

SRA BOARD
9 September 2025

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This paper will be published

High Volume Consumer Claims

Reason for paper	This paper provides an update to the Board on the strategic work programme around High Volume Consumer Claims.
Decision(s)	The Board is asked to discuss the updates described in the paper.
Previous Board and committee consideration	<p>The Board discussed the strategic policy work programme at its workshop in November 2024 and received an update on work in July 2025.</p> <p>Prior to this, the Board discussed and received several updates throughout 2024 on investigations into firms operating in this market, including SSB and McDermott Smith.</p> <p>High volume consumer claims is noted as an emerging work area in the 2024/2025 Business Plan and has been identified as a priority in the forthcoming 2025/2026 Business Plan.</p>
Next steps	We will continue to move forward with the activities described in this paper.

If you have any questions about this paper please contact: Aileen Armstrong, Executive Director, Strategy, Innovation and External Affairs - aileen.armstrong@sra.org.uk

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High volume consumer claims

Purpose

- 1 We discussed this topic with the Board in July, and given the pace in this area, said we would provide regular updates. This note updates on:
 1. Publication of the Thematic Review and compliance declaration being sought from firms.
 2. Update on investigations.
 3. Supreme Court judgment on motor finance, including communications to firms and consumers.
 4. Engagement with the Legal Services Board (LSB) and others.
 5. Publication of a Discussion Paper.
 6. Wider engagement.
 7. Next steps.

Thematic Review and the Compliance Declaration being sought from firms

- 2 At the meeting in July we gave an overview of the thematic review which had been circulated in advance of the Board meeting. Since then we have prepared the report for publication and socialised the findings at a meeting with the LSB in early August. The report was published on 22 August 2025.
- 3 Alongside publication of the thematic review, we have written to firms working in the high volume claims area. We highlighted our rules and guidance relevant to work in this market, and we are requiring them to sign a formal declaration that they understand and are complying with these. As part of the letter and declaration we have asked firms to submit detailed information on areas including: marketing, onboarding, funding arrangements, monitoring financial stability, and after the event (ATE) insurance.
- 4 Whilst contacting firms active in the high-volume claims sector and requiring them to complete a mandatory declaration confirming they understand and are following our rules is an unusual step, we feel it is justified due to the concerns we have identified.
- 5 If, in considering their return, firms identify areas in which they need to improve their approach they should take immediate action to address this. Looking ahead, this exercise is likely to generate further work and cases to review. Beyond this declaration exercise, we are identifying the data we need to monitor firms in the HVCC area on an ongoing basis, and will put a process in place to collect this data going forward.
- 6 We will also be updating our warning notice to the profession in this area in the next few weeks.

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- 7 Our thematic review report was published with an accompanying press release and webpage summarising all our work to-date and advice to the public and profession relating to high-volume consumer claims. Publication of the report, and the opening of the accompanying declaration exercise, was extensively promoted on our social media channels and attracted significant media coverage in the legal trade press.

Update on Investigations

- 8 As of 31 July 2025, we have 95 open investigations relating to 76 firms providing high-volume consumer claims services. Between them these firms are handling hundreds of thousands of claims. We are considering regulatory action where it is proportionate to do so, this includes considering compliance plans, letter of advice or warning but also referrals to the Solicitors Disciplinary Tribunal (SDT). We may need to intervene into several firms, and we continue to monitor the ongoing engagement and initial findings from forensic investigations in order to assess the risks and take action where it is appropriate to do so. As the investigations are moving at pace these figures provide a snapshot at this particular point in time but are constantly being updated.
- 9 The majority of our investigations initiated before 31 October 2024 are targeting closure by 31 December 2025. There are approximately 5 cases where closure is forecast up into 2026, but these are cases that were received from December 2024 onwards, which is a realistic assessment considering the need for Forensic Investigation commissions, complexity and scale of the case issues and sequencing of reviews. Cases continue to be complex and document heavy, and in many of the cases there have been challenges to quantifying the actual number of claims being managed due to poor record keeping.
- 10 The main risk areas which cases continue to identify and assess and which we identified in the thematic review published on 22 August 2025 are outlined below:
- i. failures to fully consider clients' best interests regarding litigation funding agreements and referral arrangements, and a lack of due diligence when entering into new arrangements
 - ii. failure to give clients the best possible information about the costs of their matter, how the matter will be funded, and the options available to them
 - iii. poor compliance with regulatory obligations when arranging After the Event (ATE) insurance for clients
 - iv. weak systems to check any referrer is working in a way that is consistent with the firm's regulatory obligations
 - v. inadequate client onboarding processes, including checks on client ID, sanctions and conflicts of interest
 - vi. inadequate advice to clients about their claim's merits and prospects of success.

