



Informing Progress - Shaping the Future

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The Rise of AI in UK Legal Practice: Adoption v Integration

Artificial Intelligence (AI) increasingly features in the everyday work of lawyers across private practice firms, in-house legal teams, and among regulators and courts. In recent years, AI tools, particularly generative AI, have moved from pilot projects and trials into more widespread use, transitioning AI from an emerging trend to a foundation of modern practice.

However, adoption is uneven. While the sentiment towards the use of AI remains positive, the sector continues to struggle with the associated risks, ethics, and governance factors, which inhibit the proper integration of AI into operational and strategic thinking across the industry. Additionally, firms are struggling to adapt to the speed of technological change and how to leverage it without diminishing legal expertise.

Thomson Reuters' report from the end of 2024 highlights that just 10% of law firms and 21% of corporate legal teams had formal guidelines outlining the use of generative AI within their wider technology policies. Only 17% of lawyers surveyed by LexisNexis in its *AI Culture Clash* report confirm their firms have embedded AI, with 39% stating they are experimenting. Limited investment and internal resistance, and corporate culture are among the reasons given for the slower pace of integration.

Growing Uptake

Recent industry data highlights the rapid growth in AI usage among UK legal professionals; according to a LexisNexis survey in Q3 2025, 61% of UK lawyers now use generative AI tools in their work, an increase from 46% in Q1. Additionally, the percentage of people with no plans to adopt AI tools has dropped sharply, from around 15% to just 6%.

The UK's largest firms are leading in the adoption of AI and formalising AI strategies. Thomson Reuters reports that almost 80% of the top 40 firms actively promote their AI use to clients, up from 60% a year ago. Many within the top 20 have also appointed heads of AI to oversee specially created digital transformation teams, although this number reduces within the next tier of firms.

The LexisNexis *AI Culture Clash* report indicates that medium-sized firms are particularly active in selecting generative AI tools designed for the legal sector, although the application of bespoke AI software remains skewed towards larger firms. AI tools that incorporate trusted legal sources also tend to attract more confidence. Smaller firms are twice as likely to use AI, especially for day-to-day tasks, though they often lack a formal strategy or dedicated resources.

Key Drivers and Applications

A clear understanding of what is driving AI uptake and how legal professionals are using it helps clarify both what is possible and where the pressure points are. The motives for adoption will differ from firm to firm and depend on lots of variables, but there are universal commercial and workforce benefits available to firms of all sizes.

- **Efficiency and Productivity Gains:** the automation of routine or repetitive tasks offers the opportunity to free fee-earners to focus on higher value work. Document analysis/review and contract drafting are tasks that can all be streamlined using AI.
- **Commercial Pressures and Client Expectations:** corporate clients increasingly expect their panel firms to employ AI, both as a cost-saving measure and to speed turnaround, and some factor AI use into tender requirements.
- **Wellbeing and Workload Management:** lawyers report that AI is offering time savings, which 56% reinvest in billable work, and some in improving work-life balance.
- **Legal Research, Risk Management, and Strategy:** predictive analytics allows the analysis of past decisions, identification of trends, assessment of risk, and can assist with the development of case strategy, especially with large volumes of data or precedent.
- **Competitive Differentiation:** firms utilising AI and publicising it can gain a reputational advantage over firms yet to adopt the technology. There is also an

incentive to avoid lagging behind peers or being rejected by clients for a perceived lack of modern tools.

- **Access to Justice:** embedding AI into the justice process can help widen access to services by making expert advice and triage available on demand. Chatbots and online resources can support simple legal tasks and open the benefits of professional legal advice to underserved communities and individuals with limited financial resources.

Challenges and Risks

While the potential benefits are extensive, AI still represents several major risks, obstacles, and complexities that need to be addressed by firms, lawyers, and regulators to enable its effective integration. Among these is pressure from clients and the market to adopt AI, perhaps when organisational structures and processes are not in a position where integration is viable.

Accuracy and Reliability

Among the more serious concerns surrounding generative AI systems is the creation of convincing, but incorrect or fabricated content, known as hallucinations. This can include invented case law or incorrectly attributed precedents, leading to serious professional consequences; there have already been cases where warnings from judges or sanctions have followed the use of fake case citations. Questions around liability and accountability remain in this area.

