



Draft initial equality impact assessment on the Consumer Protection Review consultation:

Client money in legal services: safeguarding consumers and providing redress

November 2024

Introduction

This is a draft equality impact assessment (EIA) of the proposals and ideas in our Consumer Protection Review consultation relating to client money in legal services. These proposals are designed to better protect client money handled by solicitors and firms, and to ensure the SRA's compensation arrangements continue to provide appropriate and sustainable redress for clients in cases where money is lost.

The proposals outlined in this consultation are at different stages of development. Through consultation, we want to understand any equality impacts so that we can make informed decisions about which proposals to progress, including considering any mitigations that might be needed to minimise any adverse impacts. We are seeking feedback on both specific shorter-term proposals, as well as longer-term exploratory and fundamental questions, such as whether solicitors should continue to hold client money at all.

In achieving our objectives, we aim to maximise potential positive impacts and minimise potential disadvantage based on characteristics, socioeconomic factors or life events for both the individuals and businesses that we regulate, and the members of the public who rely on their services. We are also considering the impact of inaction and not making changes – balancing placing additional financial and compliance burdens upon firms against known and potential risks of consumer detriment.

Factors we are considering include, but are not limited to:

- **protecting consumers** – we want to make sure that appropriate safeguards are in place for people when they use solicitors, ensuring clients can have both confidence in the service they use and effective redress if things go wrong, while also making sure that good conditions exist for the legal services market to remain competitive and accessible to all members of the public;
- **equality impacts on the profession we regulate** – we want to make sure any work we may take forward following our consultation minimises the potential for adverse impact on equality among solicitors;
- **equality impacts on consumers** – we want to make sure any work we may take forward following our consultation minimises the potential for adverse impact on equality among consumers of legal services and members of the public
- **monitoring, evaluating and adapting** – we want to track the impacts of any work we may take forward following our consultation, to understand whether that work is effective or is impacting particular groups in particular ways, and to adapt elements of our approach to mitigate against adverse impacts.

We are seeking feedback on our draft initial assessment through our consultation process. At this initial stage, we are still building our evidence base – our evidence is limited in some areas, particularly for the longer-term propositions explored in this consultation, so we have extrapolated insights where they are available. We welcome feedback on whether our assumptions and hypothesis align with the reality experienced by solicitors in their day-to-day roles and with consumers in their interactions with the legal profession. Insights from the profession, from consumers and other affected stakeholders, from existing research and from as wide a range of perspectives as possible will help us to ensure that decisions on which proposals to take forward and their forms are based on as detailed an evidence base as possible.

We will undertake further evidence gathering, consultation and assessment of impact as we take forward our propositions.

We intend to monitor the impacts of any proposals we implement to identify any differential outcomes and mitigated where possible.

Evidence that informs our assessment

We have taken into account a range of evidence about equality, diversity and inclusion (EDI) in the legal sector. That includes:

- feedback and insights from bodies that represent the interests of different solicitor groups
- feedback from members of the public and research on their views; and
- the data we have about [diversity in law firms](#), which provides a breakdown of characteristics by role, work types, and size (by number of partners).

Engagement and research with stakeholders and members of the public

We launched our engagement activity with our discussion paper '[Protecting the public: our consumer protection review](#)', which ran between February to early July 2024. Alongside this we took forward a stakeholder engagement programme between March and July 2024. This included delivering discussion events with professional stakeholders, roundtable meetings with consumer groups, and focus groups with members of the public.

We also carried out an in-depth consumer research programme with a diverse group of 39 members of the public from across England and Wales. The group collectively spent 350 hours during July and August 2024 providing us with insights about protections they expect and value when using regulated legal services, and trade-offs they might see as being acceptable when

providing those protections. For example, we explored opinions on how different protections could impact the cost of legal services and on alternative pay-out options from the SRA Compensation Fund to make it more sustainable. Insights included strong steers that:

- we should focus first and foremost on reducing risk and preventing the misappropriation of client money, before focusing on what happens after something has gone wrong
- consumers should always be able to get a full refund from the SRA Compensation Fund – but if that were not possible, any loss of funds should not be shouldered by one – or one type of – consumer, but shared out equally.

You can find more detailed information about our in-depth consumer research programme [here](#).

Small law firms / areas of legal work

We have referenced the potential impact of some of the proposals and considerations on small firms throughout this consultation. Our [firm diversity data](#) confirms that there are some diversity groups who are overrepresented in this cohort.