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11 There have been five key interventions to date in relation to the HVCC cohort:

Supreme Court judgment on motor finance

- 12 On 1 August 2025 the Supreme Court handed down its judgment on the duties owed to customers by car dealers and third-party lenders in relation to car finance.
- 13 The court decided that, in certain specific circumstances, motor finance companies may have entered unfair relationships with consumers, meaning that commission was repayable. It also decided that car dealers did not have to prioritise consumers' interests over their own. Whether there was an unfair relationship will depend on the facts of each claim. The decision means that, in some circumstances, motor finance lenders may have to pay compensation to consumers who were treated unfairly. However, in other cases, some motor finance consumers with 'commission disclosure' claims will not be entitled to compensation.
- 14 On 3 August 2025, the Financial Conduct Authority (FCA) announced it will consult on a free-to-access consumer compensation/redress scheme for consumers who were treated unfairly. It has already proposed the scheme will cover those with 'discretionary commission arrangement' claims if commission was not properly disclosed. The FCA has said the consultation will be published by early October 2025. We continue to work closely with the FCA.
- 15 As set out in our July update to Board, we had carried out internal scenario planning ahead of the judgment, in particular assessing the potential impacts on consumers and on firms. Following the judgment, we identified possible risks to the financial arrangements of some firms working in the high volume claims area, given that some cases will now fall away. Part of our compliance declaration (see above) will gather information on how firms are managing risks, including their financial arrangements.
- 16 Our preparations ahead of the judgment allowed us to move quickly to issue advice to our regulated community and to consumers. We have issued communications to provide guidance to firms and the public on the implications of the judgment, clarify regulatory expectations under our Standards and Regulations, and signpost to FCA materials, including updates on a potential redress scheme, as well as considering the potential impact on firms.

Communications on motor finance

- 17 We set out our expectations of firms both before and after the judgment. On 31 July we published a joint statement with the FCA, focused on raising awareness of our expectations in this area. This was targeted at both law firms and claims management companies (CMCs), and 157m people across the UK

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and globally had the Opportunity to See (OTS) our media coverage which appeared across 3 days in the Financial Times, Times, i Paper, City AM, Law Gazette and Legal Futures.

- 18 In the wake of the judgment we published an [SRA Update](#) on 7 August and an [associated web page](#). It included focus on:
 - Informing clients of what the judgment means for them in a way they understand, taking account of their individual attributes, needs and circumstances.
 - Informing clients of the realistic prospect of an FCA-led redress scheme being introduced, following the [announcement](#) by the FCA on 3 August.
 - Earlier in July, we had confirmed to firms and COLPs through an [SRA Update](#) that this expectation applied even when a scheme had not yet been confirmed, where there was a realistic prospect of one being introduced.
 - Complying with and upholding our Principles, particularly that which requires acting in the best interests of each client.
 - Complying with and upholding other Standards and Regulations that apply.
- 19 In [the 7 August update](#) we also set out expectations in the event that clients no longer have a claim, or where a client wishes to terminate a contract. Our update further noted that firms may have taken on litigation funding to finance their work in high-volume consumer claims and encouraged firms to contact the SRA as soon as possible if the judgment could result in financial distress.
- 20 We complemented these messages for firms with [advice for consumers](#) on our website. This sets out for consumers what the Supreme Court judgment means for motor finance claims, what consumers can expect from the solicitor or law firm representing them, charges from a law firm if a consumer wishes to terminate their contract, what to expect if there is no longer a claim, as well as a list of frequently asked questions. We have also liaised with Citizens Advice to support them in their public messages to consumers on this topic.

Working with the FCA

- 21 We have been engaging with colleagues at the FCA on concerns in the motor finance commission claims sector since early 2025, across communications, policy options and on their thinking around a redress scheme. Our 31 July statement demonstrated our shared position.
- 22 This engagement continues. We are exploring with FCA colleagues whether there are further regulatory developments that could help to address consumer detriment in this sector. [REDACTED]
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 [REDACTED] Our aim will be to ensure our positions are as aligned as possible given our respective regulatory remits and powers. We are also

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planning to respond formally to the FCA's consultation on plans for a redress scheme later in the autumn.