Ethical, Regulatory, and Professional Responsibility

Legal professionals have a duty to adhere to standards in confidentiality, competence, honesty, and integrity and must caution against the risks of data leaks and the misuse of privileged or sensitive information that AI tools may introduce.

Further concerns exist around the transparency and explainability of AI. Black box models raise issues with trust, bias, and accountability, which may lead to clients, opposing parties, and courts demanding clearer justification for decisions or output. Similarly, without visibility of the training data used by AI, there is exposure to bias and discrimination, creating questions surrounding the fairness of AI outputs. These risk unfair outcomes in sentencing recommendations, risk assessments, and eligibility determination, and generate potential for possible reputational or legal liability.

Data Protection, Confidentiality, and Cybersecurity

The sensitivity of legal data requires firms to ensure that any AI tools meet strong data protection standards, such as UK GDPR and the Data Protection Act, and embed secure protocols for the handling of client and vendor information. Outsourcing or employing cloud-based AI tools that process data outside the firm or jurisdiction creates risk and

requires robust impact assessments with integral organisational and technical safety measures.

Culture, Strategy, and Skills Gap

Many firms lack a formal AI strategy or governance framework, with AI adoption reported as remaining ad-hoc or unstructured by the majority of firms. Organisational culture can create a reluctance to transition from traditional legal practice, leading to resistance to change, procedural inertia, and risk aversion. Two-thirds of lawyers polled by LexisNexis reported their organisation's AI culture as "*slow or non-existent*", illustrating why the pace of change is slow.

Although top firms are recruiting AI talent, not all lawyers have the skills or confidence to use AI tools effectively, with nearly 40% of lawyers expressing concern that lacking AI skills may harm their careers. As AI use shifts from optional to essential, there is a risk of creating a sector where AI fluency is prized as much as legal expertise. Firms slow to integrate AI may also face losing talent seeking employment where there is greater investment in technology.

What Next?

Looking forward, several factors will shape how successfully the legal profession in the UK leverages AI and integrates it into widespread use. More firms across the sector will need to implement formal AI strategies with frameworks for oversight, audit trails, risk assessment, and vendor evaluation.

Integrating AI differs from a general technology rollout by focusing on intelligent, adaptive tasks that extend beyond automation to areas such as complex legal research and nuanced decision-making. While both target increased efficiency, technology upgrades often involve standard software and hardware, whereas AI integration requires a deeper strategy to manage risks like data inaccuracy and bias, and necessitates adapting human workflows to use AI's capabilities for tasks that require interpretation.

Once in place, investment is needed to train all staff in using AI tools, but also in understanding its capabilities and limitations. Aligned with this is compliance with regulations, as Law societies, the Solicitors Regulation Authority (SRA), Bar regulators, and courts will, or are, updating guidance on the use of AI. The industry may see more specific regulation of high-risk AI applications in law, similar to proposals in broader AI regulation.

As clients increasingly demand more efficient, cost-effective, technology-enabled service, firms will need to adopt AI more fully, including disclosing the use of AI tools where relevant. Tools tailored to the legal domain and to UK law, with up-to-date, jurisdiction-specific data, will gain greater trust and adoption.

AI is changing the landscape of legal work in the UK at an increasing speed. The benefits in efficiency, productivity, cost control, and wellbeing are real, and more firms are starting to realise them. However, adoption without due care risks potentially serious legal, ethical, and

reputational consequences, so the firms likely to succeed will be those that combine technological adoption with thoughtful governance, strong skills, and a culture open to change.

Recognising its potential to transform the insurance law sector, FOIL continues to provide members with opportunities to explore the transformative potential of AI. Its recent AI Legal Product Online Showcase provided insight into cutting-edge innovations using live demonstrations from leading technology providers.

FOIL also has a dedicated working group focused on the deployment of AI into law firms and its integration into daily practice. Topics reviewed include the liabilities associated with the use of AI and the coverage available in the PI and D&O markets, with market intelligence regularly reviewed to identify specific areas of interest.

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