

Nationwide Building Society
Nationwide House
Pipers Way
Swindon
SN38 1NW

Chris Kenny
Chief Executive
Legal Services Board
One Kemble Street
London
WC2B 4AN

28 July 2014

Dear Chris

Changes to Professional Indemnity Insurance Requirements

I am writing regarding recent proposals made by the Solicitors Regulatory Authority (SRA) to reduce the level of Professional Indemnity Insurance (PII) cover required for Solicitors to £500,000. I am aware that the Building Societies Association and Council of Mortgage Lenders have contacted you separately regarding the potential effects of the proposed change, but I feel it may be useful to express our concerns directly as a large mortgage lender, prior to your decision.

At present, regardless of the outcome of the proposal, Nationwide has no plans to reduce the current level of cover required for firms to operate on its panel (£2 million). Through our engagement with the CML, it is our understanding that most other large lenders would adopt the same position. This would naturally lead to a requirement to arrange top up cover, placing an additional financial burden on firms and consumers instead of the reduction in costs intended by the SRA.

Currently, Nationwide operates a large inclusive panel of firms wishing to offer conveyancing services, which supports competition and consumer choice. The changes would result in the need to regularly review membership to ensure appropriate PII cover is maintained above the industry requirement, and this would impose a significant administrative burden. The likely knock on effect would be a need to operate a considerably more restricted panel, moving work to a smaller number of firms.

It is my understanding that the changes to PII requirements proposed by the SRA have not been driven by any industry lobbying, and indeed the Law Society itself opposes the changes, recognising the negative consequences this would have on the market.

In light of the above I would ask that you not approve these changes.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Andrew Baddeley-Chappell".

Andrew Baddeley-Chappell
Head of Policy & Governance