

SRA response

Competition and Markets Authority Legal Services Market Study Report

Published on 29 June 2017

View the [Competition and Markets Authority Legal Services Market Study Report](https://assets.publishing.service.gov.uk/media/5887374d40f0b6593700001a/legal-services-market-study-final-report.pdf).
[<https://assets.publishing.service.gov.uk/media/5887374d40f0b6593700001a/legal-services-market-study-final-report.pdf>]

Introduction

- 1.

The Solicitors Regulation Authority (SRA) is the regulator of solicitors and law firms in England and Wales. We protect consumers and support the rule of law and the administration of justice. We do this by overseeing all education and training requirements necessary to practise as a solicitor, licensing individuals and firms to practise, setting the standards of the profession and regulating and enforcing compliance against these standards.

- 2.

We welcome the publication of the Competition and Markets Authority (CMA) Legal Services Market Study Report (the report) and its recommendations. We agree with the CMA's findings that this market is not working as well as it could for individual consumers and small businesses. We are therefore pleased that many of the recommendations strongly endorse our reform proposals¹, which are targeted at helping to tackle unmet need and support members of the public and small businesses to access legal services.

- 3.

The Legal Services Remedies Programme Implementation Group (RPIG) was established to coordinate and deliver a sector wide response to the CMA's recommendations. Initial meetings took place in January and May. We will continue to work with the other frontline regulators, both individually and through this group, to ensure consistency in how we respond to the recommendations wherever possible.

- 4.

We particularly welcome the CMA's call for regulation that is independent of both representation and Government. We believe that independent regulation is key for public confidence and will help increase public trust in the sector. Separation of the representative and regulatory bodies will complete the evolution of legal regulation that was set out by Sir David Clementi in his 2004 review of the legal services market. Proposals for independent regulation were put forward by the Treasury in November 2015, but as yet have not been progressed.² It has also been called for by the Legal Services Board in their 2016 vision for legislative reform on the regulatory framework for legal services in England and Wales.³ The Legal Services Consumer Panel (LSCP) also supported the idea in its report on simplifying legal services regulation in 2013.⁴

- 5.

Public polling⁵ shows eight out of ten (82 percent) of people think solicitors should be regulated independently. It is the norm elsewhere and the legal services regulatory model is an anomaly. Separating out representation and regulation would allow the Law Society to properly represent the profession, while freeing us up to regulate in the public interest.

- 6.

Rather than being answerable to the profession through the Law Society Council, public confidence would be best served if we were, instead, fully accountable to the public.

- 7.

Independence would help us to remove unnecessary constraints on legal services. It would help drive an open, innovative and competitive sector that not only offers affordable and accessible legal services, but importantly also provides opportunities for solicitors and law firms.

- 8.

We note that the CMA has identified a high proportion of unmet legal need. We are also aware of the lack of access to legal services and it is one of our priority risks in our Risk Outlook 2016/17. Research tells us although 54 percent of adults experienced a legal issue in the last three years, 83 percent of these individuals did not receive help from a legal professional.⁶ Similarly, 83 percent of small businesses see legal services as unaffordable, with over half of those who have a problem trying to resolve it on their own.⁷



- 9.

We agree with the finding in the report that information issues represent a key barrier to accessing legal services. Our discussion paper 'Regulatory data and consumer choice'⁸ launched in October 2016, set out our initial ideas for improving the information available about individual solicitors and SRA regulated firms. In the paper we considered what information we should publish about solicitors and law firms in a digital register and what information we may require solicitors and firms to provide to consumers. Our aim is to make sure consumers are able to more easily access accurate, reliable information about solicitors and their services. This will help them make informed choices when purchasing legal services and to drive competition. Many of the ideas we set out in this discussion paper address issues raised in the report.

- 10.

Our intention in publishing this discussion paper was to highlight the lack of transparency in the legal services market, the impact this was having on consumers accessing legal services and to begin discussions about potential solutions. The CMA's report has helped us to further our thinking and will influence our approach in some areas, in particular, in relation to price transparency.

- 11.

We plan to build on this paper with a formal consultation in September 2017. Here, we will set out our proposals for the information that we will collect and publish in a digital register, as well what we will require firms to publish.

