LEGAL SERVICES BOARD

Summary of Decision
The purpose of this summary sheet is to provide a high level and accessible overview of the Legal Services Board's ("LSB") decision. Readers are recommended to read the formal decision notice below for further details. This summary is not and should not be taken as a formal part of the LSB's decision notice under the Legal Services Act 2007 ("the Act"). This decision notice relates to an application from the Costs Lawyer Standards Board ("CLSB") for approval of alterations to the CLSB Practising Rules. The amendments aim to update and clarify the practising framework, strengthen the information available to the CLSB when assessing first-time and returning applicants, introduce clearer requirements for the delegation and supervision of work, update the Register and practising certificate provisions, and provide for equivalent professional indemnity insurance where a Costs Lawyer practises overseas. Following assessment of the CLSB's application, the LSB has concluded that the changes do not meet the conditions for refusal under paragraph 25(3) of Schedule 4 to the Act. The LSB's decision is to grant the application in full. The decision notice explains our assessment of the main issues that we considered in reaching our decision

Decision notice

The Costs Lawyer Standards Board's application for approval of alterations to its Practising Rules.

1. The Legal Services Board (LSB) has granted an application from the Costs Lawyer Standards Board (CLSB) for approval of alterations to its Practising Rules.

2. The LSB is required by Part 3 of Schedule 4 to the Legal Services Act 2007 (the Act) to review and grant or refuse applications by approved regulators to alter their regulatory arrangements. The Association of Costs Lawyers (ACL) is an approved regulator and the CLSB is the regulatory body to which the ACL has delegated its regulatory functions.

3. This decision notice sets out the decision taken, including a description of the alterations and why they are being made. Information on the statutory framework under which approved regulators apply to the LSB for approval of changes to regulatory arrangements is available on the LSB website[1].

Chronology

- This application was received on 23 October 2026.
- The LSB confirmed that the application was complete on 26 October 2026.
- The 28-day initial decision period for considering the application ends on 19 November 2026.
- This decision notice is effective from 19 November 2026.
- The decision notice will be published on the LSB's website by 23 November 2026.

Background

4. We received an application[2] from the CLSB for approval of proposed amendments to its Practising Rules. The rules govern the practice of Costs Lawyers and the issue, conditions, suspension and revocation of practising certificates. They also set requirements concerning disclosure, the Register of Costs Lawyers and professional indemnity insurance.

5. The current Rules were last amended in 2020[3]. Following a review of its regulatory arrangements in early 2026, and further consideration of the Court of Appeal's decision in *Mazur*[4] the CLSB identified areas to modernise and clarify the rules, address operational gaps and provide stronger consumer and public protection.

6. The CLSB consulted on the proposals[5], and made changes in response to submissions received.

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[1] https://legalservicesboard.org.uk/our-work/statutory-decision-making/alterations-to-regulatory-arrangements/statutory-framework-for-applications-to-the-lsb-for-approval-of-changes-to-regulatory-arrangements

[2] Practising Rules change application - 23 October 2026 inc. annexes A-D

[3] Practising Rules – CLSB

[4] Julia Mazur and another -v- Charles Russell Speechlys LLP, and others - Courts and Tribunals Judiciary

[5] clsb.info/download/consultation-proposed-changes-to-the-practising-rules/?wpdmdl=78503&refresh=6ae33566b369f1793275238

Summary of proposed changes

7. The CLSB's application included a summary of the changes, which will:

    - Provide a right of appeal where the CLSB refuses permission to allow a Costs Lawyer to delegate work to an individual who is not a Costs Lawyer, under Rule 5.2.;

    - Allow Costs Lawyers who practise overseas to obtain professional indemnity insurance outside the United Kingdom where equivalent cover to that available in the UK is demonstrated;

    - Update the Register of Costs Lawyers and practising certificate provisions to reflect the CLSB's current operational arrangements;

    - Prevent delegation to individuals presenting specified suitability concerns (i.e Cost Lawyers should observe the same standards of fitness as themselves) without the CLSB's prior written permission;

    - Require that all delegated reserved legal activities should be undertaken on behalf of, and under the suitable supervision of, a Costs Lawyer;

    - Clarify the information that applicants seeking admission or reinstatement to the Register of Costs Lawyers and Costs Lawyers must disclose, including relevant complaints, disciplinary proceedings and court or tribunal findings;

    - Update definitions and clarify the distinction between first-tier and second-tier complaints;

8. Subject to the LSB's approval, the CLSB intends to implement the amended Practising Rules in the first quarter of 2027, alongside updated guidance, policy statements and communications to Costs Lawyers and the public. The CLSB also highlighted that it will work with ACL Training.

