Spotlight on firms bringing mass consumer claims: a review of regulatory and judicial trends

October 2025

Claims Management Companies ("**CMCs**") and claimant law firms handling high-volume consumer claims are facing increased regulatory, legal, and commercial challenges.

This article summarises recent developments involving the Financial Conduct Authority ("**FCA**"), the Solicitors Regulation Authority ("**SRA**"), the Financial Ombudsman Service ("**FOS**") and the courts that will impact how mass consumer claims are handled.

Whilst the most recent regulatory developments below have been prompted by conduct in the context of motor finance commission claims, many other developments have arisen in the context of other types of claims, and the tightening of rules will apply to all types of mass consumer claims going forward.

CMCs and claimant law firms

CMCs are regulated by the FCA and, as such, are subject to a number of regulatory requirements, including the Claims Management Conduct of Business sourcebook ("**CMCOB**"), while law firms conducting similar activities remain subject to SRA regulation. Both regulators are increasingly coordinating their supervisory approaches in response to concerning patterns of behaviour.

Examples of concerns raised by defendant parties on the receiving end of complaints from CMCs and law firms handling high-volume consumer claims include:

— Submission of unsubstantiated complaints without due diligence.

— Failure to undertake proper identity verification, with some firms progressing cases using fictional names.

— Misleading advertising that implies urgent action is necessary for consumers and presents inflated compensation figures.

— Using electronic signatures for the purpose of progressing complaints without seeking customer authority.

— Submitting bulk complaints to the FOS before final response letters have been issued.

Regulatory supervision and enforcement

There have been a number of important developments in the FCA's approach to CMC supervision over recent months.

The SRA has also been active in investigating claimant law firms and publishing guidance.

Key developments include:

1. **February 2024**: The FCA published findings on CMCs carrying out unregulated claims (such as tax, timeshare, diesel emissions and flight delay claims) while using their FCA authorisation to give these services credibility. The FCA raised concerns that consumers may mistakenly assume that all the services CMCs offer are regulated. Following FCA engagement with 26 CMCs, around 70% stopped unregulated claims activity.
2. **May 2024**: The SRA published a warning notice on high-volume financial service claims, highlighting concerns about poor due diligence, lack of client consent, and failures to act on client instructions.

3. **July 2024**: The SRA Claims Management Fees Rules came into effect, introducing fee caps with a sliding scale (maximum 30% for awards under £1,500, reducing to 15% for awards over £50,000).

4. **January 2025**: The FCA wrote to CMCs, highlighting key areas of concern: misleading advertising, problems with how customer data is sourced, poor service, confusion about which CMC activities are regulated, and reporting failures. The FCA explained that it will be focusing its supervision on embedding the Consumer Duty and set out:

   (a) a two-year plan to review service standards and how leads are generated;

   (b) a possible change to reporting requirements to better track the types of claims being made; and

   (c) closer monitoring of firms with high withdrawal rates or low success rates, with the possibility of enforcement action.

5. **February 2025**: The FCA confirmed that it has stepped up action against misleading financial adverts, noting that 9,197 CMC financial promotions were withdrawn in 2024. Many of the withdrawn CMC promotions related to housing disrepair and motor finance claims targeted at vulnerable consumers.

6. **July 2025**: The SRA and FCA issued warnings about poor practices in motor finance commission claims. Concerns included (i) the volume and accuracy of marketing materials, and how information is shared or verified when clients are passed on from third parties; (ii) a failure to advise consumers about the availability of free-to-claim alternatives; and (iii) law firms and CMCs providing inaccurate or misleading information on the likelihood of success or potential value of a claim. The FCA referred to the following specific concerns: exaggerating potential claim values; falsely implying that refunds have already been secured or are guaranteed; creating a false sense of urgency by suggesting that there is a very limited time to act; suggesting contact is being made with the consumer due to knowledge of their individual motor finance agreements; signing up consumers without consent (i.e. customers clicking on adverts, providing their details, and automatically being signed up with the CMC without their knowledge).

7. **August 2025**: Following the Supreme Court judgment in *Johnson v FirstRand Bank Limited*, *Wrench v FirstRand Bank Limited* and *Hopcraft v Close Brothers*[1], the FCA announced that it would be consulting on a motor finance redress scheme. The FCA warned that using CMCs or law firms "*may end up costing [consumers] up to 30% in fees*" and stated that any scheme would be "*easy to participate in, without needing to use a claims management company or law firm*".

8. **August 2025**: The SRA published updated guidance following the Supreme Court judgment in *Hopcraft, Johnson, & Wrench*, setting out detailed expectations for law firms handling motor finance commission claims, including requirements to inform clients about the realistic prospect of an FCA-led redress scheme and to ensure any CMCs used for referrals comply with FCA regulations.

9. **August 2025**: The SRA announced the results of its Thematic Review into how law firms handle high-volume consumer claims. The results highlighted significant concerns over poor practice.