- 12.

We are keen to play our part in making the legal services market work more effectively for consumers in the future. Below we set out the actions we plan to take or are considering - some relate to proposals we made prior to publication of the report, while others are in response to the recommendations in it.

- 13.

We are keen to strike the right balance between regulatory intervention and allowing the market to deliver the solutions that best meet consumers needs. We are therefore developing requirements that we believe will be enough to allow consumers to shop around more. We hope that this will drive competition and encourage information transparency to become the norm, making further regulatory intervention unnecessary.

- 14.

We are working with other regulators to make sure that we take a consistent approach to data transparency requirements wherever possible. This will help consumers to more easily understand and compare information across different service providers. We will also be working closely with the LSCP and other key stakeholders to create solutions, as well as conducting consumer research and testing. This work will include a focus on vulnerable and high-risk clients.

Recommendations to frontline regulators

- 15.

The CMA has made several recommendations to us and other frontline regulators. Below we have outlined these recommendations and our response to them.

CMA recommendations on changing supplier behaviour on transparency

- Act to improve the quality, utility and prominence of disclosures on providers' websites in relation to price, service, redress and regulatory status.
- Develop and consult on an enhanced regulatory minimum level of transparency for legal services providers, supported with guidance on implementation.
- Introduce guidance or regulatory requirements as necessary to improve information provided on engagement such as through the client care letter.
- Promote the use of quality signals by providers and issue guidance for providers on engaging with online reviews.

SRA Response

- 16.

We are already looking at, and engaging with stakeholders about, what information we should require firms to publish and/or provide to their clients and prospective clients. Our discussion paper considered what information we may require solicitors and firms to provide to consumers.

- 17.



Feedback from stakeholders and the CMA's report, have helped us with our thinking and influenced our approach. Our consultation in September will set out our proposals in regards to the level of transparency we will require from legal services providers. We work together with other frontline regulators to ensure consistent standards and requirements wherever possible. For example, we have an open dialogue with CILEx Regulation about our planned consultation proposals. This allows them to raise awareness among their regulated community, many of whom work in SRA regulated firms.

- 18.

We plan to implement any new data publication requirements during 2018.

- 19.

We are undertaking a significant upgrade of our IT systems, which we aim to complete by 2019. When completed, our new IT will facilitate the provision of more comprehensive and consistent information relating to law firms.

Improving quality and transparency on providers' websites

- 20.

Here we look at the specific recommendation to improve the quality, utility and prominence of disclosures on provider's websites in relation to price, service, redress and regulatory status.

- 21.

We agree with the CMA's finding that there are currently shortfalls in respect of publicly available information for consumers in advance of engagement with a firm. We will include proposals in relation to each of the areas below in our consultation in September.

Price

- 22.

We agree that there is a lack of accessible price information available to help consumers compare and choose a legal services provider. We know that this is acting as a barrier to accessing services, particularly as 63 percent of the public do not believe that professional legal advice is an affordable option for ordinary people. [9 \[n9\]](#)

- 23.

In our discussion paper, we expressed an initial view that we should not be mandating the publication of price information at this stage. We felt that the market is best placed to deliver the information solutions to help consumers. Therefore our preference was for the market to respond to consumer demand, including price transparency. We asked firms to consider what pricing information they could publish on their own websites and include in our digital register. Further, in our response to the CMA's interim report, we set out what we saw as potential barriers to increased price transparency [10 \[n10\]](#) which would need to be worked through.

- 24.

Against this background, we have carefully considered the recommendation that we develop a regulatory requirement regarding price publication. We welcome and are convinced by the CMA's analysis in their final report, so will set out proposals for increased price transparency. However, given the difficulties highlighted in our interim report response, we think the best way forward would be to select a small number of areas of law in which to mandate price information being published on firms' websites as a starting point. If the firm does not have a website, we think it is sufficient for them to provide price information on request. We will be providing guidance on how they could best do this.

- 25.

