

Multiple parties are responsible for your loss (Rule 14)

5 July 2021

Status

This guidance is to help you understand how we make decisions on applications received for payments out of the SRA Compensation Fund (the Fund).

Who is this guidance for?

This guidance is for all applicants seeking a payment from the Fund and for those assisting applicants with their application.

Purpose of this guidance

To explain how we deal with applications where the loss was caused by several parties and not just someone we regulate.

Who caused the loss?

We will consider whether your loss was caused by other people and not just the person we regulate. This could be, for instance, an accountant, a surveyor, an introducer or another third party.

The Fund can only consider payments for a loss caused by people we regulate in the course of doing work which we regulate. Therefore, if your loss (or some of it) was caused by another person, we will take that into account, and we may reduce, or even refuse, a payment if the loss was mainly caused by someone else.

For example, where a solicitor and a surveyor are in partnership and your loss is caused because of a fraudulent valuation by the surveyor, we will not consider an application for your loss because we do not regulate that activity.

Example 1

Acting on the advice of a financial adviser, an applicant pays money to a solicitor to invest in a property development. The applicant has also been in contact directly with the property developer who had persuaded them to invest. The scheme is in fact bogus and the applicant's money is stolen. The applicant applies to the Fund for the whole of the loss they suffered. We establish that the financial adviser, the property developer and



the solicitor are all part of the fraud. We decide to pay 50% of the application as we believe that reflects the level of involvement of the solicitor in the fraudulent scheme.

Example 2

A solicitor and an accountant are named as joint trustees on a family trust. Over a period of years, they take £20,000 in costs between them from the trust, although no work is done.

The beneficiaries of the trust apply for £20,000. We establish that the solicitor and accountant shared the costs equally and that they are therefore equally responsible for the loss of the money. We make a payment of £10,000 relating to the solicitor's responsibility for the loss.

Further guidance

Read more information about our [Compensation Fund](https://rules.sra.org.uk/consumers/compensation-fund/) [<https://rules.sra.org.uk/consumers/compensation-fund/>].

Further help

If you require further assistance, please contact our [Contact Centre](https://rules.sra.org.uk/contactus/) [<https://rules.sra.org.uk/contactus/>].