

How we regulate

We have an outcomes-focused approach to regulation. This means that those we regulate are able to decide how best to deliver legal services in terms of the day-to-day operation of their firms. Firms can operate systems and controls that suit their client base and type of practice. This provides them with the flexibility to choose the most appropriate way to deliver services to you as long as this does not put at risk the wider public interest.

On this page you can find more about

- our Principles [[link: http://www.sra.org.uk#principles](http://www.sra.org.uk#principles)] and Code of Conduct [[link: http://www.sra.org.uk#code-of-conduct](http://www.sra.org.uk#code-of-conduct)]
- the rules [[link: http://www.sra.org.uk#rules](http://www.sra.org.uk#rules)] that back up the Principles and Code of Conduct
- how we supervise [[link: http://www.sra.org.uk#supervision](http://www.sra.org.uk#supervision)] firms and individuals to make sure they are complying with the Principles and Code of Conduct, and
- what we do to enforce our Handbook [[link: http://www.sra.org.uk#enforcement](http://www.sra.org.uk#enforcement)].

Our Handbook

Our Principles and Code of Conduct are part of our Handbook [<http://www.sra.org.uk/handbook>] and define the basic ethical and professional standards that we expect all firms and individuals regulated by us to comply with, whether they are lawyers, non-lawyers, managers or employees. These are backed up by sets of rules.

The Principles

The Principles [<http://www.sra.org.uk/solicitors/handbook/handbookprinciples/content.page>] are at the core of everything that we do, and everything those we regulate do. If there is a clash between two or more Principles, the course of action taken will be according to the Principle that best serves the public interest.

The Principles say that

"You must:

1. uphold the rule of law and the proper administration of justice,
2. act with integrity,
3. not allow your independence to be compromised,
4. act in the best interests of each client,
5. provide a proper standard of service to your clients,
6. behave in a way that maintains the trust the public places in you and in the provision of legal services,
7. comply with your legal and regulatory obligations and deal with your regulators and ombudsmen in an open, timely and co-operative manner,

8. run your business or carry out your role in the business effectively and in accordance with proper governance and sound financial and risk management principles,
9. run your business or carry out your role in the business in a way that encourages equality of opportunity and respect for diversity, and
10. protect client money and assets."

The Code of Conduct

The next part of the Handbook is a Code of Conduct

[<http://www.sra.org.uk/solicitors/handbook/code/content.page>], which outlines the professional standards the SRA expects from all solicitors and law firms that it regulates.

The Code of Conduct includes some "indicative behaviours" as examples of how the outcomes could be achieved. These indicative behaviours are not set in stone, they are just there to help demonstrate how solicitors and law firms might be able to provide the right outcomes for their clients but keeping the flexibility to choose how they operate.

For example, one outcome set down in the Code of Conduct that the SRA expects to be achieved is that

"clients are in a position to make informed decisions about the services they need, how their matter will be handled and the options available to them."

The Handbook then suggests indicative behaviours to show the types of activity the SRA would expect to see take place. These include:

- agreeing an appropriate level of service with your client
- explaining your responsibilities and those of the client
- ensuring that the client is told, in writing, the name and status of the person(s) dealing with the matter and the name and status of the person responsible for its overall supervision; and
- explaining any arrangements, such as fee sharing or referral arrangements, which are relevant to the client's instructions.

If we need to investigate how a particular matter has been handled, the indicative behaviours suggest the types of thing we might expect to see evidence of to show how the solicitor or law firm involved had approached the matter.

Other rules and regulations

Also in the Handbook [<http://www.sra.org.uk/handbook>] are a series of rules.. They set out the requirements solicitors and law firms need to understand to run their business properly. These are as follows:

- The Accounts Rules [<http://www.sra.org.uk/solicitors/handbook/accountsrules/content.page>] —these describe the ways in which solicitors and law firms must protect money they hold;
- Authorisation and Practising Requirements [<http://www.sra.org.uk/solicitors/handbook/introAuthPrac/content.page>] —these set down the approach solicitors and law firms must follow if they are to become and continue to be regulated by the SRA, and the sorts of information they must provide to the SRA;

- Client Protection [<http://www.sra.org.uk/solicitors/handbook/introclipro/content.page>] —this section provides rules about insurance arrangements and the SRA's Compensation Fund;
- Discipline and Costs recovery [<http://www.sra.org.uk/solicitors/handbook/introdisc/content.page>] —this section describes how firms and individuals the SRA regulates can be fined or disciplined by the SRA; and
- Specialist Services [<http://www.sra.org.uk/solicitors/handbook/introspec/content.page>] —this covers the circumstances where some law firms also provide other business services, such as financial services and conveyancing.

