Lawtech providers Q&A

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The SRA welcomes queries from startups or lawtech providers needing support and guidance through our regulations.

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How do introductions and referral fees work?

Solicitors can only accept referrals if the introducer has acquired clients in a way that solicitors and firms themselves are permitted to. Solicitors cannot make unsolicited approaches to clients [to advertise](https://jobs.sra.org.uk/solicitors/guidance/unsolicited-approaches-advertising/) [https://jobs.sra.org.uk/solicitors/guidance/unsolicited-approaches-advertising/] legal services.

You will also want to be sure that, in cases involving claims for personal injury, the payments by the solicitor for access to an online platform does not amount to prohibited referral fees under the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO) Sections 56-60. [This flowchart](https://jobs.sra.org.uk/globalassets/documents/sra/consultations/referral-flowchart.pdf?version=4a1ace) [https://jobs.sra.org.uk/globalassets/documents/sra/consultations/referral-flowchart.pdf?version=4a1ace] will help you navigate this process and there are more tips on this [Q&A](https://jobs.sra.org.uk/solicitors/guidance/ban-personal-injury-referral-fees/) [https://jobs.sra.org.uk/solicitors/guidance/ban-personal-injury-referral-fees/] page. We have also issued a [warning notice](https://jobs.sra.org.uk/solicitors/guidance/referral-fees-laspo-sra-principles/) [https://jobs.sra.org.uk/solicitors/guidance/referral-fees-laspo-sra-principles/] that explain why not being in breach of LASPO may still be in breach of solicitors' wider duties to clients, and others, and so may breach our Standards and Regulations.

Can we share a fee with a solicitor?

You are able to offer fee-sharing arrangements, for example between solicitors working on a case or between a solicitor and an online market-place. If there is any sort of fee-sharing, then the regulated solicitor or firm must inform the client or potential client of the arrangement between the parties, including any fees being paid for the introduction of client to the solicitor. These must be made in writing.

Can we outsource our legal services?

At its simplest, outsourcing is using a third party to provide services that you could otherwise provide. The third-party outsourced service provider will instead provide those services using their own personnel (and often facilities).

You can outsource anything so long as you comply with the law and regulatory requirements. You cannot however abrogate your responsibility for compliance with the SRA's requirements and you will always remain accountable to the SRA where your work is carried out through others.

You also cannot outsource the provision of reserved legal services to a provider that is not authorised by the SRA (or another regulator) to provide reserved legal services.

Solicitors can provide their services to other firms either:

- as employees of the other firm or
- as agents through their own practice (whether freelancer, SRA firm, or unregulated firm if unreserved work).

Solicitors can have more than one job and they can work on a part time or locum basis. They must inform us of each different practising address via mySRA [https://jobs.sra.org.uk/mysra/] .

If a firm outsources work, it will remain responsible for the other firm's compliance with our rules and it will always remain accountable to the SRA where your work is carried out through others.

The insurance position may be different. A firm's insurance will cover employees and agents, provided those agents are not required to have their own insurance under our rules or the rules of any other professional body.

If law firm A and law firm B are working on a case, who owns the client?

Firm A can have a retainer with a client and then outsource part of their work to firm B. Both firm A and B will have client care duties to the client in conduct. Only firm A needs to be transparent re costs if the retainer is only with them. You may also wish to look at the guidance for firms on our website about Client Care Letters [https://jobs.sra.org.uk/solicitors/guidance/client-care-letters/] and also the guidance Identifying your client [https://jobs.sra.org.uk/solicitors/guidance/identifying-client/] may be helpful.

A firm cannot outsource an entire matter to another firm and keep the client retainer. This is misleading (white-labelling). In this case, the first firm must make a referral.

Firm A must have the client's consent to outsource to firm B or to refer. Otherwise they would breach client confidentiality.

Can I hold client money on an agency basis?

A firm can only hold client money in connection with the legal services that they provide. A firm acting on agency basis cannot hold client money if they are not acting in the transaction and just providing specialist advice. Firms can hold client money in joint account with another firm; this will not be a client account. In this case, the firms would need to agree with their client to hold the money outside client account (see rule 2.3 (c) SAR [https://jobs.sra.org.uk/solicitors/standards-regulations/accounts-rules/#rule-2]). If they use Third Party Managed Accounts (TPMAs), they must comply with rule 11.1 SAR [https://jobs.sra.org.uk/solicitors/standards-regulations/accounts-rules/#rule-11] .

How do I manage a conflict of interest?

The obligation not to act where there is a conflict of interest either between the solicitor and their client, or between two clients for whom the solicitor acts, can be found at 6.1 and 6.2 of the SRA Code of Conduct for Solicitors [https://jobs.sra.org.uk/solicitors/standards-regulations/code-conduct-solicitors/#rule-6] and also in the same paragraphs in the Code of Conduct for Firms [https://jobs.sra.org.uk/solicitors/standards-regulations/code-conduct-firms/] . The definition of an own interest conflict is defined in the SRA Glossary as "...any situation where your duty to act in the best interests of any *client* in relation to a matter conflicts, or there is a significant risk that it may conflict, with your own interests in relation to that or a related matter".

Does the use of email support technology breach client confidentiality?

The SRA has provided guidance on confidentiality requirements [https://jobs.sra.org.uk/solicitors/guidance/confidentiality-client-information/] which includes information on mergers or acquisitions of practices.

This duty specifically warns solicitors against sharing confidential information with third parties without the informed consent of clients and points to mergers and acquisitions as situations where this may occur.

This could also be a possible concern with a legal tech tool; the unauthorised (i.e. without client consent, required as per paragraph 6.3 of the SRA Code of Conduct for Solicitors [https://jobs.sra.org.uk/solicitors/standards-regulations/code-conduct-solicitors/#rule-6-3] and Firms [https://jobs.sra.org.uk/solicitors/standards-regulations/code-conduct-firms/#rule-6-3]) third party access to confidential client information. Firms would need to consider whether client consent to use such a tool needs to be obtained; and if so, whether this could be obtained via a standard term of business, or whether more specific, informed consent would be needed. Firms would also need to be satisfied that any such third-party disclosure was in their client's best interests (as per SRA Principle 7 [https://jobs.sra.org.uk/solicitors/standards-regulations/principles/]).

[Our lawtech solution provides legal advice. Does this service breach legal professional privilege?](#)

The SRA cannot provide a position on whether a specific service is providing legal advice because this is a legal question. It is useful to understand that unless the service is covering a reserved legal activity unauthorised persons are free to give such advice.

Whenever you think you are providing legal advice, we would always recommend that you give consideration is given to the insurance position and that legal advice is taken as to the duties owed to third parties.

Unfortunately, we would not be able to answer this question as professional privilege is a legal concept. The application of privilege in the in-house arena is a particularly complicated and an ever-evolving area of law and I would suggest legal advice should be taken on this subject. The [Law Society's material on privilege](https://www.lawsociety.org.uk/en/topics/client-care/legal-professional-privilege) [https://www.lawsociety.org.uk/en/topics/client-care/legal-professional-privilege] may also be useful in this instance.