

Bogus law firms could take advantage of SRA proposals for reform

FOR IMMEDIATE RELEASE

The Solicitors Regulation Authority (SRA) proposals for reform of solicitor regulation could facilitate bogus law firms controlled by criminals, Legal Risk LLP warns today.

The SRA's proposals would allow solicitors to provide services to the public through unregulated alternative legal service providers, with no insurance and no compensation fund, damaging client protection.

Legal Risk LLP, a law firm which specialises in professional regulation and professional indemnity insurance, opposes the change.

Partner Frank Maher explained –

‘At present, with very limited exceptions, solicitors can only offer services to the public through an SRA-regulated law firm. The SRA conducts careful checks on the owners, including criminal record checks, whether they are traditional law firms or non-lawyer owned Alternative Business Structures (ABSs).

Under the proposals for change as currently framed, anyone could own a law firm, even someone with a serious criminal record. Although they would not be allowed to offer the full range of services, the changes would make it difficult, if not impossible, for buyers of legal services to know whether or not the solicitor advising them was covered by professional indemnity insurance and the Solicitors' Compensation Fund, as these protections would not apply to the new-style alternative legal service providers.

And causing even more alarm, they would have no way of telling at a glance whether the firm offering services to them had been vetted by the SRA. At a time when fraud is rife, and bogus law firms controlled by criminals are on the rise, this poses a real threat to the public.’

ENDS

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NOTE TO EDITORS

1. The SRA is consulting on a new form of regulation – see Looking to the Future - flexibility and public protection <https://www.sra.org.uk/sra/consultations.page>. The consultation closes on 21 September 2016.

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2. The SRA is proposing to allow employed solicitors to offer legal services to the public, provided they are not 'reserved legal activities' (which broadly covers, for example, activities such as litigation, advocacy and conveyancing). These could be offered without any SRA checks on the owners of the business, without insurance, and without any right to claim on the Compensation Fund, which pays out in cases of fraud or dishonesty.
3. Legal Risk LLP is a niche law firm which specialises in advice to law firms on professional regulation and professional indemnity insurance.
4. The SRA has issued warnings on bogus law firms - <http://www.sra.org.uk/risk/resources/risks-associated-bogus-firms.page>.
5. Legal Risk LLP's response to the consultation is [here](#).

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