# Exploring client funds management challenges in the conveyancing sector



A recent roundtable discussion co-hosted by the Council for Licensed Conveyancers (CLC) and Shieldpay convened industry leaders to explore the challenges surrounding client funds management within the conveyancing sector. This event, which took place in response to increasing risks and evolving technology, sought to identify solutions that could significantly enhance transparency and safety in the management of client finances.

Among the principal topics was the transformative potential of technology in reducing risks associated with client fund management. Stephen Ward, director of strategy and external relations at the CLC, pointed out the success of the first digital mortgage payment, which not only enhanced security but also provided substantial transparency benefits. However, he lamented that the uptake of digital solutions like Third-Party Managed Accounts (TPMAs) remains disappointingly low, raising questions about the barriers that hinder their wider adoption.

The discussion also highlighted the rising challenges associated with Professional Indemnity Insurance (PII). Richard Orpin from the Legal Services Board noted that the costs associated with PII are increasing due to augmented risks and limited competition in the market. He advocated for enhanced collaboration between regulatory bodies in the legal and financial sectors to better protect client funds and optimise costs. Orpin put forth TPMAs as a pragmatic solution, suggesting they could relieve some of the financial pressure on compensation funds, which are often necessary in instances of fraud or malpractice. He further stressed the importance of transparency from firms in their communications with insurers to help reduce premiums.

The evolving risk landscape in conveyancing includes significant malpractice cases and a worrying uptick in cybersecurity breaches. Notably, the panel referenced the high-profile case involving Axiom Ince, where £64 million of client funds went missing, prompting increased scrutiny from the Solicitors Regulation Authority (SRA) and a subsequent Consumer Protection Review aimed at reshaping client fund management practices.

Cybersecurity was underscored as a major concern, particularly given the prevalence of phishing attacks that exploit weaknesses in client email security. David Jabbari from Muve remarked on the critical need for secure client communications, a sentiment echoed by Rob Gurney of Landmark Information Group, who suggested that moving client communications away from email could serve as a vital security measure. Additionally, Sarah Charlton of Eaton-Evans raised alarms about the growing sophistication of criminals utilising AI-powered social engineering techniques to deceive firms.

To mitigate these risks, the need for education and strong client relationships was stressed. Charlton recommended that small to medium-sized firms attain Cyber Essentials certification as a foundational step in bolstering their defenses against common cyber threats. Scott Newby from Shieldpay further argued that while TPMAs are not infallible, they do offer controls capable of reducing risks, specifically as Shieldpay continually enhances its platform to meet regulatory standards.

Blockchain technology was also mentioned as a promising, albeit future, potential tool for improving conveyancing processes. Nevertheless, panellists generally agreed that advancements in this area are still several years away, placing TPMAs at the forefront of current strategies to enhance security and efficiency in fund management.

A vital aspect of the conversation revolved around revenue implications tied to the use of TPMAs. Claire Van Der Zant from Shieldpay articulated the inherent risks of relying on interest income generated from client funds, which has become increasingly unattractive in the context of rising interest rates. Chris Handford from the SRA expressed concern that depending on client fund interest could lead to malpractice under strained economic conditions. The overall consensus suggested that such revenue models are precarious, with some firms resorting to utilising client money for operating expenses—an approach that is complicated by inconsistent accounting practices and potential regulatory oversight failures.

As the roundtable drew to a close, participants reflected on the necessity for a structured, long-term approach to address the multifaceted challenges facing the industry. Chris Williams from Novus proposed a phased strategy beginning with education and investigation, advancing to broader technology adoption, and ultimately reimagining client money management practices. This gradual approach could allow firms to adapt while preparing for a digitally transformed future.

The discussions reinforced the need for a cohesive, technology-forward strategy aimed at securing client funds in the conveyancing field. With TPMAs, blockchain, and artificial intelligence all highlighted as potential vehicles for progress, the emphasis remained on education, technology adoption, and effective regulatory practices as the foundational pillars for safer and more efficient client money management.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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3. <https://www.solicitorsjournal.com/sjarticle/mitigating-risks-in-client-money-management> - Highlights the risks of malpractice and fraud, including the Axiom Ince incident, and the importance of cybersecurity measures.
4. <https://www.solicitorsjournal.com/sjarticle/mitigating-risks-in-client-money-management> - Emphasizes the need for secure client communications and the recommendation for Cyber Essentials certification.
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12. <https://www.mortgagefinancegazette.com/fintech/blog-the-role-of-technology-in-reducing-risk-07-01-2025/> - Please view link - unable to able to access data