

Multi Disciplinary Practices A response by the BSA

About the Building Societies Association

1. The Building Societies Association (BSA) represents mutual lenders and deposit takers in the UK including all 45 UK building societies. Mutual lenders and deposit takers have total assets of over £330 billion and, together with their subsidiaries, hold residential mortgages of over £230 billion, 18% of the total outstanding in the UK. They hold over £230 billion of retail deposits, accounting for 19% of all such deposits in the UK. Mutual deposit takers account for over 30% of cash ISA balances. They employ approximately 39,000 full and part-time staff and operate through approximately 1,600 branches.

Key points

2. We welcome this opportunity to respond to the suite of SRA consultation papers into the future regulation of solicitors. This response should be read in conjunction with responses to the other SRA consultations issued in May of 2014. We are broadly supportive of the proposals in this consultation, however we do believe that there should be a nominated lead regulator who would be responsible for the prevention of fraud and money laundering.

Consultation response

3. We broadly agree with the course of action proposed in Option 1; that the SRA regulates the functions of the entity not suitably regulated elsewhere. The external regulators that the SRA considers suitable for regulating the non-legal activities of an alternative business structure (ABS) must be carefully chosen to ensure they meet an equivalent standard to that of the SRA and this list should be kept under regular review.

4. We also agree that the multi disciplinary practice (MDP) will need to make it clear to clients and the general public which services are regulated by the SRA and which services fall outside the scope of its regulation. We recommend that the SRA provide a series of standard disclaimers which can be tailored by firms in order to provide this information. Similarly, these disclaimers should appear in the firm's terms of engagement.

5. One concern over the proposed solution would be that there is no over-arching regulator which would examine anti-fraud measures across the firm. Fraud by solicitors is a key concern for mortgage lenders and should remain at the forefront of any regulatory regime. There is the potential that supervision by multiple regulators creates a gap which fraudsters can take advantage of. We suggest that for each firm there should be a lead regulator for preventing fraud and money laundering, which could be nominated on a firm-by-firm basis depending on the composition of the firm.

Other comments

6. We note that the consultation into the changes to regulation by the SRA has a short consultation period of six weeks, with an intention to implement in October 2014. We do not believe that these periods are sufficiently long enough to consult adequately and to prepare for any changes made to the regulatory regime.

Further information and contact

7. This response has been prepared in consultation with BSA members. If you have any queries regarding the document, please contact colette.best@bsa.org.uk.