Starting with a smaller number will allow us to address any issues or concerns encountered by firms. It will also help us to refine our requirements and make sure they meet the needs of consumers, whilst being straightforward for firms to comply with. We believe that if we proceeded with this option, the market may respond to our requirements and increase price transparency in areas where we have not mandated it. If implemented, we will look at whether this has happened and if this approach has been useful to consumers. We will then decide whether it is necessary and would be beneficial to expand our requirements to other areas of law.

- 26.

The CMA has given us a steer that price information must be easily understood so that consumers can gauge the cost of the service without having to contact the firm. We will develop straightforward requirements that meet this steer. We agree with these findings are keen to strike the right balance between not being overly prescriptive, or appearing to interfere in how firms calculate their prices, while making sure that consumers have access to consistent and comparable price information. We have



already started conducting consumer testing to help inform our consultation proposals and will continue to do more. We will continue to trial and test our proposals alongside the consultation, which will help inform our final position. We are also planning further testing when we implement new requirements to make sure that we monitor how the requirements affect consumer behaviour and what we can improve.

- 27.

We are working with other frontline regulators in developing what our requirements could look like to make sure we take as consistent an approach as possible. For example, we are looking to develop an online quote generator template for conveyancing with the Council for Licensed Conveyancers and criteria for price transparency more widely.

- 28.

As part of our consultation, we will seek views on both our proposed price requirements and suggested areas of law. Our planned consumer testing will also consider if whatever we put in place is as user friendly as possible and delivers the planned benefits. We will also survey a number of firms to help make sure our requirements are implemented effectively.

- 29.

We believe price comparison in legal services is limited, and pricing information alone does not present the whole picture of the service a firm offers. We recognise that providing an accurate estimate of the costs of a particular matter can be difficult because of the uncertain nature of some legal transactions and that it could place an administrative burden on some firms. We want to strike the right balance between providing information that is useful to consumers without placing an undue burden on firms.

- 30.

We are aware that there are challenges with increasing price transparency as legal services are not generally commoditised products. This can make it difficult for firms to present relevant price information and difficult for consumers to compare prices and value for money. We will seek views on how to mitigate these risk as part of our consultation and if implemented, make sure that we look at this in detail as part of our evaluation. More information on protections (such as access to the Legal Ombudsman and what level of professional identity insurance a firm holds) and quality signals (such as complaints data and information on who is doing the work) can also help consumers get a better understanding of what services they are purchasing.

Service

- 31.

We agree that consumers would benefit from more information about the services offered by a legal services provider so they can compare the offerings of different providers. This would help them to make an informed choice when purchasing legal services.

- 32.

The CMA has set out that the minimum consumers should expect is a description of the services provided, the mix of staff that deliver it, the key (and discrete) stages of the service and indicative timescales and factors affecting these.

- 33.

We are developing proposals for straightforward requirements so that the information we ask firms to publish is clear and useful to consumers, whilst limiting the additional burden on firms. A key part of this work will be consumer testing, so we can determine what information, in what level of detail, consumers would find most useful. We also want to increase consumer confidence and help consumers ask the right questions and compare providers.

Redress and regulatory status

- 34.

We agree that it is important that consumers understand what protections are in place if things go wrong when they are comparing different providers.

- 35.

Through our Code of Conduct, firms currently have to provide most of this information to clients at the start of a piece of work. This includes how the services provided are regulated and how this affects the protections available, as well as their right to complain, how to make a complaint, and of their right to access the Legal Ombudsman (LeO).

- 36.

We consulted on a new Code of Conduct for firms and for solicitors in the summer of 2016. Our two new Codes of Conduct were approved by the SRA Board in May 2017. These will be implemented alongside all other changes to our Handbook, not before November 2018. Both the Code of Conduct for Firms and for Solicitors will retain the requirements to provide the information set out above. [11\[#n11\]](#)

- 37.

However, we recognise that this mean that clients only receive this information at the point of engagement, which does not assist them in comparing different providers. We are therefore developing requirements for firms to provide accessible information that before this point. This may include how to complain, access to the LeO, insurance cover levels and access to the SRA's compensation fund.

- 38.

Our current view is that we will require firms to provide consumers with information on what protections are in place if something goes wrong. What level of information this will constitute will form part of our consultation later this year.

- 39.