Key Issues

CLSB's guidance, policy statements and other published materials that cross-reference the Practising Rules.

9. The application references the CLSB's intention to update its relevant guidance, policy statements and other published materials that cross-reference the Practising Rules. These were not included with the application as required under the LSB Applications to Alter Regulatory Arrangements Rules 2021("Rules").[6]

10. In response to queries raised during the LSB's assessment of the application, the CLSB provided draft guidance documents. The proposed changes to the draft guidance maintained CLSB's existing clear distinction between guidance and the Rules (regulatory arrangements). We are content that the draft guidance documents do not consist of regulatory arrangements and align with and signpost to the Practising Rules.

[6] Applications to Alter Regulatory Arrangements Rules 2021

11. The CLSB plans to communicate the amended regulatory arrangements directly to all Costs Lawyers via various channels, including social media to capture a wider audience as well as orally at the Association of Costs Lawyers Training Costs Lawyer Professional Qualification Course.

12. We acknowledge the clear distinction drawn between guidance and regulatory arrangements in the draft guidance. We expect future applications from the CLSB to contain relevant guidance, policy statement or material that supports the application consistent with the Rules.

First-tier complaints and second-tier complaints definition

13. The CLSB proposes to amend the Practising Rules to insert new definitions for “first-tier complaints" and “second-tier complaints”.

14. In May 2024, the LSB published Section 112 Requirements[7] (“Requirements”), the Guidance on Section 112 Requirements[8] and the Statement of Policy for first-tier complaints[9], with a deadline to implement the Requirements by November 2025. Together they aim to ensure that the regulatory arrangements of approved regulators provide for the effective and fair resolution of first-tier complaints. First-tier complaints are those made by consumers to providers about the service they received. Unresolved service complaints made to the Legal Ombudsman (LeO) are second-tier complaints. Complaints about conduct, as opposed to services, are made to regulators, not LeO. During LSB's assessment, CLSB explained that it had published updated Complaints Procedures guidance in December 2024[10] to implement the Requirements within the specified timeframe.

15. The CLSB seeks to adopt a definition for first-tier complaints and second-tier complaints that differs from those in the Requirements. The Requirements define as follows:

    First-tier complaint: ‘*a relevant complaint made by a complainant to an authorised person about the services provided by that authorised person’*

    Second -tier complaint: *‘A complaint made to the Legal Ombudsman under the scheme rules made by the Office for Legal Complaints”.*

16. The CLSB’s proposed definitions are as follows:

    First-tier complaint: *‘‘Complaints that are made directly to a provider of legal services are referred to as "first-tier complaints”*

    Second-tier complaint: ‘*‘Complaints that are escalated to the CLSB or Legal Ombudsman are known as “second-tier complaints”*

17. The CLSB explained it has taken account of Section 112 definitions, tailoring the wording in a way that applies to Cost Lawyers for the benefit of the regulated community and clients.

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[7] s112 Requirements
[8] s162 Guidance
[9] First Tier Complaints - Policy statement
[10] clsb.info/download/complaints-procedures-2/?wpdmdl=55252&refresh=6aec82c0a32cb1793884864

This is because Cost Lawyers mainly provide specialist costs legal services to other legal service providers and not consumers directly.

18. The CLSB's application highlighted the fact that complaints can also be hybrid (i.e. contain allegations or concerns that relate to both service and conduct matters). In such cases, the CLSB plans to defer service-related complaints to LeO, unless in specific cases where the CLSB can investigate in parallel to LeO.

19. We understand that CLSB's definition of second-tier complaints seeks to cover both routes as well as reflecting the nature of the Cost Lawyers' profession. Regarding second-tier complaints, the proposals mean complaints relating to service matters will continue to be for LeO under its Scheme Rules and complaints relating to conduct will be for the CLSB to investigate. In the circumstances, we consider the proposed changes to be reasonable and proportionate for the CLSB.

Decision

20. The LSB has considered the application against the criteria in paragraph 25(3) of Schedule 4 to the Act. It considers that there is no reason to refuse this application, and accordingly, the application is granted in full.

