

Statement of policy on upholding professional ethical duties

Issued under section 49 of the Legal Services Act 2007

26 March 2026

Purpose of this document

1. This statement of policy is issued under section 49(2) of the Legal Services Act 2007 (“the Act”) and, in preparing it, the Legal Services Board (“LSB”) has had regard to the principle that its principal role is the oversight of approved regulators under section 49(3) of the Act. We oversee the approved regulators, some of which have delegated their regulatory functions to independent regulatory bodies (“regulators”). We are independent of both government and the profession.
2. This policy sets out five outcomes that regulators must pursue to ensure that those they regulate uphold their professional ethical duties, based on the professional principles in the Act. We define these professional ethical duties as follows:

authorised persons have a duty to act with independence and integrity; maintain proper standards of work; keep the affairs of clients confidential; and comply with their duty to the court to act with independence in the interests of justice. Subject to the fact that they must place their duty to the court and their duty to act with independence and integrity above the duty to act in the best interests of their client where these may come into conflict, these duties are not presented in order of precedence.

3. The purpose of this statement of policy is to set outcomes and expectations of the regulators in the interests of the public and consumers, and to require compliance with professional ethical duties among those they regulate.
4. The LSB will have regard to this statement of policy in exercising its functions, in particular:
 - a. the maintenance and development of standards for the regulation by approved regulators of persons they authorise to carry out reserved legal activities (section 4(a) of the Act)
 - b. education and training of persons so authorised (section 4(b) of the Act)
 - c. applications for approval of alterations to regulators’ regulatory arrangements in accordance with Part 3 of Schedule 4 to the Act; and
 - d. enforcement functions under sections 31 to 45 and section 76 of the Act

5. The LSB will also have regard to regulators' compliance with this statement of policy in discharging its other oversight functions, including in its assessment of regulators under the regulatory performance assessment framework.
6. This statement of policy is relevant to all the regulatory objectives, and in particular the following:
 - Protecting and promoting the public interest.
 - Supporting the constitutional principle of the rule of law.
 - Protecting and promoting the interests of consumers.
 - Encouraging an independent, strong, diverse and effective legal profession.
 - Promoting and maintaining adherence to the professional principles, which are:
 - a. that authorised persons should act with independence and integrity;
 - b. that authorised persons should maintain proper standards of work;
 - c. that authorised persons should act in the best interests of their clients;
 - d. that persons who exercise before any court a right of audience, or conduct litigation in relation to proceedings in any court, by virtue of being authorised persons should comply with their duty to the court to act with independence in the interests of justice; and
 - e. that the affairs of clients should be kept confidential.
 - Promoting the prevention and detection of economic crime.
7. In discharging its functions, the LSB must, so far as is reasonably practicable, act in a way which is compatible with the regulatory objectives and which it considers most appropriate for meeting those objectives.¹
8. In developing this statement of policy, the LSB has had regard to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent, and targeted only at cases in which action is needed, under section 3(3)(a) of the Act. In pursuing the outcomes and expectations, regulators should have regard to these same principles, and any other principle that represents best regulatory practice.
9. The provisions of the Act, and any rules made under those provisions, will prevail over this statement of policy.

¹ [Legal Services Act, s 3\(2\)](#)

10. The LSB may review this statement of policy and issue a revised version if its policy changes.

Background

11. Solicitors, barristers, chartered legal executives and other regulated legal professionals (referred to in the Act and this statement of policy as "authorised persons") are regarded by society as guardians of the rule of law. Consumers depend upon and place trust in the expert knowledge of authorised persons to help them navigate their legal issues. To maintain public trust in the legal profession, regulators require authorised persons to meet a range of professional ethical obligations, including those which are enshrined in the Act's professional principles.²

12. However, despite these regulatory obligations, some authorised persons fail to uphold them. The LSB has determined through its research³ a number of reasons that may explain why this happens:

- a lack of understanding and/or due regard to the significance of what upholding *professional ethical duties* means in practice, and how to prioritise different duties when they come into conflict with each other, namely duties to the client, the court and the administration of justice.
- a disproportionate focus on preserving client interests to the detriment of duties to the court/public authorities and upholding the rule of law and the proper administration of justice.
- a lack of empowerment and support to enable authorised persons to maintain their *professional ethical duties* in the face of commercial pressures and powerful clients, including those working in an in-house capacity.