Our current thinking is that firms will have to publish protection information on their websites, or through social media channels. For international firms, we expect this requirement to apply to their UK website and social media channels.

- 40.

We are considering how those without a website or other online presence can meet this requirement. Our current thinking is that they will be able to do so by having materials denoting their regulatory status on display in windows or within their offices.

- 41.

We will look to develop, 'regulated by the SRA' and 'protected by compensation fund' logos that could help SRA regulated firms meet some of the requirements set out above. We believe that these logos will help boost consumer awareness of SRA regulation and what it means. Use of the logo, or digital kite mark, which denotes SRA regulation would be mandatory for all firms with a UK website. We will test these with consumers to make sure they are easy to understand.

- 42.

We plan to provide additional consumers support to help them to understand the different protections available. For example, we will produce a plain English guide on what to expect of a solicitor and what help there is if things go wrong, similar to the 'smile guide' developed by the General Dental Council (GDC). We will also update Legal Choices – the joint regulator consumer website – and the consumer areas of our own website.

Other work on changing supplier behaviour

- 43.

We will develop a toolkit for solicitors that will include guidance and examples on how to provide information to their clients and prospective clients. We are keen to help the market develop independent feedback opportunities and plan to make any data we publish available to data re-publishers. We believe that by making our data accessible and the increased data transparency requirements, will help to facilitate an increase in legal services comparison tools. As these digital tools become more commonly used, firms will be more and more incentivised to engage with these sort of sites, including engaging with online reviews. We will support firms to understand how to effectively engage with feedback sites.

- 44.

In terms of quality signals, our discussion paper considered whether we should include accreditations and panel memberships within our digital register. However, many respondents were concerned that this could provide misleading assurances to consumers and different schemes could lead to consumer confusion. We are therefore considering what other quality signals firms could use and we will develop guidance as part of our toolkit.

CMA recommendations on helping consumers navigate the sector

Review and further develop the content of the [Legal Choices website](http://www.legalchoices.org.uk/) <http://www.legalchoices.org.uk/> to:

- present a comprehensive whole of market overview of different types of provider including those not regulated by frontline regulators;
- provide information and practical guides on comparing and choosing a legal services provider; and
- provide guidance on what information consumers and small businesses should reasonably expect from legal services providers on engagement and during the course of ongoing cases.

- Identify how best to support the vulnerable and those who are either unable or do not have confidence to access the Legal Choices website.
- Actively consult the LeO, the LSCP, the LSB, relevant consumer and small business groups such as Which?, Citizens Advice, and the FSB, ICAEW and self-regulatory bodies on content and focus. Furthermore, the frontline regulators should consider how to meet ongoing consumer and business needs in future changes to editorial content.
- Engage with government including the MoJ, BEIS and the Government Digital Service to improve signposting to Legal Choices and consistency of content between Legal Choices and GOV.UK.
- Engage with relevant bodies in Northern Ireland and Scotland to consider how to ensure individual consumers and small businesses across the UK can be signposted to appropriate information.

The SRA and other frontline regulators were also recommended to:

- Actively promote Legal Choices from their websites and on published materials.
- Encourage legal services providers to make consumers aware of Legal Choices.
- Explore other channels to promote awareness of the Legal Choices website including paid search.

The MoJ was recommended to coordinate changes to content on GOV.UK and introduces signposting to the Legal Choices website across its content.

SRA Response

- 45.

We are working with fellow frontline regulators to develop a long-term approach that would significantly enhance Legal Choices. [12 \[n12\]](#) This consumer-focused website helps people identify their legal need and find the service that suits them. We are working with the other regulators to develop the content of Legal Choices and refine how we market it and engage with consumers and small businesses. In doing so, we will, among other things, consider the CMA's detailed recommendations about content development and digital marketing.

- 46.

We are working in collaboration with those committed to the development of Legal Choices to develop a three year plan to significantly enhance Legal Choices. Part of this plan includes work with consumer groups to produce consumer journeys and content that will help people identify their legal needs and find the services that best suits them. We believe this will help increase consumer awareness and confidence. So that people have real choice, we need to consider how best to provide clear information about both SRA regulated providers and other legal services providers, including protections and service limitations. This should also cover services from SRA regulated solicitors working in non-LSA regulated firms. [13 \[n13\]](#) We will work with the relevant bodies in Scotland and Northern Ireland to make sure that consumers across the UK are well served. We will also run targeted campaigns aimed at target high-risk and vulnerable consumers.