For the purposes of this assessment, we have defined small firms as those operating with between 1-5 partners. For example, the data shows that:

- men are overrepresented in law firms with 1 partner, but not in law firms with 2-5 partners
- Black and Asian solicitors are overrepresented in law firms with 1 partner and Asian solicitors are also overrepresented in law firms with 2-5 partners solicitors aged 45 and upwards are overrepresented in law firms with 1-5 partners
- solicitors from lower or intermediate socio-economic backgrounds are overrepresented in law firms with 1-5 partners.
- disabled solicitors are slightly underrepresented in law firms with 1 partner but not in firms with 2-5 partners
- Gay and Lesbian solicitors are slightly underrepresented in law firms with 1-5 partners
- Hindu, Jewish, Muslim, and Sikh solicitors are overrepresented in law firms with 1 partner and for law firms with 2-5 partners, Hindu and Muslims solicitors are overrepresented
- solicitors from lower or intermediate socio-economic backgrounds are overrepresented, and more likely to be working, in small law firms

Our firm diversity data also considers different groups that may be more likely to work predominately in areas of law that are likely to be less-profitable. For example, the data shows that law firms mainly doing criminal work, and firms mainly doing private client work, both have a higher proportion of Black, Asian and minority ethnic lawyers compared to firms operating in other areas.

Potential impacts from our consultation proposals

We have considered potential impacts on equality for:

- small firms, firms operating mainly in lower-profit areas of the legal services sector, and the individual solicitors overrepresented or underrepresented in different ways; and
- diverse communities of consumers.

We have assessed the potential impacts for each in our assessment. The proposals are at various stages of development, and we will explore equality and diversity impacts further as we refine our proposals following consultation.

We expect there to be some general benefits to consumers, through increases in protections for their money when engaging a solicitor. Improved regulatory oversight may have a strengthening effect on confidence in the legal services market, which we think benefits all consumers. Strengthened protections for client money may also instil greater trust and confidence in consumers of legal services.

Our in-depth [consumer research](#) noted that because solicitors have direct access to client accounts, participants felt there is always a risk that their money could be misappropriated. This risk was seen as small but of high impact should it occur. Consequently, this reduced confidence and trust in client accounts. Participants further considered that anything that can be done to reduce the risk or prevent misappropriation of funds should be the priority for the SRA in driving confidence and trust in legal services through client money consumer protections. There was a strong sense of loss-aversion among participants, along with some willingness to pay slightly more for legal services if it means their money will be safer.

Through our [research](#) we know that consumers already do not take in all of the information from the client care letter and other information provided by the firm. This consideration has informed the development of our proposals.

We would like to hear feedback about this draft assessment of potential impacts, including about additional potential impacts that we may not have covered here. Given the breadth and complexity of the issues involved. The EIA covers the three sections of our consultation:

- Holding client money
- Protecting the client money that solicitors hold
- Delivering and paying for a sustainable Compensation Fund

Holding and protecting client money

In these sections of the consultation, we are setting out a number of proposals and ideas and seeking feedback and further evidence from stakeholders across all of them. The proposals and ideas, which are at various stages of development, are:

Holding client money

- requiring that money can only be moved from client account to an office account (and be treated as the firm's money) to pay for costs that have already been incurred
- seeking views on preventing accrual of residual balances and ensuring firms return client money promptly at the end of a case, and on changes to requirements around advanced fee and cost payments requested from clients
- exploring positions on:
 - circumstances where firms retain interest earned on client money in their client accounts, and potential impacts if the ability to earn interest in that way was removed; and
 - on the practice of, and possible alternatives to, law firms holding client money.

Protecting client money

- improving our oversight of changes in firms we regulate
- mitigating risks associated with dormant law firms
- amending our accountants' reports requirements to ensure they provide adequate oversight of, and protection for, client money; and
- strengthening checks and balances within law firms.

We will continue to explore equality and diversity impacts as we develop our proposals further. At this initial stage, we have identified areas where future changes to our rules could result in differential outcomes if mitigations are not taken, for different groups of consumers, for small firms and groups overrepresented within them, and for specific groups who may be more likely to take time away from their practice who should not be captured within actions taken against dormant firms.

