80% of UK SMEs seek legal advice too late, leading to avoidable cost and business risk

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Around 80% of UK SMEs only seek legal advice once a problem has already arisen, increasing both financial and operational risk, according to legal platform Lawyerlink.

The pattern highlights a persistent gap between when businesses should engage legal support and when they actually do, with many delaying advice until issues become urgent or contentious.

Some of the most common areas where businesses later face regret include shareholder agreements, Articles of Association, intellectual property protection, contracts and employment arrangements. These legal foundations are often overlooked in early stages but can shape the outcome of disputes, investment and growth.

Jackie Nagtegaal, Founder of Lawyerlink, said:

"The vast majority of businesses come to us once there is already a problem. By that point, the cost is not just financial. It is time, stress and distraction from running the business.

I spoke to a client this morning who has been in a shareholder dispute for two years, trying to remove a partner who started a competing business. The anxiety and impact on the business have been immense. These are situations that could often be mitigated much earlier with the right structure in place."

The issue is not simply how businesses behave, but how legal services have traditionally been delivered. Many SMEs still perceive legal support as expensive, slow or only necessary at major moments, reinforcing a reactive approach.

At the same time, business behaviour is beginning to shift. Companies are increasingly comparing providers, seeking more transparency and looking for legal support that aligns with how they operate commercially.

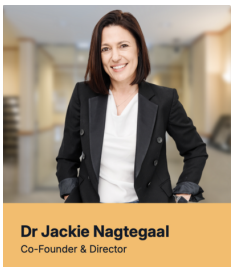
Nagtegaal added:

"We are seeing more informed clients than ever before, particularly with the rise of AI. But information is not the same as judgement. The real challenge now is applying that knowledge in a commercial context. We are moving into a world where information is abundant but judgement is scarce. That makes early, practical legal input more important, not less."

Wider economic, technological and regulatory uncertainty is also influencing behaviour. While many businesses are becoming more cautious, this often leads to delayed decision-making rather than earlier engagement with legal support, increasing exposure over time.

As SMEs continue to navigate a more complex operating environment, the role of legal support is evolving from a reactive service to a more integrated part of business decision-making.

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