- 47.

The report challenges frontline regulators to make sure that Legal Choices plays “a major role in empowering legal services consumers”. We are conscious that reaching consumers on a large scale and influencing their behaviour requires careful planning, along with a substantial commitment of energy, time, resource and budget. We have already increased the prominence of the link on our website to Legal Choices. We are also looking at how to encourage legal service providers to make consumers aware of Legal Choices. We will work with consumers to test new content, using behavioural expertise to make sure it is relevant. We will undertake evidence-based monitoring, evaluating and changing of the content following input from a range of stakeholders. [14 \[n14\]](#) We are keen to make sure the information provided stays relevant and that we learn from and develop best practice.

- 48.

In summary, our key objectives are to:

- increase consumer engagement in legal market
- support other consumer empowerment measures like price transparency and complaints data
- have 2-3 million users over three years
- use appropriate metrics and indicators to evaluate how visitors engage
- trial, test, refine methodology for driving traffic
- research use and impact as we go.

- 49.

The Legal Choices team will continue to engage with key stakeholders and we plan to expand the Legal Choices editorial board and set up an advisory panel of consumer representatives. These will provide specialist expertise and act as a sounding board for the development of the website and its content. This will be set up by September 2017.

CMA recommendations on facilitating comparison



- Identify and publish relevant information on entities and professionals which can be made available to customers, DCTs and other third party intermediaries under an 'open data' licence.
- Publish relevant regulatory data in a standard format across all regulators and with consistent frequency.
- Assess the feasibility of a single digital register across authorised professionals combining relevant regulatory and customer focused information.

SRA Response

- 50.

We are pleased that the CMA expressed support for our work to improve access to information and regulatory data in the report. In our discussion paper, we outlined our intention to develop a digital register. The responses we received about this, both formally and through individual meetings with stakeholders, are helping inform our thinking ahead of the consultation later this year.

- 51.

We see three main uses for the data we propose to publish in our digital register:

- For consumers, once they have chosen a firm, to carry out basic checks to validate their choice.
- For re-publishers, including digital comparison tools, who help consumers to choose a firm. These websites can build on what they get from our register; adding in other information they think consumers would find useful in choosing a solicitor. Some of this information will be available from firms' websites due to our new data transparency requirements.
- For firms and solicitors this information can be used for validating other firms when relying on undertakings.

- 52.

Where we hold information, for example, address and contact details, it is relatively straightforward to publish this information through our digital register. However, more thought is required when we need to collect the information. It is important that increasing access for consumers does not impose an excessive burden on solicitors and firms, as compliance costs are ultimately borne by clients. We are therefore giving careful thought to the information we will collect and publish in our digital register in order to strike the right balance.

- 53.

Below, we have set out our current thinking on the different categories of data we may publish in our digital register.

- 54.

We will include firm proposals in our consultation later in the year and carry out consumer testing to make sure what we publish meets the needs of consumers.

Basic regulatory data

- 55.

In January 2016 we launched our [law firm search tool](https://contact.sra.org.uk/consumers/using-solicitor/law-firm-search/) [https://contact.sra.org.uk/consumers/using-solicitor/law-firm-search/], which provides basic information about SRA regulated firms, including contact details. We are looking to building on the success of this by integrating individual and firm data within our online register, making it more accessible for consumers.

Enforcement action

- 56.

Through our [solicitor check tool](https://contact.sra.org.uk/consumers/solicitor-check/) [https://contact.sra.org.uk/consumers/solicitor-check/], we already publish whether an individual solicitor or firm has been subject to certain enforcement action by the SRA. This includes any conditions on their practising certificate, if they have been referred to the Solicitors Disciplinary Tribunal (SDT) and the outcome of a hearing. To see the full judgment, a consumer would need to search the SDT website.

- 57.