21. Annex A to this decision notice contains the amendments to the regulatory arrangements approved by the LSB.

Summary of expectations:

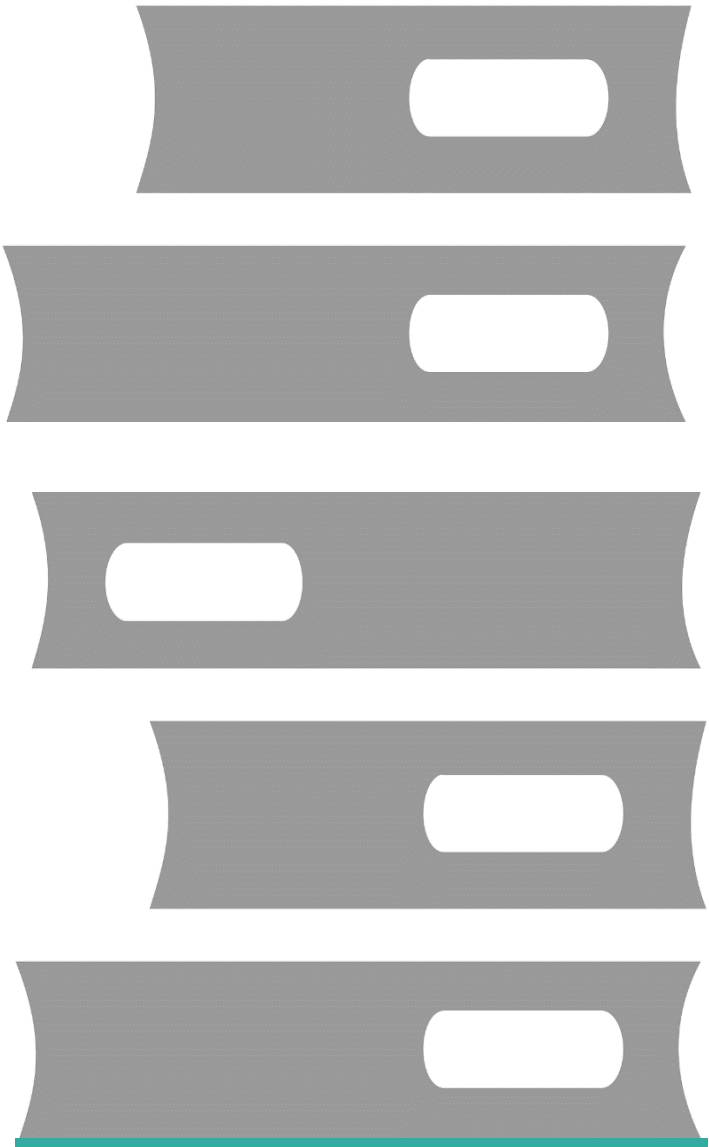
The LSB expects future applications to contain relevant guidance, policy statement or material that supports the application.

Richard Orpin, Chief Executive
Acting under delegated authority granted by the Board of the Legal Services Board

19 November 2026

Annex A - approved alterations

Annex A - Complete version of proposed new Practising Rules



Board approved: 22 October 2026

Costs Lawyer Standards Board

Complete version of proposed new Practising Rules

Introduction

These Rules govern the practice of Costs Lawyers and the issue and revocation of practising certificates by the CLSB. They replace any other practising rules or regulations previously issued by the CLSB.

Definitions

ACL	Association of Costs Lawyers (named in the Legal Services Act 2007 as the Association of Law Costs Draftsmen)
Applicant	Any person who applies for a Practising Certificate
Approved Regulator	A body designated as an approved regulator under the Legal Services Act 2007
CLSB	Costs Lawyer Standards Board, acting as an approved regulator under the LSA following delegated authority by the ACL on 31 October 2011.
Costs Lawyer	A person who holds a current Practising Certificate and is therefore authorised to carry on the following reserved legal activities: • The exercise of a right of audience • The conduct of litigation • The administration of oaths
Complaint	Information established by the CLSB under its supervision arrangements or information received from a third party (natural, legal or commercial) which relates to a potential breach of a Principle by a Costs Lawyer.
Conduct Committee	Committee established by the CLSB to consider Costs Lawyer conduct matters, as defined in the Disciplinary Rules and Procedures