13. The LSB has identified instances from its research and evidence where there is a clear and unequivocal intention by authorised persons to act unlawfully,

² See paragraph 6 above; also section 1(3) of the Legal Services Act 2007:

<https://www.legislation.gov.uk/ukpga/2007/29/section/1>

³ Our evidence base comprises: Moorhead R, Vaughan S, Tsuda K, 'What does it mean for lawyers to uphold the rule of law?' (October 2023): <https://legalservicesboard.org.uk/wp-content/uploads/2023/11/FINAL-LSB-Lawyers-and-ROL-Report-2023.pdf>; LSB, 'The misuse of non-disclosure agreements: call for evidence themes and summary of evidence' (February 2024): <https://legalservicesboard.org.uk/wp-content/uploads/2024/02/NDA-call-for-evidence-themes-and-summary-Feb-2024.pdf>; please see notes of PERL reference group meeting discussions from March 2023, November 2023 and July 2024 using the links provided on this webpage: <https://legalservicesboard.org.uk/our-work/ongoing-work/professional-ethics-rule-of-law-and-regulation/about-this-programme-of-work>; we also received responses to our information requests from all the regulatory bodies we oversee, alongside bilateral meetings with regulators, to better understand the prevalence of the examples of poor ethical conduct identified through the evidence listed above, as well as any other examples of poor ethical conduct.

dishonestly and/or compromise their independence and integrity. Deliberate breaches of regulators' Codes of Conduct are primarily addressed through existing disciplinary and enforcement processes. This policy statement aims to complement those processes and reduce the instances where they occur, as well as addressing other types of unethical behaviour which may not fall into the category of a deliberate breach.

14. The LSB's wider evidence⁴ identifies a clear need across all types of unethical behaviour for there to be greater support from regulators to empower authorised persons, their managers and/or employees to prevent and call out failures to uphold professional ethical duties when it happens in their workplace.
15. The need to uphold professional ethical duties applies to all authorised persons, whether practising as sole traders, in high street firms, in large firms, inhouse in business, in public sector or not for profit organisations, at the Bar, or within one of the other regulated legal professions.⁵ The LSB's evidence shows that authorised persons' ways of thinking and acting is shaped by their education and training, by roles and experiences in the workplace, the cultures in those workplaces, and the expectations from their employers, clients, and their regulator.
16. However, beyond standards set by regulators through Codes of Conduct and Guidance, there is limited bespoke education and training and regulatory support and guidance, both at the point of qualification and throughout an authorised person's career to help them specifically identify and understand how to apply their professional ethical duties. In view of this, a fundamental aim of this statement of policy is that regulators take steps to support authorised persons to uphold and, where needed, balance their professional ethical duties, which are based on the professional principles in the Act as set out in paragraph 2 above.
17. Section 21 of the Act also expressly provides that several types of regulatory arrangements may extend to "regulated persons", which includes both authorised persons, and those who are not so authorised, but are employees of a person who is (and this includes employees who are managers of authorised firms). Additionally, further sections in the Act make provision for the duties of regulated persons and non-authorised persons who are employees, managers or hold interests in a licensed body.⁶ The LSB accordingly expects regulators to

⁴ Please refer to the [consultation paper](#) for the full evidence and gap analysis.

⁵ Solicitors, Barristers, Chartered Legal Executives, Trademark Attorneys, Patent Attorneys, Licensed Conveyancers, Costs Lawyers, Notaries, Probate Practitioners.

⁶ See for example, [section 176 of the Act](#), which provides that 'regulated persons' have a duty to comply with the regulatory arrangements of the approved regulator as they apply to that person. [Section 90](#) of the Act also takes account of the duties of non-authorised persons who are employees or managers of licensed bodies, or who have an interest or an indirect interest, or hold a material interest, in a licensed body. Such persons must not do anything which causes or substantially contributes to a breach by a

take account of such individuals when pursuing the five outcomes set out at paragraph 21. This is particularly relevant in circumstances where individuals who are not authorised may themselves participate in the direct provision of legal services to clients, or where they may have a role in supporting authorised persons to adhere to their *professional ethical duties*.

