



## Justice Committee

**Sarah Sackman KC MP**  
**Minister of State for Courts and Legal Services**

**By email only**

Thursday, 15 January 2026

Dear Sarah,

### **Legal aid agency cyber-attack and contingency payments**

I write following the Committee's recent oral evidence session for our ongoing inquiry on Access to Justice on 6 January. During the oral evidence, particular issues were raised regarding the Legal Aid Agency's (LAA's) data breach and contingency payment arrangements. These aligned with substantial written evidence we have received on the same topic. Given that the Committee understands LAA is due to start recouping contingency payments in February, I am writing to ask for clarifying responses from the Ministry of Justice (MoJ) on a number of issues which have been raised in response to our inquiry. It would be beneficial to put this information on the public record, due to the severity and time sensitive nature of the issues.

The Committee recognises that emergency funding measures were introduced at speed to mitigate immediate cash-flow risks and commends the hard work of LAA staff in dealing with the data breach. However, the evidence we have received raises concerns about the clarity, adequacy and longer-term consequences of these arrangements, especially in the context of an already fragile legal aid provider base.

Providers across the civil, family and criminal legal aid sectors have described significant uncertainty as to the legal and financial status of the contingency payments, including whether such payments should be treated as loans, advances or grants, and therefore how much VAT is owed on them.

The Committee has also heard consistent evidence of the substantial additional administrative burden placed on providers. This includes preparing paper applications, tracking cases outside digital systems, repeatedly reviewing updated guidance, and maintaining parallel records in anticipation of later reconciliation. Providers report that this work remains wholly unremunerated.

Furthermore, providers and legal aid service users have told us that they have received no individual communication about whether their personal data has been compromised, and that efforts to raise this with LAA have been unsuccessful.



## Justice Committee

**In light of this evidence, I would be grateful if you could provide written responses to the following questions by 5 February 2026:**

- **Could the MoJ urgently consult with HMRC to produce a definitive statement on the status of the payments under the LAA contingency scheme. In particular, on how providers should treat these payments for VAT/tax purposes?**
- **What assessment has the MoJ or LAA made of the additional billable casework time caused by the system outage and its corresponding impact on cost? For example, providers completing analogue applications rather than digital ones.**
- **Whether the MoJ or LAA intend to proactively set up a scheme to compensate for additional time spent on non-casework, non-billable processes caused by the outage? At present, it is for each individual provider to seek compensation via the LAA's complaints procedure, and it seems likely the LAA will need to field hundreds if not thousands of similar claims.**
- **Given that the breached data may include special category client data, does the MoJ or LAA intend to directly inform those whose data has been breached?**
  - **If it does not, could the MoJ address how this aligns with the Government's obligations under the General Data Protection Regulation (GDPR)?**

I look forward to your response.

Yours sincerely,

**Andy Slaughter MP**  
**Chair, Justice Committee**