CPD	Continuing Professional Development
CPD Rules	CLSB's rules and requirements for continuing professional development that apply at the relevant date
Disciplinary Rules and Procedures	CLSB's rules and procedures governing disciplinary matters that apply at the relevant date
First-tier Complaint	Complaints that are made directly to a provider of legal services are referred to as "first-tier complaints".
Individual voluntary arrangement	An Individual Voluntary Arrangement (IVA) is an agreement with your creditors to pay all or part of your debts. You agree to make regular payments to an insolvency practitioner, who will divide this money between your creditors. This may be called something different outside of the United Kingdom.
Partnership Voluntary Arrangement	A Partnership Voluntary Arrangement (PVA) is a formal agreement whereby partnerships repay a proportion of business debts to unsecured creditors over an agreed length of time.
Practising Certificate	Certificate issued annually allowing a Costs Lawyer to practise under the title of Costs Lawyer and carry on reserved legal activities
Prescribed	Prescribed by the CLSB from time to time
Register	The register of Costs Lawyers who hold a current Practising Certificate
Regulatory Arrangements	The CLSB Handbook, including the Code of Conduct, and associated CLSB guidance, policies and procedures
Regulatory Objectives	The objectives listed in section 1(1) of the Legal Services Act 2007
Second-tier Complaint	Complaints that are escalated to the CLSB or Legal Ombudsman are known as "second-tier complaints".
Training Rules	The CLSB's rules and requirements for training and qualification that apply at the relevant date

RULE 1: Right to practise as a Costs Lawyer

1.1 No person shall be entitled to practise as a Costs Lawyer unless:

(a) they have qualified as a Costs Lawyer in accordance with the Training Rules;

(b) they have a current Practising Certificate which has been issued in accordance with these Rules and which is not suspended;

(c) they comply with CPD requirements set out in the CPD Rules; and

(d) they have professional indemnity insurance in accordance with Rule 9.

RULE 2: Application for a Practising Certificate

2.1 An application for a Practising Certificate must be made in the prescribed form, correctly completed, by the prescribed time, and be accompanied by:

(a) the prescribed fee; and

(b) any information and documents that may be prescribed or reasonably requested by the CLSB.

2.2 The application will only be made once the CLSB has received all the payments, information and documents relating to it.

2.3 The applicant must ensure that all details provided in and in connection with the application are correct and complete, and if they become aware of any changes to the information supplied or any inaccuracy or relevant omission, they must notify the CLSB as soon as practicable.

RULE 3: Decisions

3.1 As soon as reasonably practicable after the receipt of a completed application for a Practising Certificate, the CLSB will notify the applicant of its decision.

3.2 The CLSB will either:

(a) grant a Practising Certificate (with or without conditions); or

(b) refuse the application.

3.3 The CLSB will refuse the application if the applicant:

(a) does not meet, or has not demonstrated that they meet, the criteria in Rule 1.1(a), (c) and (d);

(b) has not complied with Rule 2;

(c) has failed to pay any fixed costs or financial penalties imposed pursuant to the Disciplinary Rules and Procedures which are due at the date of the application;

(d) is subject to an order suspending their Practising Certificate; or

(e) is subject to an order permanently revoking their Practising Certificate.

3.4 The CLSB may refuse the application or impose conditions on the issue of a Practising Certificate if satisfied that:

(a) the applicant is unsuitable to practise as a Costs Lawyer (or in the case of a condition, is unsuitable to undertake certain activities or engage in certain business or practising arrangements);

(b) the applicant is putting, or is likely to put, at risk the interests of clients, third parties or the public;

(c) the applicant will not comply with the CLSB's Regulatory Arrangements (and/or in the case of a condition, will require monitoring in relation to compliance with the CLSB's Regulatory Arrangements);

(d) in the case of a condition, the applicant should take specified steps conducive to the Regulatory Objectives; or

(e) it is otherwise in the public interest to do so in light of the Regulatory Objectives.

3.5 The CLSB may also impose or amend conditions on a Practising Certificate during its currency on one or more of the grounds set out in Rule 3.4. If the CLSB does so, it must give 21 calendar days' written notice with reasons to the Cost Lawyer

in question, unless it is satisfied on reasonable grounds that it is not in the public interest to do so.

3.6 The CLSB may remove a condition on a Practising Certificate if it considers, on written application of the Costs Lawyer or on its own initiative, that there has been a change of circumstances such that it is no longer satisfied that any of the grounds in Rule 3.4 for imposing a condition apply.

