

# BECOMING A CLC REGULATED BUSINESS

## FACTSHEET 2

### Providing Compliant Legal Services

Factsheet 2 is aimed at helping CLC Practice applicants to think about how a new-start-up business will provide compliant legal services to the public. Sole Practitioners and small new-start-up firms encounter a very particular set of challenges and as a result the CLC works to ensure that when determining an application that the applicant (new business) has given due consideration to key areas of compliance and good practice.

If you are considering setting up a new legal business to be regulated by the CLC you should first read the Guidance for Practice Applicants and use this factsheet as a supplementary aid to establish the information that should be included in a subsequent application to be regulated by the CLC.

### What is the CLC looking for from a new-start-up proposal?

The CLC is looking to satisfy itself that the new-start-up practice will operate, and has, or knows how to, put in place the appropriate corporate policies and procedures to demonstrate to the CLC that it will act responsibly and fairly in its dealings with clients and all third parties.

### Regulatory Compliance

Applicants should read the CLC's Codes of Conduct and regulatory frameworks to gain a full understanding of the CLC regulatory requirements. This factsheet deals with typical risks that sole practitioners and small businesses must consider in order to provide compliant legal services and protect the interests of the business and the client.

### Fraud Prevention

Have you thought how you will protect yourself and your clients against fraud? The reputational impact on the business, management time spent dealing with related issues and cost of covering losses can be significant to businesses. However some simple steps can be taken to minimise these risks. Start by making yourself aware about the different types of fraud [here](#). For more detailed advice visit the [Take Five to Stop Fraud](#) website. Take Five offers straight-forward and impartial advice to help everyone in the UK protect themselves against financial fraud. Demonstrating the steps the business will put in place to identify and mitigate against the typical types of fraud and underpin any processes by the appropriate policies should be set out in your application.

### Anti-Money-Laundering (AML)

AML risk management is constantly evolving and business owners must ensure that their staff are aware of the latest developments so that this intelligence can be reflected in day to day business practises. In your application you should explain what measures will be in place to reduce risk to the business AND risk to the client. Money Laundering Regulations 2017 implementing the Fourth Money Laundering Directive (EU) 2015/849 and came into force on 26 June 2017.

## Cybercrime

Cybercrime is on the increase and it is important that the business takes all reasonable steps to protect themselves and their clients from what could be devastating consequences. A recent GCHQ report indicated that **around 80% of cyber-attacks could be prevented** just by simple security controls put in place by the business. GCHQ has provided useful documents [on reducing the risks of cyber-attacks](#) that might prove helpful and provide some assistance in implementing some of those simple steps. It is important to list the steps which the business will put in place to manage risks associated to Cybercrime in your application, supported by an appropriate policy.

## Client Confidentiality

Whether you intend to work from home or in a shared space, you will need to consider where you will meet your clients, the general security of the premises, including who will have access to the building or IT systems. How are you going to manage the safe storage of documentation (and deadfiles). The CLC requires practices to keep purchase files for 15 years and sale files for 6 years.

## Vulnerable Clients

No two clients will be the same. It is important that you consider how the business is going to identify vulnerable clients. Is it likely due to the client base that the business may encounter higher levels of vulnerable clients? Do all the key personnel in the business have a shared common understanding of the circumstances that may lead to a client being identified as vulnerable? How will the business ensure its procedures will take proper account of the client needs? Identifying and dealing with vulnerable clients should be summarised in your application, supported by an appropriate policy.

## Complaints Handling

When the service provided is not of the expected standard, how will the business provide appropriate redress for clients? It is the owner's responsibility to ensure the business has an effective and transparent complaints handling procedure that will take proper account of the client needs. The businesses Complaints Handling arrangements should be summarised in your application and be supported by an appropriate policy.

## Training and Occupational Competency

Having suitably qualified, experienced and trained staff is one effective way for a business to manage risk. Staff at all levels of the business, including outsourced professional services should understand how their role can support the business to manage any associated risks. Importantly, give careful consideration as to how the business will train staff on **fraud prevention, client confidentiality, vulnerable clients, and complaints handling**.

Thinking about how to put the appropriate policies in place? Why not read Factsheet 3, Compliant Polices. The FACTSHEET contains links to example good practice policies which are freely available to business wishing to apply to be licenced by the CLC.