However, we recognise that this information is not as easy to find as it could be, leaving consumers to consult multiple sources to obtain a complete picture of a firm or individual solicitor. We will therefore consult later in the year on including this information in our digital register to make the information more accessible to consumers.

Complaints data

- 58.



We note that this is one of the areas the CMA identified in the report that could be made more widely available and accessible to consumers. It was also an area that we considered in our discussion paper.

- 59.

We believe that complaints data offers an indication of the level of customer service provided and consumers would therefore find it useful in comparing different legal services providers. There are other benefits such as encouraging improved complaints handling and customer service. Publishing this data would also bring us in line with the regulatory norm.

- 60.

We currently collect some first-tier complaints data from firms annually, but if we decide to publish complaints data, we are likely to want to collect slightly different data in order to provide the right amount of contextual information to consumers. In response to our discussion paper, we received many suggestions about which data would provide the most useful picture to consumers. We are working through these to develop draft straightforward requirements that would help consumers whilst minimising the burden to firms. It is important that any data we publish has adequate contextual information in order to be assessable by consumers.

- 61.

We will also work with the LeO on appropriate ways to use their data.

- 62.

As mentioned above, we are undertaking a large technology upgrade. This will help provide more user friendly information about law firms, as well as being helpful in relation to complaints to the SRA and the outcome of them.

Areas of practice

- 63.

We consider that it would be helpful to consumers to see the areas of practice in which the firm offers services to help them when looking for a provider that could meet their needs. Consumers can in theory find this information through the Law Society's Find a Solicitor service, but some firms list all of the areas where they are able to practice rather than the areas where they actually offer their services. This leads to consumers contacting firms only to be told they cannot help.

- 64.

We are therefore considering the best way that consumers could get access to accurate information. This includes alternative options to the SRA publishing this data.

Work with other regulators to standardise publication and assess feasibility of a single digital register

- 65.

We are working with the other members of the RPIG to develop consistent requirements and standard formats of publication wherever possible.

- 66.

We indicated at the RPIG meeting on 19 January that we are willing to take the lead on the work stream for developing an online register of regulatory data.

CMA recommendation on independent regulation

We recommend to the MoJ that it should undertake the review of independence of regulators.

SRA response

- 67.

As set out in the introduction above, we welcome this recommendation as independent regulation is critical for public confidence. It would help address the perceived conflict of interest when one organisation both represents and regulates the profession, and will potentially increase public trust in the sector. Independence would free us up to regulate efficiently and effectively in the public interest.

- 68.

We welcomed the announcement by HM Treasury in November 2015 concerning a consultation on removing barriers to entry for alternative business models in legal services and making legal service regulators independent from their representative bodies. The Treasury went on to consult on removing



barriers to entry for alternative business models in legal services but has not as yet taken steps to consult on independent regulation. We agree with the Government's statement in the report that independent regulators create a fairer, more balanced regulatory regime that encourages competition.

- 69.

The LSB has also made the case for independent regulation. As mentioned in the introduction, in its vision for legislative reform that was published in September 2016 the LSB stated that "the current lack of full independence between the legal services regulators and their associated professions is unlikely to be sustainable" for a number of reasons. These include complex governance arrangements between regulatory and representative functions leading to confusion among other parts of government about which body is responsible for wider regulatory functions.

- 70.

Other reasons provided by the LSB include a lack of independence undermining the public credibility of regulation, creating scope for representative bodies to delay reforms which would benefit competition and consumers generating regulatory uncertainty and deterring investment.

- 71.

The Legal Services Consumer Panel 2013 'Breaking the Maze, Simplifying legal services regulation'¹⁷ report also recommended fully independent regulation.

- 72.

We are clear that making regulators independent will help build public trust and should also help speed up necessary reforms to make the sector more competitive. We have already contributed to the Ministry of Justice (MoJ)'s work in this area, providing them with the information they have requested, and we await their consultation.

CMA recommendations on regulatory reform

- We recommend to approved and frontline regulators to take steps to reduce regulatory burden in areas where not justified by consumer protection risk or public interest
- We recommend to the SRA to remove regulatory restrictions to allow solicitors to practise in unauthorised firms.

SRA Response

- 73.

