

LSB Directions and improving our regulatory approach

19 September 2025

Our mission is to strengthen public confidence in legal services. Today, the majority of the public say they have that confidence. Our responsibility is to protect and build that trust.

New challenges

But we are seeing increasing challenges and changes across the sector. Complaints about the conduct of solicitors and firms have risen by more than 20 per cent this year; the number of interventions we have had to make into larger firms has increased; suspected fraud at the firm Axiom Ince has led to around £40m in customer compensation payments; and the law firm SSB collapsed with potentially thousands of clients facing large, unexpected legal bills for defendants' costs.

Changing our approach

We cannot remove all risk or prevent every negative event, but in the face of these rapid shifts we are fundamentally changing our approach to regulation.

We are shifting from largely responding to complaints about solicitors and problems to pro-actively identifying and acting on emerging and increasing risks before they lead to public harm.

Over the last two years, we have begun making changes to improve what we do. This includes progressing work to better safeguard client money and investing in how we use our data and intelligence to better spot risks and act swiftly on them.

Responding to Axiom Ince and the LSB's Directions

In May 2025, the Legal Services Board (LSB) [published Directions](https://legalservicesboard.org.uk/wp-content/uploads/2025/05/29052025-Final-Decision-Notice-and-Section-32-Directions.pdf) (PDF 17 pages 157KB) setting out changes we should make following the suspected fraud at Axiom Ince. Many of these changes are well underway, but there is lots more to do. And we are committed to progressing additional work to improve how we protect the public.



Our implementation plan to deliver against the LSB's Directions covers six key areas where we are making changes, which will help drive confidence and trust in legal services:

1. **Governance** – changes to strengthen the effectiveness and efficiency of our approach. This includes enhancements to our processes for assessing the impact of regulatory decisions, oversight of risk, and our record keeping arrangements for significant regulatory decisions.
2. **Risk** – improving how we use data and market intelligence to better identify and respond to risks across the sector. This includes making sure we are taking a strategic and effective approach to risk identification.
3. **Authorisation** – addressing the risks to clients and the public from a single individual holding multiple ownership, management and compliance roles within a firm.
4. **Client money** – strengthening our regulations to better protect client money within legal services. This work includes reviewing the potential for harm resulting from a firm's financial stability.
5. **Sales, mergers and acquisitions** – introducing additional oversight and monitoring of firms significantly changing their profile, including because of sales, mergers and acquisitions.
6. **Pre-intervention procedures** – improving our pre-intervention procedures to prevent serious regulatory failures. This includes making a range of improvements to our investigations and interventions operational processes.

Read the detailed [implementation plan](https://referral.sra.org.uk/globalassets/documents/sra/strategy/lsb-implementation-action-plan.pdf) [<https://referral.sra.org.uk/globalassets/documents/sra/strategy/lsb-implementation-action-plan.pdf>] (PDF 9 pages, 273KB), building on the work in progress to deliver against the LSB's Directions.

Making progress in improving our approach

We have already made progress on these six areas – in particular, through two large pieces of work: our Consumer Protection Review and Risk and Data programme.

Consumer Protection Review

We launched our Consumer Protection Review at the start of 2024, following the suspected fraud at Axiom Ince, and evidence of shifting risks in the sector with a number of other large firm failures.

Since then, we have taken action, including improving our internal processes, carrying a spot check exercise of firms' compliance with our

Accounts Rules, and publishing warning notices on areas where we have identified particular risks.

We have engaged with thousands of members of the public, profession and consumer representatives, as well as carrying out extensive research, to inform our consultation on proposals to better safeguard client money.

We have consulted on more immediate plans to bolster protections, and also longer-term changes around the model of solicitors holding client money, and how the profession pays for consumer protections when money is misappropriated.

Find out the latest progress on these changes on [our Consumer Protection Review webpage](https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/) [<https://referral.sra.org.uk/home/hot-topics/consumer-protection-review/>].

Risk and Data Programme

Proactive, effective regulation is powered by data. We have been progressing our Risk and Data programme to improve how we use data and intelligence to, where possible, identify risks earlier. And then act where needed to protect the public.

Key strands of this work include improving the integrity of our data, how we identify emerging patterns, and our capacity and capability to analyse large volumes of data quickly.

This work is vital if we are to understand the rapidly shifting risks in the legal sector, and where best to focus our resource to protect the public.

We are also setting up a new investigations team focused on proactive investigations and high-profile cases, so we can respond effectively when we identify new and emerging risks.

This programme is about fundamentally improving what we do in this area. We have already made good progress – and we are keeping a strong focus on this area to make significant further progress as quickly as possible.

LSB Directions progress

Find out how we are progressing on our 12-month implementation plan to respond to the LSB's Directions, through our [quarterly reports to the LSB](https://referral.sra.org.uk/globalassets/documents/sra/strategy/lbsb-directions-report.pdf) [<https://referral.sra.org.uk/globalassets/documents/sra/strategy/lbsb-directions-report.pdf>] (PDF 20 pages, 340KB).