The SRA Outsourcing Ruse

We all know that the SRA is overwhelmed with reports of potential misconduct, but what you may not know is that the SRA is outsourcing the early assessment of these reports to external law firms.

Those who receive a letter would have no idea that the work had been outsourced. The letter is produced on SRA letterheading, signed off by a named individual described as "Investigation Officer Solicitors Regulation Authority". There is even an SRA email address under the signature block. To add more deception the second paragraph of each SRA letter contains the following statement:

I am an Investigation Officer at the SRA

The above statement is simply not true. An individual employed by an external law firm is not an Investigation Officer at the SRA.

One suspects that the SRA's objective in adopting this modus operandi is to deceive the recipient into believing that they are dealing directly with the SRA – the risk being that if the recipient knew that they were dealing with an external law firm then they would refuse to co-operate with the investigation.

Apart from the lack of transparency, which is bad enough, why does it matter?

The principal reason for concern about this concealed arrangement relates to client confidentiality. The recipients of these letters are routinely asked for information about their clients so that an assessment of the report made to the SRA can be undertaken. Our obligation is to keep clients' affairs confidential unless the client consents or "Unless disclosure Is required or permitted by law". It is not accepted that a third-party law firm is entitled to obtain confidential information in this way. We are all awaiting the outcome of the Amersi & Carter Ruck case challenging the SRA's right to see legally privileged material. If the court decides that the SRA is not permitted to see privileged material, then an external law firm is certainly not permitted to do so.

Further, there is the risk of potential disclosure of confidential information about the law firm itself to an external law firm. This might consist of commercially sensitive information about the management and operation of the law firm which it might not wish to be made available to a competing law firm or indeed any law firm more generally.

Finally, there is the risk of conflicts of interest both client conflicts and commercial conflicts. Even if conflict checks are undertaken by the external firm, the same courtesy Is not afforded to the recipient of the letter. Conflicts checks are relevant to both sides in these situations. Those under investigation need to have the opportunity to check for conflicts before being investigated by an external firm.

The point here is that some law firms will not be concerned if the investigations are being carried out by external firms, but others will. The present arrangement means that our regulated community does not have the choice.

I do not assert for one moment that the SRA is not entitled to outsource work merely that it should make clear that it is doing so. The SRA routinely outsources interventions, SDT prosecutions and civil litigation but in those cases we all know who we are dealing with.

I have come across three examples of this practice during the last six weeks whilst dealing with investigation work for my law firm clients. Before writing this article, I wrote to the SRA expressing my concerns and urging it to change its procedure so that the letters make clear that they emanate from an external law firm, but a definitive answer has not been received. The SRA has not even tried to justify this current procedure by arguing that the fee earners at the external law firm are seconded to the SRA.

I was hoping that the SRA would change its arrangements to make it clear that the letters were from an external law firm. If the SRA is not prepared to be transparent then it is necessary for the profession to be informed of this practice so that questions can be asked and, if appropriate, a request made to return the file to the SRA for in-house investigation.

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14 May 2026