Supervision of firms

Unless we consider that a firm is operating in a way that poses a serious risk to clients and the public interest, we aim to achieve compliance with the Principles [[link: http://www.sra.org.uk#principles](http://www.sra.org.uk#principles)] by working to change the firm's behaviour where appropriate and deter future non-compliance by supervising them through various methods. For example, we monitor the number and type of complaints that they receive, and help them to deliver better service. We expect firms to correct harm caused by their non-compliance.

Our methods are flexible, including the supervision of firms through

- telephone contact
- correspondence, and
- visits to the firm.

The level of supervision depends on the risks, if any, that we think a firm poses to its clients or the general public based on information that we receive from

- firms
- members of the public
- the Legal Ombudsman, and
- other regulatory bodies [<http://www.sra.org.uk/consumers/what-sra-about.page#sra-and-approved-regulators>].

If we are not satisfied that a firm is complying with the Principles [[link: http://www.sra.org.uk#principles](http://www.sra.org.uk#principles)] or taking the corrective action necessary to make sure they are doing so, we will take enforcement action.

Enforcement action

Where there is a failure to cooperate or there are significant risks to consumers or the public we take tough enforcement action. Those we regulate have a duty to co-operate openly and promptly with us (see Principle 7 [[link: http://www.sra.org.uk#principles](http://www.sra.org.uk#principles)], above). If they fail to do so we can require them to deliver documents or information to us or to provide us with an explanation in person. In some circumstances, we can also apply to the High Court to seek documents or information from a third party.

In making decisions about how we take formal enforcement action, the kind of factors we take into account include

- the number of clients affected and any impact on them

- any impact on public confidence
- patterns of behaviour
- whether the conduct continued for an unreasonable period taking account of its seriousness
- the potential to affect on a vulnerable person or child
- any potential to affect a substantial, high-value or high-profile matter
- the previous history of the individual or firm, and
- any evidence of deliberate intent, recklessness or dishonesty.

Once we have taken into account the factors above, we apply criteria [<http://www.sra.org.uk/sra/how-we-work/decision-making/criteria.page>] specific to the particular decision we are reaching. This helps us to ensure that we are complying with our legal powers and duties. Before we decide to take enforcement action we must ensure the legislation allows us to do so in the particular circumstances.

Our legal powers mean we can, where appropriate

- issue a warning about future conduct
- impose a disciplinary sanction [<http://www.sra.org.uk/consumers/solicitor-check/sanctions.page>], such as a fine [<http://www.sra.org.uk/consumers/solicitor-check/sanctions.page#fine>]
- control [<http://www.sra.org.uk/consumers/solicitor-check/controls.page>] how a firm or individual practices
- refer a firm or individual's conduct to the Solicitors Disciplinary Tribunal [<http://www.sra.org.uk/consumers/solicitor-check/prosecutions.page>]
- revoke recognition of a firm [<http://www.sra.org.uk/consumers/solicitor-check/approval-denied.page#revocation-recognition>] or refuse to renew recognition of a firm [<http://www.sra.org.uk/consumers/solicitor-check/approval-denied.page#refusal>], or
- order a non-solicitor manager or employee to obtain our approval [<http://www.sra.org.uk/consumers/solicitor-check/employee-decision.page#approval-s43>] before being employed by, becoming a manager of, or investing in a firm; or
- close a firm [<http://www.sra.org.uk/consumers/solicitor-check/closures.page>] with immediate effect.

Read more about the different types of enforcement action [<http://www.sra.org.uk/consumers/solicitor-check.page#types>] we can take.

We may publish [<http://www.sra.org.uk/consumers/solicitor-check/policy.page>] our regulatory decisions, though there are cases where we do not if it is not in the public interest for us to do so.