We have outlined how we will consider mitigations should these proposals be progressed through future consultations. We will consider the evidence of potential impact at the end of the consultation period and decide whether our proposals are a proportionate way of achieving the aims of this work, which is to protect the public interest

Potential impacts for small firms, firms operating mainly in lower-profit areas of the legal services sector, and the individual solicitors overrepresented or underrepresented in different ways

Our proposals to strengthen requirements around holding client money may have potential heightened impact for small law firms, and firms that make most of their income from less-profitable areas of the legal sector. Some of our proposals, if progressed post-consultation, would likely require firms to review their operating models to make sure they are both compliant with our updated requirements and remain commercially viable in the long-term. For example:

- any changes to requirements for seeking advance costs and covering costs that are already being incurred on behalf of clients will realistically mean that firms we regulate may need to consider their processes, and how their business model is financed and sustained.
- through our engagement activity we have also heard that some small firms may currently be relying on interest from client funds to remain viable, or to retain their staff members, especially in price-competitive areas of the market such as conveyancing.

Our longer-term proposals include further exploration of alternative approaches for client money to be handled and accessed by law firms, in order to reduce the risk of client money being misappropriated or lost. In some scenarios future consideration might include looking further at alternative systems for handling client money. This would be a significant change which may involve additional, or potentially ongoing, cost implications for law firms.

As set out above, there may be equality issues arising from any potential adverse impacts on small firms. This arises because some groups are overrepresented in that cohort of firms (as set out above). For example, Black, Asian and minority ethnic solicitors are more likely to be working in smaller firms and / or less profitable areas of work and therefore may be more likely to experience impacts described above when compared to other groups within the legal sector.

Our data shows that 36% of partners in the smallest firms with one-partner, and 23% of partners in firms with two-to-five partners, are from a Black, Asian and minority ethnic background – significantly higher numbers when compared to partner ethnicity in larger firms. There is a possibility that these solicitors may experience greater regulatory burden if our requirements for notification and oversight increase - creating a potential risk of inadvertent barriers to market entry for solicitors to begin operating new law firms, which could have the greatest impact on solicitors from communities who are more likely to set up a small law firm. We will explore these potential equality impacts further through our consultation, and carry out detailed assessment for those proposals we decide to take forward.

There may also be potential savings associated with moving to alternative approaches to holding client money. For example, our [joint research into drivers of professional indemnity premiums with the Legal Services Board](#) found that holding more or variable amounts of client money could contribute to higher premiums. It has been suggested that the adoption of an alternative system for managing client money may impact on professional indemnity insurance rates, which are one of the most significant costs associated with operating a law firm. We will explore the potential impacts on professional indemnity insurance – as work progresses. We also heard examples of how some firms may benefit from operational and compliance cost savings if they were to not directly handle client money,

We understand that we will need to carefully develop some of our proposals, including potential steps to reduce the risks associated with dormant law firms. Some groups may be affected because they may be more likely to take time out of legal practice – if they are a sole practitioner or the only regulated professional in their firm, the firm may cease operating for a period of time. For example:

- Women who may be more likely to need time away from practice because of pregnancy, adoption, childcare responsibilities or caring for those aged 18 or over
- Trans people who may take time away from practice for gender related care
- Disabled solicitors might be more likely to need time away from work due to health issues.
- Older solicitors might be more likely to take sabbaticals or gradually wind down their practices and require time away from practice.

We would mitigate these risks by including exception criteria to the provision for ending the authorisation of a firm that is not able to deliver legal services for a legitimate reason. There are a range of scenarios and life events where solicitors may have legitimate reasons to take time away from practice, for example as a result of temporary ill health or injury or for undertaking further study or professional development. We are building mitigating factors into any proposals for dealing with dormant firms which will help address the potential impacts identified and avoid differential outcomes for solicitors.

Potential impacts for diverse communities of consumers

We think that our proposals, if progressed post-consultation, should bring positive impacts for the effectiveness and accountability of law firms and situations where they retain client money, and by minimising current risks from the sector. In turn we think positive benefits are created for consumers that access services from law firms.

It is in no one's interest for client money held by solicitors to be misappropriated or lost; it harms individuals and undermines confidence in the

profession and the associated system of regulation. Some of our proposals will, if taken forward, likely result in some additional administrative and procedural requirements for firms, but we do not expect these will be unmanageable for new or existing firms. Where we are consulting on a range of options within a proposal, there may be varied impacts depending on the option progressed. Further, any reduction in client money being lost would likely have positive benefits on the level of contributions to the Compensation Fund that those we regulate pay, as a result of reduced claims.

