

# How the compensation fund works

5 July 2021

The compensation fund is made up of annual payments by everyone we regulate. Payments from the Fund can be made where:

- money has been stolen or not been accounted for by someone we regulate
- a regulated person did not have insurance in place.

Our powers to operate the SRA Compensation Fund

[<https://www.sra.org.uk/solicitors/standards-regulations/compensation-fund-rules/>] are set out in legislation and our Rules.

We publish an annual report and financial statements on the compensation fund [<https://www.sra.org.uk/sra/research-publications/results/?query=compensation>] .

## *General*

The compensation fund is a discretionary fund. That means that no-one is entitled to a payment.

On all applications:

- We expect applicants to be open and honest with us, and to provide us with all relevant evidence in support of their application.
- We will collate evidence to help us decide an application. We may have access to information that an applicant does not, for instance, the accounting records of a firm or information from our investigation. If so, we may also use this evidence in reaching a decision.
- We can refuse to make a payment even if our rules for making a payment are satisfied.

## *Things you should know*

- To make an application to us you must satisfy our eligibility criteria
- You must have suffered a financial loss resulting directly from:
  - The dishonesty of someone we regulate
  - A failure to account for money by someone we regulate
  - The civil liability of someone we regulate which should have been covered by insurance, but the insurance was not in place



- You must make your application within 12 months of when you first knew, or reasonably should have known, of your loss. We may extend the time-limit if there are reasons to justify this.
- The maximum we can pay for a single claim is £2 million. We may be able to pay a higher sum if there are exceptional circumstances in the public interest.
- Where we receive multiple applications relating to the same or connected circumstances, we may cap the total amount we will pay.
- Some losses are not covered by the Fund and cannot be paid – read more on who can claim [<https://www.sra.org.uk/consumers/compensation-fund/claims-process/>].
- Where your loss was caused by more than one party, we will consider the role of each party in causing your loss, before deciding whether to make or reduce a payment.
- We will consider whether you have contributed to your own loss. If so, we may reduce or reject an application.
- We must give notice of your application to the solicitor(s) and give them a chance to comment on it.

Find out more about how we can help applicants and the application process [<https://www.sra.org.uk/consumers/compensation-fund/application-process/>], as well understanding what you might be entitled to.

Find out if you can apply [<https://www.sra.org.uk/consumers/compensation-fund/claims-process/?version=49ecc7>]