18. To effectively and proactively achieve adherence to professional ethical duties within their regulated communities, the LSB expects regulators to pursue five outcomes and meet the expectations set under each of those within this statement of policy.
19. The LSB will have regard to the outcomes and expectations set out below in discharging its functions set out in paragraphs 4 and 5.

Outcomes

20. In pursuing the outcomes, regulators are obligated under section 28(3) of the Act to have regard to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.
21. Regulators must pursue the following outcomes to support authorised persons to understand and uphold their *professional ethical duties*:
 - **Outcome 1: authorised persons have the right knowledge and skills on *professional ethical duties*, both in their preparation for qualification, and throughout their career.**
 - **Outcome 2: regulators have a framework of rules, regulations, guidance and other resources which make clear *professional ethical duties* are integral to the way authorised persons are expected to behave and act throughout their careers.**
 - **Outcome 3: authorised persons are supported and empowered to uphold their *professional ethical duties*, including when they are challenged.**
 - **Outcome 4: regulators identify and use appropriate tools and processes to monitor and supervise the conduct of authorised persons, and where necessary take effective action to address non-compliance with *professional ethical duties*.**

licensed body or, an employee or manager of the licensed body who is an authorised person in relation to an activity which is a reserved legal activity, of the duties imposed on them by section 176 of the Act.

- **Outcome 5: regulators regularly evaluate the impact of their measures to pursue outcomes 1 to 4 above and make changes, if required, to ensure that they remain fit for purpose.**

22. The LSB recognises that regulators regulate authorised persons (including both individuals and entities) in different professions providing various reserved legal activities and as a consequence may adopt different approaches to pursuing the stated outcomes.

Expectations

23. In implementing this statement of policy, the LSB has set expectations regulators should meet in pursuing each of the five outcomes at paragraph 21.

24. The LSB expects regulators to demonstrate that they have met the expectations set out in this section.

25. In seeking to pursue the outcomes, we recognise that as regulators regulate different professions and reserved legal activities within the legal services sector – and some may regulate both entities and authorised persons – the actions regulators take to adhere to this statement will vary accordingly. This is in recognition that a single approach may not be fit for purpose in a varied sector that serves a diverse range of consumers. However, the expectations the LSB proposes under each of the five outcomes provide consistency by ensuring a minimum standard of requirements on professional ethics across the regulators.

26. While regulators have discretion to pursue alternatives to meet the outcomes, they must be able to explain why, with evidence, their proposed alternatives to any of the specified expectations are more appropriate within their specific regulatory context to enable them to pursue the five outcomes.

Outcome 1: authorised persons have the right knowledge and skills on *professional ethical duties*, both in their preparation for qualification, and throughout their career

27. Expectations

In pursuing Outcome 1, taking account of the ethical risks and specific needs of their regulated community, regulators **must**:

- I. Set standards and/or expectations for education and training, both in the lead up to qualification and at appropriate regular intervals throughout an authorised person's career, in line with the outcomes set out in the ongoing competence statement of policy⁷, so that authorised persons may understand and apply *professional ethical duties* in everyday practice. The standards and practices used to apply them may include but should not be limited to the following:
 - a. what *professional ethical duties*⁸ means for authorised persons including having regard to the professional principles;
 - b. how to prioritise different duties in practice when they come into conflict with each other, for example, that the duty to act in the best interests of the client does not override the duty to the court to act with independence in the interests of justice, or the duty to act with independence and integrity, where these come into conflict; and
 - c. using appropriate resources to ensure there is effective training provision for training providers, such as case studies which include good practice examples and lessons learned from real-life.
- II. Share best practice between regulators in the legal sector and in other sectors with a view to maintaining relevant, fit-for-purpose, and up-to-date standards for education and training on *professional ethical duties*.

