



Transparency for Solicitor Legal Fees

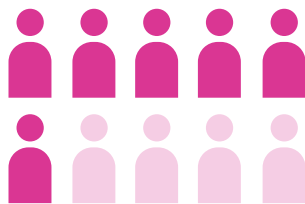
**The Competition and
Markets Authority (CMA)
Market Study**

The CMA's market study into the provision of legal services last year (<https://www.gov.uk/cma-cases/legal-services-market-study#final-report>) looked at whether consumers were able to make informed purchasing decisions and how protected they were if things go wrong. They also considered how regulation impacts on competition.

Their focus included commercial law, employment law, family law, conveyancing, wills and probate in England and Wales.

They found that there was not enough information available on price, quality and service, and that it was difficult for consumers to find the right information to help them understand what they needed.

Consumer perception and behaviour



**SIX OUT OF TEN
PEOPLE DO NOT
BELIEVE THAT
PROFESSIONAL
LEGAL ADVICE IS AN
AFFORDABLE OPTION**



**JUST ONE IN
FOUR PEOPLE
(22%) SHOP
AROUND FOR
A LAW FIRM**

The CMA set out a package of measures to help customers access the market and get value for money. This included:

- A requirement for providers to display information on price, service, redress and regulatory status. Currently only 17% of firms display pricing for particular services online.
- Revamping and promoting the Legal Choices website (<http://www.legalchoices.org.uk>) - an independent website set up by a consortium of legal regulators.
- To make the data collected by regulators available for consumers via comparison sites.

- Encouraging legal service providers to engage with feedback and review platforms so that customers can search for feedback on providers before making a decision.
- Recommending that the Ministry of Justice (MoJ) considers extending protection from existing redress schemes to customers using “unauthorised” service providers.

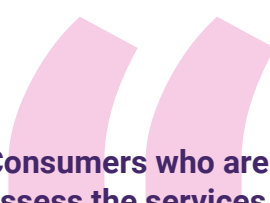
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The CMA has recommended that frontline regulators work with consumer and small business groups to deliver the proposals on price and quality, as well as provide clearer guidance on buying legal services.

They will then review in three years’ time and intervene further if progress is not satisfactory.

Rachel Merelie, Acting Executive Director for Markets and Mergers, said:



Consumers who are equipped with the information they need to assess the services on offer and choose the best deal for them, will not just benefit personally but will also help drive competition, quality and innovation across the whole market. Fewer people will be discouraged from seeking the help they need.”

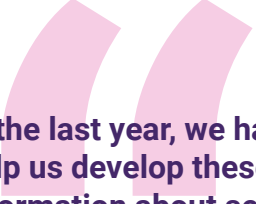
Regulators’ Responses

There have been some cautious responses to some of the CMA recommendations. Nevertheless, overall the regulators have not resisted the broad conclusion that consumers need to be able to make informed decisions.

The four main regulators – the Solicitors Regulation Authority (SRA), Chartered Institute for Legal Executives (CILEx) Regulation, the Council for Licensed Conveyancers (CLC) and the Bar Standards Board – have outlined plans to implement the recommendations and further consultations are now taking place.

In advance of that, the SRA has already agreed to allow solicitors to work outside of Legal Services Act (LSA) regulated firms, in order to improve competition.

Paul Philip, SRA Chief Executive said:



In the last year, we have spoken to thousands of people and professionals to help us develop these plans. We have heard that price is important, but so is information about service and quality.

"We need to get the balance right. We do not want to impose unnecessary burdens on firms or publish information that is unhelpful or too complex. Our approach could help support a more open, competitive market where people can make good choices and firms can grow and thrive."

The SRA consultation (link below), which is open until 20th December 2017, includes the following proposals:

- Firms to publish their prices for services and a description of the services they offer. This will initially be limited to the following areas:
 - residential conveyancing;
 - family;
 - will writing;
 - probate and estate administration;
 - drafting of LPAs;
 - motoring offences;
 - employment tribunal;
 - personal injury claimant;
 - and for small businesses: employment tribunal; debt recovery and licensing applications in relation to business premises.
- Firms to display information on the SRA regulatory protections available, including displaying a digital logo to verify their firm is regulated by the SRA.
- Firms to publish the data the SRA already collect on first-tier complaints made against regulated firms and their area of practice.
- To build a publicly accessible, digital register that holds SRA regulatory data about solicitors and firms.
- Require solicitors working in non-LSA regulated firms to inform clients that they are not subject to the SRA requirements for compulsory professional indemnity (PI) insurance.

There are concerns, particularly voiced by the Law Society, on the individual impact of some of the proposals, as well as the overall impact on firms

and consumers. Specific concerns raised by the Law Society are to do with solicitors being subjected to different sets of regulation depending on where they practise. They are worried about the implications this will have for consumer protection and that public trust will be eroded.

There is also an overall concern for a balanced approach and that proposals are not too onerous, particularly for small businesses. However, there is also some evidence that the market will grow as a result of more clarity in respect of pricing.

Publication of prices

The SRA wants to see prices published on a firm's website or available on request where a firm doesn't have a website.

However, it recognises that it is not always possible to provide an exact figure in advance. It will consider a flexible approach that might include fixed fees or hourly rates for certain elements of legal work and use of online calculators or quote generators. The figures must include disbursements and VAT. Firms would also need to explain what payments clients might need to make where conditional fees or damages-based agreements are in place.

There will be strict rules on accuracy so that firms are not able to offer unrealistically low prices that aren't available in practice.

The SRA plans to produce guidance and resources to help firms, for example in producing templates and is working on an online quote generator template for conveyancing with the CLC.

There are different nuanced approaches from the regulators. The CLC is proposing that for probate firms and conveyancing firms, that it should be mandatory to either use an estimate generator or to publish a price list.

The SRA is also considering collating its own data on complaints received by firms. The regulator stresses this information will be published with 'appropriate context', but it will be given its own space on the SRA's website and made available to comparison websites.

Next steps

Law firms and professionals need to make themselves aware of the proposals being made and to contribute to the appropriate consultations.

Consultations are available at:

<https://www.sra.org.uk/sra/consultations/litf-better-information-consultation.page>

<http://www.conveyancer.org.uk/CLC-Lawyer/Service-and-price-transparency.aspx>

http://www.cilexregulation.org.uk/news/cma_consultation

<https://www.barstandardsboard.org.uk/about-bar-standards-board/consultations/open-consultations/>