Removing unnecessary regulatory burden is one of our key priorities. Through our 'Looking to the Future' reform programme we are conducting a phased review of our regulation with an aim to simplify our Handbook and reduce regulatory burden. Phase one of the review, which we consulted on in summer 2016, included new Codes of Conduct for firms and individuals, principles and practice framework rules.

- 67.

One of our key proposals that our Board approved in May is the removal of the restrictions on solicitors to provide non-reserved legal services to the public outside of non-LSA regulated firms. This change will provide consumers with increased choice, enabling them to more easily access qualified, regulated solicitors at a cost they can afford. We welcome the CMA's endorsement of this proposal.

- 75.

Our work to date, and the next phase of our review, addresses unnecessary and outdated restrictions that stop solicitors from providing their services in the wider legal services market. We are also significantly shortening and simplifying our Handbook – removing unnecessary rules and requirements, reducing the regulatory burden on solicitors, and allowing individual solicitors and firms more flexibility in the way they apply our standards to their practice. In doing so, we have already:

- made a clear distinction between the standards that apply to individual solicitors, and the firms we regulate
- removed prescriptive drafting and replaced with purposive standards
- streamlined provisions
- developed supporting material and case studies to assist compliance
- removed duplication
- introduced cross referencing, rather than repetition (e.g. where there is significant overlap between the Codes of Conduct)
- streamlined reporting obligations and information requirements.

- 76.

Phase two of the review will apply these principles to the rest of the Handbook, and continue our work to reduce unnecessary regulatory burdens.



• 77.

We are proposing to introduce a new system of admission for solicitors in 2020. Under this system, candidates would need to hold a degree or equivalent, pass the Solicitors Qualifying Examination (SQE) (with stage 1 testing knowledge and stage 2 testing skills), undertake two years qualifying work experience and pass a character and suitability test. When implemented, the new system will introduce flexibility and reduce costs as trainees will be able to decide for themselves how best to train for the SQE, and would not be required to undertake a qualifying law degree or legal practice certificate. Qualifying work experience could also be undertaken in up to four different blocks. This means candidates would not have to secure a two-year training contract, but instead could do work experience at different organisations, even including experience gained in a law clinic while at university.

• 78.

From 1 November 2016, all solicitors must reflect on their practice and address identified learning and development needs. This replaces the prescriptive requirement that all solicitors carry out 16 hours continuing professional development a year irrespective of their experience and the role that they perform. We introduced this new approach to make sure that solicitors remain competent post qualification. This gives solicitors and firms freedom and flexibility to determine their learning and development in accordance with individual and business needs. Feedback we have received so far suggests it has enabled solicitors and firms to target their learning and development and remove unnecessary costs.

• 79.

The legal services market is rapidly changing and our regulation must keep pace. We believe that it is only through removing unnecessary regulation while maintaining an appropriate level of protection for consumers that we will meet the regulatory objectives in the Legal Services Act 2007, which include protecting and promoting the public interest and the interests of consumers, and promoting competition.

CMA long-term recommendations

We recommend to the MoJ that it should review the current regulatory framework for legal services.

SRA Response

• 80.

We will provide support to the MoJ as required during the course of this review.

Solicitors Regulation Authority action plan to increase market transparency

LSB high-level outcome

Action to deliver a step change in standards of transparency to help consumers (i) to understand the price and service they will receive, what redress is available and the regulatory status of their provider and (ii) to compare providers

Current and planned actions by the frontline regulator

Description of current and planned actions, including scope of action (i.e. types of provider/consumer/services affected)