3.7 The CLSB must notify its reasons in writing to the applicant in the event the CLSB:

(a) refuses an application;
(b) makes a Practising Certificate subject to conditions; or
(c) refuses to remove a condition imposed on a Practising Certificate.

RULE 4: Disclosure

4.1 An applicant or Costs Lawyer must disclose the events set out in Rule 4.2 to the CLSB:

(a) when making an application for a Practising Certificate;
(b) when making an application to remove a condition on a Practising Certificate (including to remove a condition imposed under an interim suspension order pursuant to the Disciplinary Rules and Procedures); and
(c) at any other time as soon as reasonably practicable after the event has occurred.

4.2 The events that the applicant or Costs Lawyer must disclose are that they have (in any jurisdiction):

(a) been subject to any criminal charge, conviction or caution, subject to the Rehabilitation of Offenders Act 1974;
(b) been subject to an adjudication of bankruptcy;
(c) been granted a debt relief order;
(d) entered into an individual voluntary arrangement or a partnership voluntary arrangement;

(e) been a director of any company or partner in an LLP or partnership that has been the subject of a winding up order, an administrative order or an administrative receivership, or has otherwise been wound up or put into administration in circumstances of insolvency;

(f) been disqualified from being a company director or the trustee of a charity;

(g) been the subject of an adverse disciplinary finding, or are currently subject to ongoing disciplinary proceedings, by any regulatory or professional body;

(h) been the subject of a complaint from a client or member of the public about any costs service they have provided, whether or not the complaint was upheld. Costs Lawyers who hold a current practising certificate should only report first-tier complaints in their annual practising certificate application.

(i) been the subject of an adverse order or finding of a court or tribunal; or

(j) become aware of any other matter that might reasonably be expected to be disclosed in affecting their fitness to become or remain a Costs Lawyer.

4.3 The applicant must make a prompt report to the CLSB of any material changes of which the applicant is aware to information previously provided to the CLSB by the applicant or on their behalf relating to the applicant or their practice, including any change to the information recorded in the register.

RULE 5: Delegation of Work

5.1 Costs Lawyers must ensure that where work is delegated to a person who is not a Costs Lawyer authorised by the CLSB whether employed or not, that individual has the necessary competence and knowledge to undertake the role.

5.2 A Costs Lawyer must not delegate to a person who is not a Costs Lawyer and to whom any part of Rule 4.2 would apply if they were a Costs Lawyer without the advance written permission of the CLSB. This permission will not be unreasonably withheld, and, where it is not withheld, it may be issued with

conditions to protect the public interest and integrity of the Costs Lawyer profession.

5.3 Where a Costs Lawyer delegates work within the scope of reserved legal activities to someone who is not an authorised person under the Legal Services Act 2007:
(a) the unauthorised individual must be acting on behalf of the Costs Lawyer in assisting with the delegated work;
(b) the Costs Lawyer must suitably supervise these activities; and
(c) a Costs Lawyer who fails to suitably supervise an unauthorised individual assisting in reserved legal activities will be in breach of Principles 3 and 4 of the Code of Conduct as well as these Practising Rules.

RULE 6: Register of Costs Lawyers

6.1 The Register of Costs Lawyers will be published on the CLSB website.

6.2 The name of each Costs Lawyer will be entered onto the Register upon:
(a) the issue of a Practising Certificate; or
(b) the expiry of any suspension of a current Practising Certificate.

6.3 The Register will contain the following information in respect of each Costs Lawyer:
(a) name;
(b) registration number;
(c) year of qualification as a Costs Lawyer;
(d) details of their practice or employment;
(e) contact details, including an email address;
(f) any conditions on their Practising Certificate;
(g) any published disciplinary outcomes; and
(h) any other information required by law or deemed appropriate to be held.

6.4 If a Costs Lawyer is subject to an order (pursuant to the Disciplinary Rules and Procedures or otherwise) for suspension of their name from the Register, the

Costs Lawyer's name will be removed from the Register for the period of the suspension. The Costs Lawyer's name will be reinstated to the Register upon expiry of the suspension if they have a Practising Certificate that is current at that time. If they do not have a Practising Certificate that is current at that time, their name will be reinstated to the Register upon successful application for a Practising Certificate.

6.5 If a Costs Lawyer is subject to an order (pursuant to the Disciplinary Rules and Procedures or otherwise) for permanent removal of their name from the Register, the Costs Lawyer's name will be removed from the Register and will be reinstated only upon successful appeal against the order.

