

News from the Board

Reflections on our December Board meeting - Anna Bradley

14 December 2023

In this month's blog, I wanted to reflect on two in-depth discussions we had about areas that are fundamental to how we regulate: our investigation processes and approach to consumer protection.

Improving our investigations

Regular readers will know that a focus for our Board has been improving our investigation and enforcement processes, including how we reduce the time it takes to progress cases.

Getting this work right is mission critical. Whether you are making a complaint, or on the end of it, we know that the stakes are high. Unnecessarily drawn-out cases can be extremely stressful. They can also undermine trust in the process, potentially blunting any deterrent if there has been misconduct.

That's why we have been carrying out a large programme to improve our work in this area. Our focus has been making sure that we are efficient—progressing cases promptly—and effective, so everyone can trust that our decisions are fair. We also need to provide excellent customer service, for instance through regular, clear communications.

We had an update on progress on this work, and the initial indications are that the changes we have made are improving things. There is still a long way to go, but I would like to thank all those involved for the hard work so far.

It's vital that we are transparent and accountable for our work in this area. So following our discussion, we agreed that in the new year we will publish more detailed metrics to show the progress made.

Axiom Ince

Our [intervention into Axiom Ince and its impacts](https://upgrade.sra.org.uk/sra/news/press/2023-press-releases/axiom-ince-intervention-and-impacts/) continues to attract coverage. Our focus remains on making sure we are protecting the public and acting in their best interest.

We are making sure we understand the lessons we can learn from this case and the immediate actions we can take to reduce the risk of a similar firm failure. For instance, we have started a programme of

inspections of accumulator firms and will be carrying out a more in-depth thematic review early next year. We are focused on making sure the public is protected.

Review of consumer protection

There are immediate issues to deal with, but also there are questions we need to address over the medium and long term. These longer term issues need careful consideration.

At our Board meeting, we discussed how we are beginning a significant review looking at consumer protections in the sector. It will look at how we need to respond to a changing legal landscape—one that has seen the number and size of interventions increase significantly in the last year or so.

If we are to make changes, we must get the balance right. We need to make sure consumers continue to be appropriately protected and trust in the profession is maintained. Yet we also need to be mindful that we don't add unnecessary costs or complexity to firms that could risk driving up the cost of legal services and dampening competition in the market.

In our discussion, we also recognised there are different issues to tackle. How we tackle the risks around fraud and dishonesty may need different solutions to how we manage the risk of firms failing due to other issues.

We are developing our initial thinking. At this stage, nothing is off the table – we are looking at this through as wide a lens as possible.

So the types of questions we will be considering are:

- Can we better identify sector risk?
- Do we need to change our approval processes for firms?
- Might we need different rules around holding client money?
- Do we need to change how we monitor firms?
- Is the current compensation fund model able to provide appropriate consumer protection over the long term?

Although some of the issues we will explore could involve more fundamental reforms that take longer to implement, we will also look at what we can do quicker to improve consumer protections where warranted.

We plan to share our initial ideas early next year and then carry out extensive engagement with stakeholders throughout the first half of next year to help inform and refine our thinking. I would encourage you all to get involved in that conversation. But until then, I hope you all have a wonderful festive break.