

“Secret cash scandal of injury lawyers”

Mail on Sunday

“Vulture solicitors lambasted”

The Guardian

Warning!

SRA crackdown on improper referrals

Are your referral arrangements ethical?

Are you in breach of the code of conduct?

The Solicitors Regulation Authority (SRA) is cracking down on solicitors whose referral arrangements compromise their clients' interests, and who undermine public confidence in solicitors.

Do your referral arrangements comply with your core duties?

- **Justice and the rule of law** – You must uphold the rule of law and the proper administration of justice.
- **Integrity** – You must act with integrity.
- **Independence** – You must not allow your independence to be compromised.
- **Best interests of clients** – You must act in the best interests of each client.
- **Standard of service** – You must provide a good standard of service to your clients.
- **Public confidence** – You must not behave in a way that is likely to diminish the trust the public places in you or the profession.

You must comply with these core duties as well as the detailed requirements of the rules on referrals, eg on disclosure. So keep the core duties firmly in mind when you enter into referral arrangements and act for referred clients.

Ask yourself:

- Do I always explain the nature of any referral arrangements, and disclose any referral fees, to my client at the outset?
- Am I being up-front with my clients about the nature of these payments? Am I trying to disguise the payments as something they are not, eg administration or marketing fees?
- Am I sure that the introducer has also disclosed this information to my client?
- Do I know how the introducer obtained the client?
- Is the agreement between the introducer and the client fair and in the client's best interests, and if it isn't, am I able to advise my client accordingly?
- Am I sure that there is nothing in my agreement with the introducer which compromises my independence and/or my ability to act in my client's best interests, for example:
 - restrictions on my client's choice of advocate or expert;
 - the introducer, rather than the client, telling me how to deal with my client's money?
- Am I able to advise my client independently without fear of offending the introducer and at the risk of losing a valuable stream of work?
- Is the introducer regulated by the regulator of claims management services, if appropriate?

If the answer to any of these questions is "no", you are likely to be breaching your core duties and are liable to disciplinary action. You will need to change the terms of your agreement with the introducer or to end your relationship with the introducer.

“Solicitors who allow referral arrangements to undermine their role as independent advisers let down their clients and the profession. Public confidence in solicitors has been damaged by a number of recent cases in which solicitors have placed their own advantage above their clients’ interests. The Solicitors Regulation Authority is determined to stamp this out.”

Peter Williamson
Chair of the Solicitors Regulation Authority

“The Law Society backs the Solicitors Regulation Authority in its efforts to help good solicitors to comply with the rules, and in its efforts to drive bad practice from the profession. Effective enforcement of the rules is important to maintain public confidence in the profession.”

Fiona Woolf
President of the Law Society

Your obligations are currently set out in rules 1, 3, and 15 of the Solicitors' Practice Rules 1990; in the Solicitors' Introduction and Referral Code; in the Costs Information and Client Care Code, and in published guidance. Rules 1, 2, and 9, and related guidance, of the Solicitors Code of Conduct will apply when the new code comes into force later this year.

You can get help from our website, www.sra.org.uk, or call the Ethics helpline – 0870 606 2577.

**So take care of your clients: act independently
and in their best interests. Put your clients first.**

If you don't, you will be liable to disciplinary action.

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