6.6 A Costs Lawyer's name will be removed from the Register if they do not have a current Practising Certificate.

RULE 7: Issue of Practising Certificates

7.1 The Practising Certificate will be delivered to the address notified to CLSB as the applicant's practising address or to such other address as the applicant shall advise the CLSB in writing and may be delivered either by post or electronically.

7.2 The Practising Certificate will include the following details:

(a) the full name of the Costs Lawyer;
(b) the commencement date;
(c) the date of expiry; and
(d) any condition to which the Practising Certificate is subject.

7.4 In the event conditions are imposed on a Practising Certificate, a replacement Practising Certificate will be issued stating the condition and the date on which it was imposed.

7.5 A replacement Practising Certificate will be issued in the event a condition expires, is varied, is successfully appealed or is revoked.

RULE 8: Expiration of a Practising Certificate

8.1 A Practising Certificate will expire:

(a) on the expiry date stated on the Practising Certificate;

(b) when a replacement Practising Certificate is issued; or

(c) on the death of the Costs Lawyer.

RULE 9: Revocation and suspension of a Practising Certificate

9.1 A Practising Certificate may be revoked by the CLSB if:

(a) the Costs Lawyer no longer meets the criteria in Rule 1.1(a), (c) and (d), or it comes to light that the Costs Lawyer did not meet those criteria at the time of applying for the Practising Certificate;

(b) the Costs Lawyer is subject to an order permanently revoking their Practising Certificate;

(c) the Costs Lawyer discloses one or more of the events set out in Rule 4.2 to the CLSB and the CLSB is satisfied of one or more of the matters in Rule 3.4 (a), (b), (c) or (e).

9.2 If a Costs Lawyer is subject to an order suspending their Practising Certificate, they will not be able to practise as a Costs Lawyer for the period of the suspension. If the Practising Certificate is still current when the suspension ends, the Practising Certificate will remain valid. If the Practising Certificate has expired during the period of the suspension, the Costs Lawyer must apply for a new Practising Certificate.

RULE 10: Indemnity insurance

10.1 Costs Lawyers must ensure that they:

(a) practise with the benefit of professional indemnity insurance of a minimum £100,000 (any one claim) to include loss of documents; and

(b) on an ongoing basis, assess all financial risk associated with work being undertaken by them and ensure that professional indemnity insurance (including loss of documents insurance) is in place in excess of the minimum set out in Rule 10.1(a) at a level commensurate with that risk.

(c) professional indemnity insurance will ordinarily be written in the United Kingdom from a provider regulated under United Kingdom legislation. Where a Costs Lawyer is based in another jurisdiction, serves clients in that jurisdiction and provides cover from that jurisdiction, they must evidence its equivalency, and if written in any language other than English, provide a suitable translation certified as accurate.

RULE 11: Appeals

11.1 An applicant or Costs Lawyer may appeal a decision of the CLSB to:

(a) refuse to grant permission to delegate work to an unauthorized individual under Rule 5.2;

(b) refuse to issue a Practising Certificate;

(c) impose conditions upon a Practising Certificate;

(d) refuse to remove a condition imposed on a Practising Certificate; or

(e) revoke a Practising Certificate.

11.2 An appeal must be made within 21 calendar days of the date on which the Costs Lawyer is notified of the decision they intend to appeal.

11.3 The appeal must be in writing to the CLSB and must set out the grounds on which the appeal is being made.

11.4 The only grounds for making an appeal are that the decision was flawed because:

(a) there was a material error of law;

(b) there was a failure to take into account material information;

(c) the decision was irrational or based on irrelevant considerations;

(d) there was a material failure to follow the Regulatory Arrangements;

(e) the decision was unlawful; or

(f) new evidence has been obtained which could not have been made available when the decision was made and which will be material to the decision.

11.5 An appeal shall be by way of review by a Conduct Committee and the decision on the appeal shall be made on the papers.

11.6 The Conduct Committee may not impose any decision or condition that is harsher than the original.

11.7 There is no right of appeal beyond the Conduct Committee.

RULE 12: Notification of decisions

12.1 If it is considered to further the Regulatory Objectives, the CLSB may notify any or all of the following about decisions made under these Rules:

(a) ACL;
(b) an Approved Regulator;
(c) the Legal Services Board;
(d) a law enforcement agency;
(e) the Legal Ombudsman.