

Private equity

Private equity money flows into UK's consumer law firms

Dealmaking picks up in sector offering legal services from divorce to conveyancing



Private equity investment into the UK legal sector hit an estimated £534mn this year, according to data compiled by Acqira © FT montage/Getty Images

Josh Gabert-Doyon in London 5 HOURS AGO

Private equity investors are stepping up their bets on regional UK law firms, as buyout funds look to consolidate fragmented markets for divorce, personal injury and conveyancing solicitors.

Investors are aiming to profit by rolling up small practices into larger groups with the help of automation and technology, while firms are increasingly looking to invest and scale up.

But the introduction of private capital has triggered discontent among some law firm staff, who say a ruthless focus on productivity and growth has pushed up workloads and impacted the quality of client interaction.

[Private equity](#) investment into law firms and related businesses such as compliance providers in the UK hit an estimated £534mn in 2024, according to data compiled by Acqira, a merger and acquisition broker for law firms.

Dealmaking was driven by private capital group Inflexion, which acquired a series of businesses including employment law firm WorkNest as part of a £430mn deal with compliance group Marlowe.

Cash is also flowing into smaller practices, and groups offering legal services to consumers, with Bahrain-based private equity group Investcorp buying the UK's largest family law firm Stowe in 2024.

External investment in law firms in England and Wales was made possible by the Legal Services Act, which came into force in 2011 and was pitched as the legal sector's "Big Bang". It allowed law firms — traditionally structured as partnerships — to accept outside investment or float on the stock market.

Recent private equity deals involving UK law firms and related businesses

Deal completed	Private equity acquirer/ investor	Target
May 2023	LDC	The Barrister Group
May 2023	Lawfront (Blixt)	Nelsons Solicitors
Oct 2023	Inflexion	DWF
Oct 2023	Sun European Capital Partners	Emsleys Solicitors' personal injury division
Feb 2024	Inflexion	Marlowe plc's risk compliance business (including WorkNest)
May 2024	Lawfront	Slater Heelis Solicitors
Jul 2024	Waterland Private Equity	Beyond Law
Sep 2024	Investcorp	Stowe
Oct 2024	Adeptio Law Group (owned by Horizon Capital)	FBC Manby Bowdler

Increased private equity interest in law firms has followed a wave of consolidation in the accounting sector — an industry also historically dominated by partnerships.

Jeff Zindani, at Acquiria, said the legal sector was "almost eternally profitable", adding that the consolidation of smaller firms' back office operations offered the potential for efficiencies.

But buyout deals have also led to discontent among some legal staff who have pushed back against new ways of working in a sector that they say demands a face-to-face and bespoke service.

Fletchers, set up by motorbike enthusiast Rob Fletcher in Southport in 1987 in a bid to offer legal services to other bike fans, was acquired by Sun European Capital in 2021. The fund hired new chief executive Peter Haden and invested heavily in lead generation and artificial intelligence for high-volume casework.

Since its acquisition, the personal injury and medical negligence firm more than doubled in headcount to 1,000 last year, having bolted on a number of regional firms.

Haden said the firm was using AI to identify which cases had the best chance of success and free up lawyers' time to work on more complex matters. He added that the firm had reduced the length of time taken on clinical negligence cases by three to four months by allocating a greater number of staff to each client.

But the shift has not gone down well with all Fletchers' staff. Four former employees told the FT they felt that a new focus on productivity and speed had come at the cost of client interaction, and put more pressure on lawyers and paralegals.

Fletchers chief Peter Haden

One junior former employee said that despite previously being assigned a 45-case maximum capacity, she was typically working more than 70 cases at any given time. Another former junior employee told the Financial Times that she was made to take on an "unmanageable" caseload of 200 cases when the capacity set by her supervisor had been just 80.

The first employee said she was also frustrated by pressure to settle cases early. “What we would hear all the time was: ‘settle, settle, settle’.” Lawyers still receive a cut for settling a case, and can avoid time-consuming and unpredictable trials, enabling them to move to new matters.

Haden disputed the claims made by former employees. He said individual employee targets had not increased since the takeover, but the number of lawyers working on each case had grown. The average caseload per full-time employee has reduced by 4 per cent since the takeover, according to internal figures shared with the FT.

Haden added that multi-case joint settlement meetings with hospitals had resolved clinical negligence cases quicker for clients, as well as allowing Fletchers to be paid sooner for completed work.

Alexander Wyndham, a managing director at Sun European Capital who oversaw the Fletchers purchase, said the legal sector had become more appealing to investors in recent years.

He added that “certain sub-segments . . . like personal injury or wills and probate”, were less correlated to the wider economy, and “fragmented, with limited consolidation or big players”.

Stowe Family Law was acquired by Investcorp in September for an undisclosed sum, handing an exit to private equity firm Livingbridge, which bought it in 2017.

Ten former employees at Stowe told the FT that they had been uneasy about management’s focus on growth under Livingbridge.

Four of these people said rapid hiring and expansion at Stowe created a lack of continuity for clients. Employee churn on cases had led to an increase in miscommunication and mistakes, the people said.

“Private equity has no place in family law. It distorts the focus from clients to profit,” said another one of the people. Livingbridge declined to comment.

Ken Fowlie, executive chair at Stowe and a former head of consumer law firm Slater & Gordon, told the FT the firm had “improved customer and colleague satisfaction as we have grown”.

Stowe executive chair Ken Fowlie

He said Livingbridge's private equity investment had allowed Stowe to expand, adding that the change in management meant the firm was "probably a bit more disciplined around our execution", including by pushing lawyers to secure more "money on account" — prepayments from clients to improve cash flow.

With 94 offices across the UK, Stowe has doubled in size in the past two years, according to Fowlie, who said he expected the company to double again in the next two to three years. The firm reported an annual turnover of more than £37mn in March 2024.

Fowlie said backers had initially been hesitant to invest in law firms, but that the number of proven successes had since increased.

"Profit-driven investors and partnership-led firms rarely mix," said Zindani, "but if it can be done, the return on investment can be huge."

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