EPISODE 27

Supervision requirements in U.K. offices

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Terri: The past year has seen significant developments when it comes to regulation of law firms in the U.K., including additional requirements for supervision of firm personnel. In this episode, we'll explore the details of those developments. I'm Terri Garland and you're listening to the Portable Ethics Lawyer.

We're joined by Frank Maher, an English solicitor who specializes in professional regulation and professional liability insurance for law firms. Frank is a partner in Keystone Law, which has an arrangement with ALAS to provide ALAS-insured firms with up to seven hours of advice on U.K. legal issues annually at no cost. Welcome, Frank.

Frank: Thank you for having me.

Terri: Let's start with the background. Frank, would you set the stage for these developments?

Frank: To start, I should explain some terminology. When we talk about firms in the U.K., I am referring to firms with offices in London or elsewhere in England and Wales which are regulated by the Solicitors Regulation Authority (or SRA).

You also should keep in mind that supervision has three core requirements.

First, the SRA Codes of Conduct, one for individuals and one for firms, require 'effective' supervision and make clear that the supervisor remains accountable.

Secondly, the SRA Authorisation of Firms Rules require every firm to have a U.K. lawyer qualified for at least three years.

Thirdly, and this is the big one because it carries criminal sanctions, there are detailed requirements for supervision of anyone who is not a U.K. lawyer doing "reserved legal activities" which are set out in the Legal Services Act 2007. These are narrower than unauthorized practice of law (or UPL), and the devil is in the detail, but they apply to varying degrees to advocacy, conduct of litigation, real estate, and probate. This is the area where we have seen a lot happening over the past year and it could affect U.S. lawyers who are working in London offices as Registered Foreign Lawyers as well as other staff who don't have the relevant U.K. qualification. The SRA has recently issued some important guidance on this.

Terri: What's been happening in this area?

Frank: We've had an important Court of Appeal decision followed a few weeks later by a graphic example of supervision failing in an AI-related case. We'll come back to the AI example later.

Terri: What can you tell us about the Court of Appeal case?

Frank: This was the case of *Mazur v Charles Russell Speechlys LLP*. It all started with a law firm's debt collection claim. The law firm was represented by another law firm which specialised in debt collection.

The former clients objected to paying the debt collection lawyers' costs of the action on the ground that the fee earner running the case was not a practicing lawyer. Unlike the other reserved legal activities in the Legal Services Act, the provision relating to conduct of litigation does not expressly say that a nonlawyer can conduct litigation under the supervision of a qualified lawyer. So if the debt collection fee earner was acting illegally, his firm could not recover the costs of the litigation. For U.S. listeners, U.K. courts usually order the losing party to pay a proportion of the winner's costs, subject to judicial discretion.

Terri: Got it. What did the court decide?

Frank: A High Court judge took a restrictive view, holding that the unqualified fee earner was not entitled to conduct litigation merely because he was an employee of a law firm even if he did so under the supervision of a U.K.-qualified lawyer. This had huge implications for firms doing low value volume work and also for many of their staff, many of whom had years of experience. One particular group was the Chartered Legal Executives, many of whom had years of experience, who on the basis of this judgment could not conduct litigation unless they had obtained an additional qualification from their regulator, which few had.

Terri: You mentioned this went to the Court of Appeal. What did that court decide?

Frank: Yes, the Chartered Legal Executives' representative body (or CILEx), intervened in the case and took it to the Court of Appeal which overturned the High Court decision. The key point is that an unauthorized person can conduct tasks on behalf of a qualified lawyer who retains responsibility, but the delegation requires proper management, supervision, and control, the details of which are a matter for regulators including the SRA.

The Court added that in some circumstances the degree of appropriate control and supervision will be high, with approval required before things are done, while in routine circumstances, a lower level of control and supervision will suffice. It may be sufficient for the qualified lawyer to conduct regular meetings with the unauthorized person and to sample their work. They left it to regulators, such as the SRA, to publish guidance.

Terri: Let's talk about that SRA guidance. Would you tell us more about that?

Frank: Yes, the Effective Supervision guidance was published on 12 June 2026. Every lawyer needs to read it, whether they supervise or are supervised.

Key to the guidance is that firms need to take a tailored, risk-based approach to supervision. This needs to take account of the risks to clients, particularly vulnerable ones, which may be a point to bear in mind for pro bono work where the rules which apply are just the same.