   As part of the review, the SRA surveyed 129 law firms active in the high-volume claims market, which were together handling more than 2.4 million live claims. They also conducted in-depth visits to 25 of these firms and detailed reviews of 50 case files. The findings suggested that some firms could be failing in their duty to protect and promote clients' best interests when pursuing claims, potentially leading to direct risk and harm to the public. The SRA announced that it is to require high-volume claims firms to declare they understand its rules. The SRA is to contact more than 500 firms requesting that they complete a mandatory declaration confirming they are compliant with SRA rules. As at August 2025, the SRA had 95 investigations open relating to 76 law firms linked to potential

[1] [2025] UKSC 33

misconduct. Anna Bradley, SRA chair, said: '*High-volume consumer claims can provide access to justice for many when done well. However, there are widespread issues in the market, and this is harming consumers. We are writing to firms requiring them to declare they understand our rules and are complying with them. Where we see poor practice, we will take robust action*.'

10. **September 2025**: Nikhil Rathi, Chief Executive of the FCA, told the House of Commons Treasury Committee that 400 promotions by CMCs had been removed or amended since last year for being unfair or inaccurate. Around 170 of these cases related to promotions after the Supreme Court judgment on motor finance was handed down in August 2025. The FCA confirmed that it would be 'firm and assertive' with any regulated entity making misleading communications to consumers about the compensation they could expect to receive from claims.

11. **September 2025**: The SRA released a discussion paper regarding how the high-volume consumer claims market could work better for consumers. The SRA are requesting feedback by 14 November 2025. The discussion paper has identified five main challenges: (i) improving transparency and clarity for consumers about their claim. For example, does the term 'no win, no fee' give consumers a false sense of security and should it be restricted, caveated or banned? (ii) managing risks around third-party litigation funding; (iii) making sure after-the-event insurance meets consumers' needs; (iv) making sure regulation keeps pace with a changing market. For example, should we consider changes to the way we authorise and monitor firms working in high-volume consumer claims; and (v) delivering wider improvements across the system for consumers in high-volume claims processes.

12. **September 2025**: The FCA confirms it is launching a £1 million campaign, letting motor finance customers know they don't need to use a CMC or law firm to access an industry-wide compensation scheme the regulator is proposing.

13. **September 2025**: The Advertising Standards Agency (ASA) issued rulings against three law firms, banning them from continuing adverts for mass consumer claims in their current form. In relation to the adverts of one firm, ASA noted "*consumers were likely to e-sign without understanding that by doing so they were signing a legally binding contract. They were also likely to e-sign without reviewing the contract and all its terms….we concluded that the ad did not make clear that by e-signing, consumers were signing a legally binding contract, and it was therefore misleading*." ASA decided that future adverts across the three law firms (i) must make clear that the purpose of the advert was to generate leads for law firms; (ii) must not state specific compensation amounts that could be secured; and (iii) must include material information about how fees and charges are calculated.

These developments demonstrate a concerted effort by the FCA and SRA (and other regulators such as ASA) to address concerns about CMC and claimant law firm conduct while protecting consumer interests.

FOS charges

In April 2025, the FOS implemented charges for professional representatives who refer a case (£250 per case from April 2025, with £175 refunded if the complaint is upheld).

In a press release, the FOS noted that only 26% of complaints submitted by professional representatives were upheld compared to 38% submitted directly by consumers.

This new charging structure places more commercial pressure on CMCs and claimant law firms when submitting mass claims to the FOS.

Judicial scrutiny

Momenta Holdings (PPI) Limited v Cheval Legal & Ors[2]

The 2024 judgment in Momenta identified concerns about the vetting of claims in mass consumer actions.

Cheval Legal had taken on thousands of Plevin PPI claims under damages-based agreements and outsourced their handling to Momenta Holdings. When the relationship broke down due to Momenta's alleged failures in managing the claims, Cheval successfully counterclaimed for £4.2 million in damages.

During the assessment of damages, the High Court examined the quality of the underlying claims portfolio. Despite Cheval arguing the claims were "sure-fire winners", the High Court found that 8.7% were "rogue claims" that failed for reasons unrelated to any management failures, and 18.8% were "ineligible and so flawed" because they did not meet basic eligibility criteria.

Abernethy & Ors v Various Banks[3]

The *Abernethy* decision (January 2025) highlighted serious concerns about claim preparation and vetting procedures. The case involved over 5,000 claimants seeking to bring Plevin PPI claims against multiple lenders with defendants having received pre-action data subject access requests on behalf of fictional characters, including "Darth Vadar", "Michael Mouse", "Donald Duck", and "Rishi Sunak". As a result, the High Court found there was a "*lack of vetting... of the cogency of claims*" and warned against "*the metaphorical 'dumping' of claims at the doors of the court and of defendants*".

Vanquis Bank Limited v TMS Legal Limited[4]

The claim by Vanquis Bank against the claimant law firm TMS survived a strike-out application in June 2025.

