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Could the family law sector be the next frontier for private equity?

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Oliver Vaughan, Houlihan Lokey

The family law sector could be the next practice area that private equity turns its attention to, according to Oliver Vaughan, a managing director in the business services group at investment bank, Houlihan Lokey.

Following the success that private equity has had in consolidating various industries such as wealth management, insurance and accounting, by driving consolidation, enhancing efficiency and creating scalable platforms, Mr Vaughan told *eprivateclient* that the legal services sector is emerging as one of the “last untapped frontiers for large-scale, private capital transformation, making it an incredibly compelling proposition for sponsors”.

Because it is “historically fragmented and dominated by traditional models”, Mr Vaughan explained that the legal sector has yet to experience full-scale PE-backing and, he added, “the associated benefits private market ownership offers”.

This fragmentation “creates a prime opportunity for consolidation, operational streamlining, and the introduction of scalable business models” and “with the right strategic investments, we see significant upside potential for PE firms who are able to unlock value by professionalising operations, optimising customer acquisition, and implementing technology-driven efficiencies.”

Mr Vaughan said that the traditional B2B legal market remains a complex space for private equity where “long-established client relationships, bespoke services, and high-touch advisory work create natural barriers to rapid scaling”, whilst “the project-based and cyclical nature of B2B legal services further adds to the complexity, making consistent value accretion more challenging.”

However, B2C legal services tell a different story, Mr Vaughan told *eprivateclient*.

“Consumer-focused areas of family law operate with more standardised processes, high-volume case management, and repeatable workflows—making them well-suited for growth,” Mr Vaughan said.

“By streamlining operations, automating workflows, and optimising lead generation through traditional marketing plays, these firms can scale quickly while maintaining profitability.”

Recent deals including Inflexion's 2023 takeover of DWF and Investcorp's acquisition of Stowe Family Law in September last year were, Mr Vaughan said, “emblematic of the direction of travel, and a clear sign of private equity's growing interest in the vertical.”

The UK is also uniquely positioned to spearhead the flow of private capital investment into legal services, as unlike the US, where regulations restrict private ownership of legal entities, “the UK offers a more flexible regulatory environment, making it an open and attractive market for consolidation and innovation.

“As M&A activity in UK legal services gathers momentum, it’s likely we’ll see other European markets follow suit, in a sector that is ripe for dealmaking activity.”

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