There are likely positive impacts overall for different groups of consumers if these risks can be better-managed and reduced. This includes consumers who may be vulnerable or less-well aware than others about their rights to have their money safeguarded at all stages of a legal service process, or to receive all money owed to them.

In the shorter-term, clarifying that money can only be transferred from a client account to an office account after a bill or written notification of cost for services incurred has been provided is intended to ensure that client money retains the protection of the client account. We do not foresee any negative or differential impacts arising from this proposal, but consider this may particularly positively impact vulnerable consumers by clarifying their rights and ensuring that they benefit from the protection offered by a client account for as long as possible.

In the longer term, if new requirements are introduced – such as amended requirements for interest earned on client money or a different approach to the handling and storage of client money – it will be important to consider how we are to make sure consumers from all communities and backgrounds can know and understand with confidence the entirety of the service they should expect to receive from solicitors and law firms. For example, any new requirements on the handling of interest would need to cater for the beliefs and practices of some faith communities who do not use financial services or transactions which involve the payment of interest, and we are keen to understand how this issue could be addressed to avoid creating barriers to accessing legal services involving the handling of client money.

Similarly, some shift towards alternative approaches to handling client money may introduce barriers to accessing legal services for consumers who are less digitally literate or who do not have access to banking facilities. Any increased or total future use of alternative approaches to holding client money may require consumers to undertake financial transactions with legal services electronically, removing options that may currently exist for making cash payments.

The [2023 Consumer Digital Index](#) shows some 25% of UK residents as having the lowest digital capability, and being likely to struggle to interact with online services. This may particularly impact older consumers, who are overrepresented in the low and very low bands for digital capability, according to the House of Lords Communication and Digital Committee 2023 report into

[Digital exclusion](#). People who are new to the UK and / or who otherwise may face barriers in acquiring necessary identity documents, or other forms of assurance may also be impacted. We are keen to understand how these impacts could be mitigated effectively.

Across all our proposals, we want to make sure that consumers are not adversely impacted by any sector-wide changes to their experiences, or their ability to access and be served by a range of different providers and price-points. We are particularly mindful of the potential impacts of any increased compliance costs for law firms for small or more specialist law firms. For example, if market conditions dissuaded some firms from operating in certain areas of legal work, or triggered firms to offset losses to their current income streams and instead pass additional cost onto members of the public by increasing their prices, there could be negative impacts for consumers. This might cause access to justice issues, particularly in small geographic areas, niche areas of law, or where community connection, cultural competency and language skills of the practitioner play a key role in facilitating consumers' access to legal services.

There could also be an outsized impact on lower-income consumers or those with limited financial resources and/or consumers that currently rely on, and prefer to use, smaller firms in their local areas. It is also important to understand clearly and consider the potential impacts of potential changes for legal service delivery in terms of the timeliness and speed of delivery – particularly during time-critical service areas such as conveyancing. We will explore these issues in further detail through subsequent consultations.

Delivering and paying for a sustainable Compensation Fund

We are setting out our thinking relating to the operation of the SRA Compensation Fund (the Fund) and seeking feedback and further evidence from stakeholders. In particular, we are exploring ideas around how we set contributions to the Compensation Fund and also around how we make payments from the Fund in relation to connected claims. Our intention is to ensure the continued viability of the Fund and equitable and appropriate compensation for consumers when things go wrong.

We are proposing to take action for 2025/26 to change the apportionment of Compensation Fund contributions to 70% for individuals and 30% for firms, moving away from the current 50:50 split.

To inform our longer-term thinking, we are also asking for views on the possibility, feasibility and efficacy of:

- moving to a system of differential Compensation Fund contributions for firms, perhaps based on meeting enhanced requirements, risk categorisation, annual turnover or amount of client money held'
- introducing a more flexible approach to connected claims,

- changing the Compensation Fund rules to explicitly exclude certain types of claim.

Context for proposed changes

Under current arrangements the SRA Compensation Fund is financed by annual contributions, paid as flat fees by each individual solicitor who holds a practising certificate, and law firms that hold client money. We separate the total monetary value required by the Compensation Fund into two, with half due from individual solicitors who hold a practising certificate, and half due from law firms that hold client money. Many firms also pay the individual contributions on behalf of the solicitors they employ. The [number of firms is decreasing and the number of solicitors](#) is increasing over time, and so there are fewer law firms contributing to the current required 50% share, thus increasing the burden on those firms. This could disproportionately impact small firms, and in particular, those firms operating in less profitable but vital consumer facing areas of practice.