Discussion Paper

- 23 In July we updated the Board on our policy Discussion Paper. This was ready for publication in July, but we decided to hold it back until after the thematic review was published and the compliance declaration sent to firms. The paper covers the themes of improving transparency and clarity for consumers, managing risks around litigation funding, making sure ATE insurance meets consumer needs, ensuring our regulation keeps pace with a changing market, and seeking greater consistency in consumer protection.
- 24 As set out in the previous update, the paper is aimed at external stakeholders and will complement our separate consumer research, which will give us a first-hand consumer perspective of the market, and the thematic review and compliance declaration, which are firm-facing. We want to use the paper to obtain any further evidence and spark more in-depth discussion, with particular focus on solutions (including shared solutions), as well as identifying potential unintended consequences, ahead of consultation.
- 25 We have planned a proactive engagement programme throughout the period the paper is open. During the engagement period, we will host a series of roundtables, for different audiences and with some focusing specifically on individual discussion paper topics. We also plan a higher-profile senior level event, run by Re:State so we can hear from a wider range of stakeholders than we would otherwise reach on HVCC, whilst also (because it would be organised at arm's length) allowing us to reflect on wider challenges around growth, regulation and consumer protection.

Next steps

- 26 We will continue to action the steps set out above and engage with a wide range of stakeholders, and on a range of policy areas. In particular we will liaise closely with the FCA.
- 27 In 2026 we will issue a consultation paper drawing on responses to the discussion paper, our policy analysis, stakeholder engagement, consumer research findings, and other insights such as from internal data and regulatory activities.

Timeline

- 28 The timeline for the work programme for the next 18 months is set out in annex 1.

Annexes

Annex 1

Programme timeline June 2025 – December 2026

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Supporting information

Links to the Corporate Strategy and/or Business Plan and impact on strategic and mid-tier risks

- 29 The work programme supports the organisation's ambitions, set out in the 2024/2025 business plan to 'consider issues and potential future activity relating to bulk claims litigation'.
- 30 Our mission is to drive confidence and trust in legal services. Through this programme we aim to better understand and address the issues around high-volume consumer claims in a coordinated and collaborative manner, and to identify and implement practical solutions that will lead to improvements in trust and confidence.

How the issues support the regulatory objectives and best regulatory practice

- 31 The work programme supports the following regulatory objectives: protecting and promoting the public interest, improving access to justice, protecting and promoting the interests of consumers, and promoting and maintaining adherence (by authorised persons) to the professional principles.

Public/Consumer impact

- 32 The issue is being considered due to its impact on consumers. The programme of work is designed to assess the impacts on consumers (including different consumer groups) and target interventions to make improvements for consumers. We have scoped the work from the consumer perspective, using the Consumer Principles and the Consumer Journey as a lens.

What engagement approach has been used to inform the work and what further communication and engagement is needed?

- 33 Our engagement activity Engagement is discussed above in paragraphs 20-24.

What equality and diversity considerations relate to this issue?

- 34 We have not yet identified data that allows us to assess the protected characteristics of claimants currently or historically involved in a bulk litigation claim and so it is not possible to draw firm conclusions on which groups are most likely to be impacted by this work, or whether there are differential impacts between different groups of consumers.
- 35 However, given the aim of this work programme is to improve consumer protection it is likely the impact for protected groups will be positive overall, provided our interventions do not inadvertently create barriers in relation to

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accessing justice i.e. by inhibiting or discouraging consumers from taking forward legitimate claims.

- 36 Careful regard will need to be given to the introduction of any rules or requirements – for example in relation to litigation funding - to ensure that claims that could advance equality (for example equal pay claims or claims that result in financial benefits for groups that are more likely to have low incomes etc) are not unjustifiably or inadvertently restricted. It should also be noted that in relation to accessing legal services all consumers experience vulnerability (owing to the high levels of information asymmetry) and so policy development will need to reflect this.
- 37 The primary research we have commissioned to understand consumer experiences in this sector also has a focus on factors that could enhance risks of vulnerability. Some of these characteristics may overlap with protected characteristics.

How the work will be evaluated

- 38 Evaluation will be carried out post-implementation of any changes to our regulatory approach.