

Dame Meg Hillier MP
Chair of the Treasury Committee
House of Commons London SW1A 0AA

9 July 2026

Dear Dame Meg,

RE: Motor Finance Compensation Scheme

I write further to your letter of 20 May to Nikhil Rath, Chief Executive of the Financial Conduct Authority (FCA), and his reply to you of 8 June.¹

The Consumer Legal Association (CLA) is a not-for-profit industry body representing law firms and associated businesses in England and Wales in the interests of consumers in civil justice. The CLA's mission is to promote high standards and the value of a fair and thriving claimant industry in ensuring that people have effective, professional representation when they need it, especially those with vulnerabilities who may need additional, expert support.

We therefore have serious concerns about the current approach being taken to the industry by the FCA, and would welcome the opportunity to discuss these with you. The problem is exemplified by the letter to you as well as by comments made on the announcement of the FCA's claims management review on 6 May,² as well as in the terms of reference for this published on 19 May.³

While Mr Rath states that "Access to justice can often be supported by claims management activity," the FCA has previously said that "CMCs and law firms can help consumers secure compensation they are owed"⁴ and the terms of reference confirm that "Claims management services can play an important role for consumers pursuing redress and seeking access to justice,"⁵ the broader impression given by the FCA is of widespread malpractice, something we do not believe to be at all accurate. Such tarnishing of our industry is unacceptable and will undermine consumer confidence in using law firms and others to assist them in making a claim, and so we are meeting the FCA as well as the Solicitors Regulation Authority (SRA) on 7 July to discover which practices – and ideally which firms – are causing concern and how we can work together to prevent these and hold those responsible to account.

At present, the regulators' approach threatens to undermine the vital function the claimant industry fulfils. Without it, victims of financial mis-selling would have no recourse to specialist advice when

¹ <https://committees.parliament.uk/committee/158/treasury-committee/publications/3/correspondence/>

² <https://www.fca.org.uk/news/statements/fca-review-claims-management-practices>

³ <https://www.fca.org.uk/publications/market-studies/ms26-2-claims-management-services-market-study-terms-reference>

⁴ Ibid.

⁵ Ibid., p.3

they require it in seeking redress. Legal services firms whose compliance is exemplary, who uphold the correct rules and standards and whose services are important to mis-treated consumers do not deserve to be portrayed as being under suspicion or at fault purely by association with the small minority who do not behave well, and one would expect the same approach to be taken in all sectors. The FCA has not, for example, looked to review and besmirch the entire banking industry because of the motor finance scandal perpetrated by a limited number of lenders it oversees. As Chair of the Treasury Committee, you will understand how perverse and unhelpful this would be, yet it is precisely the attitude that has been adopted towards the claimant industry by the regulators.

Instead, and at the very minimum, they should be agnostic as to whether or not a consumer seeks regulated, professional support when making a claim or whether they choose to do this themselves. Currently, and as the various recent announcements show, this is not the case and could serve to reduce trust in the services reputable firms provide. Ultimately, this is only in the long-term interests of those unscrupulous financial services providers whose poor behaviour will be more likely in future to go unchecked.

We look welcome the opportunity to meet with you to discuss this further. Given the many millions of people impacted and the implications of the current regulatory approach to the long-term health of the financial services industry and the wider economy, I hope this would prove helpful.

With thanks and all good wishes.

Yours sincerely,



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