We are seeing increasing numbers of claims on the Fund and as a result, the potential liabilities of the Fund are changing. [In 2022/23](#), we saw the highest number of interventions in recent times with 65 interventions. At the same time, we are seeing an increase in the number and size of failing firms.

As a result, Compensation Fund contributions for 2024/25 have had to increase significantly. In our [equality impact assessment on the Compensation Fund contribution for 2024/25](#), we identified that the significant increases to the contributions required could disproportionately impact small law firms and those involved in less profitable work that are least able to manage large increases. We also noted that there are specific equality impact considerations in respect of small firms, in that Black and Asian solicitors, solicitors from lower or intermediate socio-economic backgrounds, solicitors aged 45 and upwards are overrepresented in small firms. Our proposal in this consultation to alter how the contributions are apportioned, will help to mitigate the impact on these groups, by potentially easing the financial burden on small firms.

Evidence

We refer to the same evidence base that we used in our Equality Impact Assessment for the Compensation Fund contributions for 2024/25. This included insights about small firms (those with 1-5 partners) based on our law firm diversity data to illustrate the diversity profile of solicitors working in small law firms, which is detailed on above.

Changing the apportionment of contributions to the Compensation Fund

We are proposing changing the apportionment of Compensation Fund contributions for 2025/26. Instead of the 50/50 individual / firm split, we are

suggesting a 70 individual and 30 firm apportionment. This split would mean that the percentage increase in contributions from firms and individuals since 2010 would be similar and we therefore feel this is the most proportionate option.

The proposed reapportionment better reflects the current composition of the sector (the balance has shifted in recent years with significant increases in the number of individual solicitors and a decrease in the number of firms). The proposed reapportionment will distribute the additional costs across a large number of solicitors, meaning that the burden of supporting the Fund will be spread more evenly across the regulated community. Some firms choose to meet the contribution costs of the solicitors they employ, so a change in the individual solicitor contribution rate has the potential to impact these firms if they continue with this practice, particularly if they employ a significant number of solicitors.

Firms who pay the Compensation Fund contributions on behalf of the solicitors they employ will see an increase in the costs of those contributions, but this could be potentially offset by the reduction in the firm share of contributions from 50% to 30%. At the same time, the reduction in the level of firm contributions would be beneficial to smaller firms and those operating in less profitable areas of work who, as we noted earlier, could be disproportionately impacted by large increases in contribution levels.

Although this proposal will mean individual contributions making up a greater share (70%) of the total Compensation Fund amount, we think that sharing out this contribution across a cohort of approximately 170,000 solicitors who hold a practising certificate will help to ensure contributions remain manageable and equitable for those we regulate.

Solicitors working in-house may be less likely to have their Compensation Fund contribution paid by their employer. Similarly, solicitors who may be more likely to earn less and not have their contribution paid by an employer, for example, those working part-time or intermittently during the year, such as those on maternity leave may also be exposed to an additional impact when compared to other solicitors.

Exploring differential contribution models

In the consultation document we discuss other alternative models for setting Compensation Fund contributions for firms. We are not making specific proposals in relation to these options at this stage, but we are asking for respondents' views on our high-level thinking.

We have considered two risk-based approaches to setting firm contributions. One option would be to offer a discount to firms on the amount payable to the Fund, subject to meeting certain specified criteria or enhanced requirements. A second option might be to vary contributions to the Fund based on risk

categories assigned to each firm. Firms categorised as 'high-risk' would pay a larger contribution to the Fund.

These options have the greatest potential impact on smaller firms if they do not have the resources or financial resilience to successfully adapt to a risk-based model.

In addition, under risk-based models there's potential that if firms offering certain legal services were categorised as higher risk then these services may become less attractive for firms. There is also a risk that firms would be more likely to pass on rising regulatory costs to consumers by increasing their prices. This could impact vulnerable consumers and exacerbate access to justice issues.

We have also considered options to scale contributions by measures like annual turnover or amount of client money held. Differential contributions based on annual turnover would potentially provide some mitigation for solicitors with protected characteristics who are overrepresented in smaller firms as this model would mean firms with bigger annual turnover would pay larger Compensation Fund contributions in comparison with smaller firms.

Exploring how we deal with connected claims on the Compensation Fund

We are not proposing any change to the current discretionary nature of the Fund and the way we administer it. Any changes to the operation of the Fund post-consultation would not affect this fundamental principle.

