

# Protecting client money: next steps and what it means for your firm

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# Purpose of the webinar

- Explain what we are consulting on
- How stakeholders can respond
- Next steps in the Consumer Protection Review



- Consumers at the heart of this review:
  - consumers appropriately protected when using regulated firm
  - public confidence and trust in legal services is maintained
  - competitive, dynamic legal market that supports access to justice through enabling consumer choice while keeping costs of legal services down
- Wide lens – seeking as many views as possible



# Why are we consulting again?

- First consultation (2024), wide ranging ideas and options including fundamental long-term questions
- Focus now on improvements to our current regime (and respond directly to Legal Service Board directions)
- Consulting on detailed proposals and draft rules
- We want your views and insights – how would they impact?



# Areas of focus

## **Accountants' reports regime**

Strengthening  
compliance and  
oversight

## **Checks and balances within law firms**

Reducing risks  
from concentration  
of roles

## **Improving oversight of firms changing profile**

Improving scrutiny  
of firm profile  
changes



# Accountants' reports – why change?

- Limited visibility under current approach (only qualified reports submitted)
- Evidence of non-compliance including from a recent spot check exercise
- Strengthening approach to improve visibility of compliance = better protection for client money



# Accountants' reports – what is proposed?

- ✓ Require all reports (qualified and unqualified) for non-exempt firms to be submitted to us
- ✓ Mandatory annual declarations from firms
- ✓ Reporting accountants to submit reports directly to us
- ✓ Fixed financial penalties for late submissions or incomplete declarations
- ✓ Updated guidance for reporting accountants (bank confirmation letters)



# Checks and Balances in Firms

- Issue: Concentration of ownership, management, and compliance roles in one person
- Proposed measures:
  - Unilateral decision makers in firms cannot hold COLP or COFA roles
  - Risk thresholds for separation of roles: Turnover >£600k, Client money >£500k
  - Sole owner-manager firms below turnover threshold but above client money threshold:
    - Cannot hold COFA role but can still hold COLP



# Improving oversight of firms changing profile

- Systemic approach to collecting, analysing and acting on information relevant to potential risks in profile changes
- We are not consulting on proposals yet
- Future proposals will cover:
  - Initial risk indicators
  - Information and notification requirements
  - Risk-based scrutiny arrangements
- Look to consult next year



# We want to hear from you

- Online questionnaire  
<https://www.sra.org.uk/client-money>
- Deadline: 12pm, Friday 20<sup>th</sup> February 2026
- Contact: [consumerprotectionreview@sra.org.uk](mailto:consumerprotectionreview@sra.org.uk)  
for queries or adjustments
- Responses published unless requested otherwise





# Next steps

1. Ongoing engagement with key stakeholders
2. Consultation closes → analysis of responses and refine proposals based on feedback you've told us
3. Final proposals to be developed subject to LSB approval
4. Implementation plan and transition
5. Return to longer term questions when actions completed