You need to consider any legal and regulatory requirements for supervision, as in the reserved legal activities, but there are also similar requirements for immigration and claims management activities, which might apply to some firms and should be checked carefully.

Other factors include whether a high degree of judgment is required, workloads, working remotely, and the availability of alternative support and what is at stake, for example loss of liberty through imprisonment or deportation.

The supervisor must have clear oversight of the work, be readily available, and provide robust assurance that legal and regulatory requirements are being met. They must have effective knowledge of matters they are supervising and they remain responsible.

Terri: Does the guidance give us any clues as to how this should be achieved?

Frank: Yes, it does. Professional judgment is key here, and as with any other area involving professional judgment, it is important to document it because that may provide a defence if things go wrong.

The guidance says supervisors don't have to be partners. This is interesting because in the past, when things have gone wrong, the SRA have often looked to follow the chain of supervision up the line to an equity partner, though there is case law showing that equity partners aren't personally liable in conduct for what other equity partners do.

In transactional work or provision of an advice, the key stage may be only the final step; in more complex work (such as conduct of a claim) focus will be required throughout the matter.

They should check quality; compliance with firm policies, such as signing off work; ethical and regulatory issues; and file management. In some cases, it may need to be face-to-face, particularly if the supervisee is junior or previous problems have been identified.

The guidance also includes examples of good practice and the intention is to add to these in time.

Terri: Does it tell us anything about what happens when things go wrong?

Frank: Yes, it includes several case studies to illustrate it, including a couple of real cases which resulted in fines in the Solicitors Disciplinary Tribunal. Both involved paralegals doing volume work with inadequate or inappropriate supervision. The other fictional examples all involve volume work.

Terri: Frank, do you have any tips on supervising more substantial work?

Frank: In my previous life doing defence work for lawyers and their insurers, I had a team of three senior associates, each with a small number of matters, mainly complex, and some of which were high value. I used to have a weekly meeting with them and go through the status of each case to discuss progress and tactics. Any case on which they could not update me would be top of the list the following week. And I signed off all letters of advice.

Terri: You mentioned a case earlier involving AI in the context of supervision. What happened there?

Frank: Yes. I wanted to touch on it because the SRA guidance mentions AI but does not give us much detail beyond identifying the need for appropriate human review, scrutiny, and professional judgement. The case I alluded to is *Cork v Smith*, which has had a lot of coverage in the legal press. It involved an AI hallucination, but my focus here is what it shows about supervision. It involved a large international law firm.

The judge wrote to the law firm asking what power he had to make the order they were seeking in some insolvency proceedings (or corporate bankruptcy for U.S. listeners). A junior associate used AI to draft a response which contained a nonexistent rule citation. The AI, which was a big-name provider to law firms, not just a consumer version, said clearly that it could not access the rules on the government website and the associate must check it—but the junior associate didn't.

Neither the seven-year qualified associate nor the very experienced insolvency partner, who were also working on the matter, picked up the error in the letter. Neither knew the junior associate had used AI. And neither of them thought to check when the court wrote to ask. Alarm bells should have been ringing.

The court wrote again. And the junior associate used AI again. The response to the court included an apology but tried to justify the earlier misstatement with a misleading explanation. The judge found that supervision had failed and noted the firm's self-referral to the SRA.

Terri: What do you think the senior associate and the partner could have done to supervise the junior associate, especially when the junior associate ignored clear warnings from the AI to check the rule at the outset, as well as ignoring its later suggestion to make an "unreserved apology" to the court?

Frank: Ideally the firm's systems would have required the junior associate to confirm when they used AI and for the output to be available to supervisors. As a minimum, each enquiry from the court should have prompted direct enquiry and discussion, not blind acceptance of a draft letter. Any nonroutine correspondence with the court probably merits review, as do statements of case.

Terri: What else can law firms do to avoid having this happen to them?

Frank: Read the SRA guidance, document your systems, and make sure they are applied in practice.

Terri: Thanks for joining us, Frank. We've posted a copy of the cases you mentioned and other relevant materials on the landing page for this podcast, which is accessible to everyone through the website.

Terri: Until next time, I'm Terri Garland, and this is The Portable Ethics Lawyer.

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