

News release

Consultation opens on arrangements and rules for SRA-run consumer protection scheme for post six-year negligence

06 October 2022

We are consulting on the arrangements and rules of an indemnity scheme that we run to provide future consumer protection for post six-year negligence.

This follows a decision by our Board in September that an SRA-run indemnity scheme offered the most cost-effective and proportionate solution to providing appropriate consumer protection for post six-year claims.

The scheme will come into effect from September 2023, replacing the Solicitors Indemnity Fund (SIF) arrangements, currently operated by the Solicitors Indemnity Fund Limited. The levels of protection provided by the scheme will be the same as those provided through the SIF.

All regulated law firms are required to have indemnity insurance which covers them for any claims made in the six years after they close. The indemnity scheme will provide protection, as the SIF does currently, for consumers who suffer financial loss due to a solicitor's negligence, where a claim arises after this period and the closing firms had no successor practice.

Anna Bradley, Chair of the SRA Board, said:

'Appropriate protection for those using regulated law firms is essential, but we also need to make sure the approach is cost effective and proportionate. That is important for both consumers and law firms. We are setting out the details of the SRA-run indemnity scheme that we will be introducing and look forward to hearing everyone's views on the arrangements and rules.'

We published [a discussion paper in August 2022](https://media.sra.org.uk/sra/consultations/discussion-papers/solicitors-indemnity-fund-sif-consumer-protection-negligence-claims/) [https://media.sra.org.uk/sra/consultations/discussion-papers/solicitors-indemnity-fund-sif-consumer-protection-negligence-claims/], outlining the case for ongoing consumer protection and the options for delivering this.

In deciding that an SRA-run indemnity scheme was the best option for the future, our Board took account of stakeholder feedback and further detailed analysis of the possible options. This included expert independent advice from Willis Towers Watson.

[The new consultation \[https://media.sra.org.uk/sra/consultations/consultation-listing/post-six-year-consultation/?s=0\]](https://media.sra.org.uk/sra/consultations/consultation-listing/post-six-year-consultation/?s=0) explains why we decided ongoing consumer protection is needed, and how it came to the decision that an SRA-run indemnity scheme was the most proportionate way forward on grounds of cost-effectiveness, governance and consistency with other regulatory arrangements.

The paper invites views on the draft rules for the scheme, and commits to consulting separately on the structure of any levy that may be proposed in future to help fund the scheme.

Consultation on the rules and arrangements for the SRA-run scheme will run for 12 weeks until Tuesday 3 January 2023. During this period we will also engage directly with stakeholders including consumer and legal profession representative bodies.