This will be an important claim to watch as it raises the prospect of a defendant party bringing a claim for damages against a CMC or claimant law firm as a result of their handling of mass complaints.

TMS submitted around 33,000 complaints to Vanquis, followed by around 17,000 complaints to the FOS. The complaints alleged that Vanquis provided unaffordable credit to its clients in breach of its regulatory obligations.

The FOS had determined that around 12,000 of the complaints by the date of the claim being filed by Vanquis, and 84% were unsuccessful (either rejected or withdrawn partway through).

Vanquis brought a claim against TMS relying on the tort of causing loss by unlawful means. Vanquis asserted that:

(a) the majority of the complaints should never have been brought and that the minority of complaints that succeeded only did so through the work of Vanquis or the FOS;

(b) in relation to complaints that were not properly arguable, TMS failed to advise its clients of this before submitting a complaint on their behalf and/or TMS' merits representations were untrue; and

(c) the submission of irresponsible lending claims interfered with the relationship between Vanquis and its customers because, in line with market practice and regulatory obligations, Vanquis could not continue extending the customer credit.

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[2] [2024] EWHC 3333 (Ch)
[3] [2025] EWCC 1
[4] [2025] EWHC 1599 (KB)

Vanquis alleged that it had suffered losses of around £13 million, including £2.8 million for additional staff to deal with complaints, £950,000 in wasted management time, £9 million in FOS fees, and £270,000 in lost profits.

TMS applied to strike out the claim, arguing that regulatory processes were the appropriate remedy for concerns about high-volume claims processing, and that it was not in the public interest to expand economic tort claims to solicitors acting in this context. However, the High Court refused TMS' application, finding that Vanquis' claim was arguable. Mr Justice Jay noted that while the claim was "novel", if TMS' conduct was established at trial, it would be "egregious", and there was no reason in principle why Vanquis could not rely on the tort.

While this judgment does not determine the ultimate merits of the claim against TMS, it demonstrates that courts may be willing to consider civil claims against CMCs and claimant law firms where conduct falls significantly below expected standards.

Hopcraft, Johnson, & Wrench

When handing down its judgment in *Hopcraft, Johnson, & Wrench* (August 2025), the Supreme Court also appeared to criticise CMCs and claimant law firm practices in signing up claimants to pursue motor finance claims and complaints whilst the law around such claims remained in a state of flux given the pending Supreme Court ruling.

Lord Reed observed orally that "*claims management firms have encouraged anyone who bought a car on hire purchase or with a PCP to sign up with them, and no doubt a great many people have done so under the impression that they had a valid claim. But it was too early to form any view as to whether a valid claim lay on the basis of the Court of Appeal's decision as the decision was under appeal*".

Julia Mazur & Ors v Charles Russell Speechlys LLP[5]

In a judgment handed down on 16 September 2025, the High Court ruled on the extent to which non-qualified employees of law firms could conduct litigation. The court decided that non-authorised staff can only *support* an authorised person (e.g. a qualified solicitor) in conducting litigation. Having non-authorised staff conducting litigation themselves under the supervision of a qualified solicitor or as an employee of an authorised firm was not permitted.

On 1 October 2025, the SRA said:

"Our view is that the judgment in the recent case of Julia Mazur & Ora v Charles Russell Speechlys LLP doesn't change the position in law.

There is a distinction between conducting litigation and supporting litigation, but the boundary between the two activities will depend on the facts. Being engaged (whether as an employee or other contractor) by an authorised person who is permitted to conduct reserved activities does not automatically confer a right to conduct litigation on an employee or contractor who is not authorised. They are permitted to support litigation under appropriate supervision, not to conduct it."

The practical effect of the judgment in *Mazur* is that there will be closer scrutiny on whether non-qualified fee earners are crossing the line between "supporting" litigation and "conducting" litigation. This may have an impact on the ways in which CMCs and other claimant law firms handle high-volume consumer claims, as these firms often use paralegals and other non-qualified fee earners to make their business models commercially viable.

[5] [2025] EWHC 2341 (KB)

Summary

As the SRA has noted "*high-volume consumer claims can provide access to justice for many when done well. However, there are widespread issues in the market, and this is harming consumers*." It has been clear for many years that there have been problems with the marketing and conduct of mass consumer claims by certain CMCs and claimant law firms. Motor finance claims have shone a spotlight on these issues and have been a catalyst for the most recent developments above.

Going forward, CMCs and claimant law firms:

— will face increased regulatory scrutiny by the FCA, the SRA and the ASA as to their conduct in marketing and bringing mass consumer claims with associated risks of regulatory action;

— will have to pay to refer complaints to the FOS;

— may have to revisit how claims are staffed, and how litigation is conducted in light of the decision in *Mazur*;

— will face increased judicial scrutiny in terms of how claims are handled; and

— depending on how the *Vanquis/TMS* case develops, may also face the potential threat of defendant parties being able to assert a claim for damages in the most egregious of cases where high volumes of unmeritorious complaints are submitted without proper vetting.