⁷ Post qualification standards should be made in line with expectations set out in the LSB's ongoing competence statement of policy here: <https://legalservicesboard.org.uk/wp-content/uploads/2022/07/Final-OC-statement-of-policy-July-2022.pdf>

⁸ See paragraph 2 for full definition of professional ethical duties

Outcome 2: regulators have a framework of rules, regulations, guidance and other resources which make clear that *professional ethical duties* are integral to the way authorised persons are expected to behave and act throughout their careers

28. Expectations

In pursuing Outcome 2, taking account of the ethical risks and specific needs of their regulated community, regulators ***must***:

- I. Ensure regulatory arrangements, guidance and other resources are clearly set out so that *professional ethical duties* are integral to the way authorised persons, their managers and employees carry out their roles. This includes being independent, inquisitive, and self-reflective in making ethical decisions;
- II. Consider with regard to the needs and work of each regulated legal services profession, what rules, regulations, guidance or other resources are needed to clearly and unambiguously address the handling of *professional ethical duties* when they come into conflict;
- III. Gather intelligence from an array of sources to maintain understanding of circumstances in which *professional ethical duties* may be undermined; and
- IV. Use intelligence, for example from disciplinary and enforcement activity and risk assessments, to inform their development of regulatory arrangements, guidance and other resources.

Outcome 3: authorised persons are supported and empowered to uphold their *professional ethical duties*, including when they are challenged

29. Expectations

In pursuing Outcome 3, taking account of the ethical risks and specific needs of their regulated community, regulators ***must***:

- I. Set clear reporting expectations for authorised persons, their managers and employees within authorised firms or any other persons who act in regulated roles, in instances where they reasonably believe *professional ethical duties* have been breached, to facilitate an environment of openness and speaking up;
- II. Take measures to support regulated persons to notify their regulator or their firm's regulator, including self-reporting, and reporting others so that they feel safe to do so;
- III. Establish an explicit requirement for authorised firms and self-employed authorised persons working together and sharing resources to have internal reporting up policies and/or guidance to establish a clear line of accountability;
- IV. Provide practical guidance and/or other resources to equip authorised persons to navigate challenges and uphold their *professional ethical duties* amid competing pressures;
- V. Provide guidance and/or other resources aimed at supporting authorised persons to foster work environments and cultures where ethical decision-making is supported and valued;
- VI. Provide guidance and/or other resources to employers of authorised persons so that they can support those authorised persons to adhere to their *professional ethical duties*; and
- VII. Collaborate with regulators in other sectors e.g. business or finance, and experts on professional ethics and corporate governance to inform their approach.

Outcome 4: regulators identify and use appropriate tools and processes to monitor and supervise the conduct of authorised persons, and where necessary take effective action to address non-compliance with *professional ethical duties*

30. Expectations

In pursuing Outcome 4, taking account of the ethical risks and specific needs of their regulated community, regulators ***must***:

- I. Utilise a range of sources to collect data on compliance with *professional ethical duties* including, but not limited to:
 - a. information from their regulatory activities, for example, risk assessments, surveillance, regulatory returns, first-tier complaints and thematic reviews;
 - b. information from supervisory activities such as sample checks, audits, file reviews and/or equivalent oversight checks;
 - c. feedback from consumers, for example complaints to regulators;
 - d. decisions and judgments from the courts, disciplinary tribunals, the Legal Ombudsman, regulators and other adjudicating bodies;
 - e. relevant information from other organisations such as government agencies, representative bodies, interest groups and others;
- II. Have an approach that provides for appropriate remedial action to address gaps in compliance to *professional ethical duties*. Remedial action in this context could entail measures intended to support authorised persons to meet their *professional ethical duties* and may also require disciplinary and enforcement action.

Outcome 5: regulators regularly evaluate the impact of their measures to pursue outcomes 1 to 4 above and make changes if required to ensure that they remain fit for purpose.

31. Expectations

In pursuing Outcome 5, taking account of the ethical risks and specific needs of their regulated community, regulators **must**:

- I. Put in place evaluation methods and indicators to measure effectiveness in their approach to meeting outcomes 1 to 4 of this statement of policy; and
- II. Take steps to adapt their measures to ensure they remain fit for purpose, including responding to emerging and live issues, such as new examples of poor ethical conduct. For example, the rapid development and increasing adoption in the sector of innovative approaches and/or new and emerging technologies such as Artificial Intelligence are likely to raise new ethical issues.