Solicitors Regulation Authority

Protecting consumers when solicitors and law firms use and/or arrange third-party litigation funding for consumer claims

A response from the Association of Personal Injury Lawyers

September 2026

We welcome the opportunity to respond to the SRA's consultation on protecting consumers when solicitors and law firms use third party litigation funding for consumer claims. We note that the majority of the proposals relate to high volume consumer claims – the definition of which specifically excludes personal injury and clinical negligence claims which is the litigation pursued by members of this organisation. We are responding only to those proposals which would apply to all claims where third party funding is used, and all of our comments relate to third party funding in the context of personal injury cases.

Third party funding is not a common source of funding for personal injury cases, as the significant return on investment usually sought means there will in most cases be a level of deduction from an injured person's damages that they are rarely able to manage. Litigation funding can, though, promote equality of arms where a claim may otherwise have not been pursued and where other funding methods i.e. CFAs are not possible, or ATE policies are not available. However, the claimant must be able to make a clear and informed choice as to whether to pursue the case and have to pay the litigation funder out of their damages, or to not pursue the case at all. The SRA's proposals will help to ensure that the claimant can make this informed decision.

Proposal one: To introduce requirements that specifically address professional conduct when solicitors and law firms use and/or arrange third-party litigation funding for any type of claim

Question 2

Do you agree it is helpful to specify professional conduct requirements when solicitors use and arrange third party litigation funding for client matters?

We agree. APIL's position on third party litigation funding – which we set out more fully in our response to the Civil Justice Council[1]- is that claimants must be made aware and have a clear understanding of the terms and conditions of any third-party funding agreement. Claimants must be able to make an informed choice as to whether to pursue a claim with third party funding.

We support the SRA's proposals to bolster conduct rules to ensure maintenance of independence from a funder; to act in the clients' best interests, and obtain the client's informed consent to disclose confidential information to the funder. We would also welcome requirements that the solicitor must provide written confirmation to clients and funders of the obligations under the conduct rules, and to provide written confirmation to clients that the funder is not regulated by the SRA.

[1] https://www.apil.org.uk/files/pdf/ConsultationDocuments/4261-521735.pdf

We agree with the SRA that while the existing principles and codes of conduct address the elements of professional conduct separately, more is required to address the risks that can arise when solicitors and law firms use and/or arrange third party litigation funding.

Question 3

Do you agree with the areas of professional conduct we have suggested? Are there any further areas of professional conduct that should be included, or areas of risk it would be appropriate to address?

We agree.

Question 4

Do you agree that these provisions should apply to all solicitors and law firms using and/or arranging third party litigation funding? If you would suggest restricting the scope, please explain why.

We agree.

Proposal two: Solicitors and law firms using and arranging third-party litigation funding for consumer claims should provide relevant clients with a prominent funding information document. This is intended to ensure each client has the information they need to make an informed decision, before signing a third-party litigation funding agreement in relation to a consumer claim.

Question 6

Is there any other information it would be helpful for law firms to provide where a client's claim is funded by a third-party?

We maintain that where third party funding is used in personal injury claims – which will be as an option of last resort - the claimant should be given clear information and advice on the reasons why third party funding is being put forward as a funding option; the claimant should be clearly advised when they are liable to make payments before, during or after litigation; and they should be made aware of their statutory or court rule rights; as well as any alternative options that may be available to them to pursue redress, for example approaching the Ombudsman directly.

Any comments or queries in relation to this response should be directed to:

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