We currently have the discretion to utilise a cap of £5m for connected claims. Our experience in dealing with claims associated with Axiom Ince have demonstrated that a key issue with the cap is its rigidity. We have a binary choice of whether or not to apply the cap. The alternative options for dealing with connected claims that we discuss in the consultation are not proposals, we are presenting our current thinking and seeking views through consultation on these options.

In the consultation, we discuss three options for dealing with connected claims:

- setting a flexible cap for connected claims,
- removing the cap for connected claims,
- guaranteeing reimbursement up to a specified amount.

Setting a flexible cap would enable us to be responsive to specific circumstances, helping us to maintain reserves in the Fund and reduce the likelihood of contributions levels fluctuating. This could be a benefit to smaller firms and sole practitioners who are less financially resilient or work in less

profitable areas. However, this option would not eliminate the possible need for an in-year levy.

For consumers, this approach would provide some certainty and transparency as there would be clear parameters set for any connected claims cap. However, because a bespoke cap will necessarily vary depending on the circumstances, it might not be seen as sufficiently transparent or certain. As a flexible cap would be situation-specific, there would be a possibility that some clients could receive more compensation than others, which was perceived negatively by participants in our consumer in depth research.

We also discuss a model where we would guarantee compensation up to a certain amount. Under this approach, in circumstances where there is a high volume of connected claims, we would guarantee to pay consumers up to a specified set amount for each claim. We could determine the amount in a number of ways which would require further analysis. For example, we could set an amount according to the legal service used such as conveyancing or probate or set an amount based on the average value of previous claims.

Both of these approaches would potentially limit the compensation consumers receive below the amount lost. This could adversely affect financially vulnerable consumers. For example, older people may have limited ability to recover from a loss that is only partially compensated where they are retired or on fixed income. It is important to note, however, that consumers are not currently guaranteed full reimbursement from the Compensation Fund. The current Compensation Fund is discretionary, and the rules reflect its status as a last resort remedy, and we recognise that some clients are better able than others to pursue cost recovery themselves and potentially absorb losses.

Finally, we discuss possibly amending the Compensation Fund rules to exclude certain types of claims. We already use our discretion to refuse or limit payments of claims in certain circumstances, or in relation to particular types of applicant or loss. For example, we have used this discretion in the past to exclude or reduce claims associated with high-value investment schemes in circumstances where the work did not fall within the usual business of a solicitor or the applicant had contributed to the loss.

Mitigating action and next steps

There may be important points of potential mitigation to note within our proposals, and that we will need to explore further in any post-consultation actions we may take. There may be positive opportunities for small firms, less-profitable firms and their workforces, as well as consumers. For example, a longer-term use of alternative methods of holding client money across the legal services sector may have gradual positive impacts for consumer confidence, and in-turn encourage more members of the public to reach out to smaller firms when they experience legal needs. If risks associated with client money reduce there may also be longer-term efficiencies available that can

particularly benefit smaller or less-profitable law firms, in terms of decreasing regulatory costs.

We will engage in further consultation, and consider feedback, as we move forward with any post-consultation activities to make sure we are fully exploring potential EDI impacts. This work will focus on securing strong input from groups and communities that we think might potentially face a higher risk of adverse impact - including small law firms and consumers.

Across all of our proposals we will look to provide further mitigation to any potential adverse or disproportionate impact by providing support, guidance and clear calls to action for law firms, solicitors and other employees within the legal sector. If any changes were to remove or restrict income streams being used currently as mechanisms for some firms to secure operational stability, we understand that those law firms will need to adapt and recalibrate.

Any rule changes we may introduce will be accompanied by guidance and other resources to support firms to understand their duties and to meet regulatory expectations. We would also monitor and evaluate the equality impacts of any changes we may make into the medium and longer term – for example, by monitoring numbers of firms paying Compensation Fund contributions, and assessing how those numbers are evolving over time or if firms potentially move away from holding client money in greater numbers to not have to pay contributions.

We think there are important considerations also for consumers, and communities that experience some degree of digital exclusion – whether that be access to digital services, or the ability or competency to safely and effectively use those services. We think there will be opportunities to provide information and support to groups that represent consumers, including frontline support services, to help alleviate some of the adversity associated with potential impacts.

We will also continue to build new messaging into our consumer engagement channels as our work progresses, and particularly where new requirements are introduced that consumers will need to be aware of when they use solicitors in the future. For example, that will include making sure our information to Compensation Fund applicants is clear and understandable in terms of any relevant information about linked claims, particularly where our position may change in the future.