in particular, the SRA’s acts and omissions have had, or are likely to have, an adverse impact on the following regulatory objectives:
- protecting and promoting the public interest;
 - protecting and promoting the interest of consumers; and
 - promoting and maintaining adherence to the professional principles (in particular the principles that authorised persons should act with independence and integrity and should act in the best interests of their clients).

- E. The directions are therefore intended to ensure that the SRA, in discharging its regulatory functions, better achieves these regulatory objectives. In giving these directions, we also considered their impact on the other regulatory objectives and reached the view that giving the directions materially improved and did not detract from the furtherance of those objectives. We have also had regard to the better regulation principles, in particular the need to act in a way that is proportionate and targeted. We consider the directions to be consistent with those principles.
- F. The findings set out in the Report are directly related to the SRA's procedures and decision-making leading up to its intervention into Axiom Ince Limited, and highlights weaknesses in the SRA's approach to governance, risk and supervision. These directions therefore require the SRA to prevent the occurrence or recurrence of weaknesses in each of these areas. The drafting of the directions has been informed by the representations of the SRA, the Law Society and the statutory consultees listed in Schedule 7 to the Act, to which regard has been had.
- G. The directions align with the Legal Services Board's regulatory performance assessment framework.

Directions

The Legal Services Board directs the Law Society, through its delegated regulatory body the SRA, to:

Governance

1. Put in place governance changes that deliver demonstrable improvement in regulatory effectiveness and efficiency. These changes must result in a regulatory approach that better protects and promotes the public interest and the interests of consumers and promotes and maintains adherence to the professional principles.

Requirements

(a) The SRA must —

- i) demonstrate improved Board-level oversight of regulatory risk and intelligence activity, including through a clear reporting cycle to the SRA Audit and Risk Committee and Board, which also allows for the appropriate escalation of risks,
- ii) implement procedures to assess the impact of regulatory decisions on the public and consumers, and to enable evaluation of the SRA's regulatory effectiveness generally, and

- iii) ensure consistent, accurate and timely records of all significant governance decisions and regulatory decisions are kept and maintained.

Risk

- 2. Strengthen risk functions and market intelligence to ensure a proactive and integrated approach to identifying and responding to risk across the legal sector.

Requirements

(a) The SRA must —

- i) establish and embed a framework for the ongoing, proactive identification and assessment of risks to consumer interests and the public interest, including those arising from firm structures,
- ii) develop risk-based systems and procedures to proactively collect, and analyse market intelligence, including identification and assessment of risks arising from the sale, merger and acquisition of firms,
- iii) develop effective sharing of market intelligence and regulatory data between internal teams to support timely and efficient authorisation, supervisory and enforcement decisions,
- iv) use market intelligence to inform regulatory approach and policy development, to ensure that they are effective in identifying and acting on risks, and
- v) demonstrate delivery of all of the above requirements, through internal reporting mechanisms and regular reporting to senior leadership.

Supervision

Authorisation

- 3. Strengthen the SRA's authorisation controls to better protect and promote the public interest and the interests of consumers and promote and maintain adherence to the professional principles, to address the concentration of ownership, compliance and management roles in one individual.

Requirement

- (a) Revise its regulatory arrangements and guidance to put in place an effective risk-based approach to protect consumers and the public from potential harm arising from a single individual holding more than one role in a firm or other authorised body e.g. owner, manager, compliance officer for legal practice, compliance officer for finance and administration, and money laundering compliance officer.

Client money

4. Strengthen the regulation of client money to better protect and promote the public interest and the interests of consumers and promote and maintain adherence to the professional principles.

Requirements

(a) The SRA must —

- i) use an effective risk-based approach to assess the potential for consumer or market harm arising from firms' financial stability, including where appropriate through obtaining and reviewing firms' financial and accounting information, and
- ii) ensure firms have effective safeguards to protect client money.

Sales, mergers and acquisitions

5. Introduce oversight mechanisms for firm consolidation activity to better protect and promote the public interest and the interests of consumers and promote and maintain adherence to the professional principles.

Requirements

(a) The SRA must —

- i) put in place measures to enable more effective risk-based scrutiny of firms undergoing sale, merger or acquisition, including where relevant ensuring that the SRA receives advance notice of such activities,
- ii) proactively use its powers, including for inspection and provision of information, where sale, merger or acquisition of firms presents or may present serious risk to consumers, including to enable an informed assessment of that risk to be made, and
- iii) make alterations to its regulatory arrangements where the SRA considers existing arrangements are insufficient to carry out the above functions effectively and efficiently.

Pre-intervention procedures

6. Improve its capacity to intervene early and proportionately to prevent serious regulatory failures.

Requirements

(a) The SRA must —

- i) ensure its guidance for making intervention decisions and decisions to investigate concerns require the consideration of the protection and promotion of the public interest and the interests of consumers,
- ii) implement measures to ensure that proportionate interim protections for consumers and the public can be applied prior to formal intervention, and

- iii) improve internal procedures, templates, and decision records to ensure evidence is gathered consistently and decisions are auditable.

Further Directions

Time limit for compliance and reporting

7. Comply with directions 1 to 6 within 12 months from the date of the directions and provide a written report to the Legal Services Board on progress —
 - (a) three months from the date of the directions, and every three months after until the end of the 12-month period, and
 - (b) at any other time requested in writing by the Legal Services Board.

Evaluation

8. Commission an independent external audit or equivalent review no later than 12 months from the date of the directions to assess and evaluate compliance with and implementation of the directions and identify any procedural or other weaknesses.

Alteration to regulatory arrangements

9. Consult affected and interested parties on any alteration proposed to the SRA's regulatory arrangements to comply with the directions and, subsequently, seek the Legal Services Board's approval for the alterations pursuant to Part 3, Schedule 4 to the Act.

Regulatory principles

10. In complying with the directions, ensure that any measures put in place requiring compliance by authorised persons, are proportionate and targeted, taking into account area of practice, size of practice, and the nature and scale of risks and their impact on consumers and the public.

Legal Services Board
29 May 2025