- Through our 'Regulatory data and consumer choice' project, we will launch a consultation on mandating that firms publish information on price, service, redress and regulatory status on their own websites and/or provide to their clients or prospective clients. Publication requirements will be for Solicitors Regulation Authority (SRA) regulated firms only as these are firm level issues. The requirements would not apply to solicitors working in non-LSA regulated firms as we do not authorise and oversee these bodies. If consumers value and use this information competitive pressure would likely drive non-LSA regulated firms to follow suit. We plan to introduce the new data publication requirements during 2018.
- However, requirements in our individual code will apply to all solicitors. This includes providing clients with information about price, stages of the case, complaints and the way the services are regulated at the point of engagement. We are working to ensure a smooth transition from the old Handbook to the new one, which will incorporate these requirements. Therefore, we do not plan to implement the new Handbook before November 2018.
- We have set out below the approach we are considering in respect of the Competition and Markets Authority (CMA) recommendations on these specific areas. Firm proposals will be included in a consultation later in 2017, and final decisions will be taken based on consultation feedback and consumer testing. We have already started consumer testing to help inform our thinking and will continue to do more as we develop our ideas. We plan to do further testing when we implement the new requirements to make sure we monitor how the requirements affect consumer behaviour and what we can improve. This work will include a focus on high-risk and vulnerable consumers.

- We are taking the nine criteria for successful implementation of information remedies that the Legal Services Consumer Panel suggested in March 2017^{18 [n18]} into consideration when developing our remedies. These criteria will help make sure that any measures we introduce are robust and help deliver the change we want them to.
- We are keen to seek a common approach with other regulators where this is possible, for example to develop a common quote generator template for conveyancing prices with the Council for Licensed Conveyancers and to develop common criteria for price transparency wherever possible.
- **Price** - we will select a small number of areas of law in which to mandate price information being published as a starting point. Firms will be required to publish the information on their website or to provide on request if they have no website. We will then evaluate the impact of these requirements against key criteria on price transparency. This will include if the requirements have been useful to consumers and if the market has responded by making more price information available in other areas. We will evaluate in these areas of law before deciding whether to expand our requirements to other areas. We would consider this if we find that the market is not responding and is likely to with, but not without, further intervention.
- **Service** - we will develop straightforward requirements in relation to the publication of information on the services offered by firms that we regulate. We are keen to make sure that the information published is clear and useful to consumers, whilst limiting the additional burden on firms (the costs of which would be borne by consumers). We want to help increase consumer confidence to search effectively and ask the right questions when comparing providers. We note the CMA's report says the minimum consumers should expect is a description of the services provided, the mix of staff that deliver the service, key stages and indicative timescales.
- **Redress and regulatory status** - through our Code of Conduct, firms are already required to provide most of the information identified by the CMA to clients at the outset of a matter. This will remain the case when our new Codes of Conduct for Firms and Solicitors are introduced. However, we recognise that our requirements mean that clients only receive this information at the point of engagement, which does not assist them in comparing different providers. We are therefore developing requirements for firms to provide information that is accessible before the point of engagement. This may include information about how to complain, access to the Legal Ombudsman, insurance cover levels and access to the SRA's compensation fund.

We will also introduce two logos which SRA regulated firms can use to:

1. denote their regulatory status
2. denote that their clients are eligible to make a claim to the SRA's compensation fund.

These logos will be for firms to use on printed materials and as a digital kite mark. Use of the digital kite mark which denotes SRA regulation would be mandatory for firms that have a website. For firms that do not have a website, use of the logo would not be compulsory. We are considering how the logos and kite mark can be used by firms on social media. Use of the compensation fund logo will be voluntary for all firms.

We will provide additional support to consumers to help them understand the different protections available. The type of support we will provide includes:

- A plain English guide on what to expect of a solicitor and the different protections available, similar to the General Dental Council's "Smile Guide".
- Updating Legal Choices website content.
- Updating the consumer section of our website.
- We will also develop guidance for solicitors on providing information to their clients at point of engagement when we introduce the new requirements. This will include guidance on client care letters.
- **Quality signals** - We are considering what quality signals firms could use and we will develop guidance as part of our support package. This will include appropriate support to firms on how to engage with consumer feedback sites and guidance on how to contextualise and add to our requirements.

Timings for each action with key milestones

Review date

Consultation in September 2017

Two years after requirements in place (around end 2020)

Requirements in place during 2018

LSB high-level outcome

Promotion of the use of independent feedback platforms to help consumers to understand the quality of service offered by competing providers

Current and planned actions by the frontline regulator

Description of current and planned actions, including scope of action (i.e. types of provider/consumer/services affected)

- We will help facilitate the market to develop independent feedback platforms through making any data we publish available to re-publishers and through our increased data transparency requirements. We will provide guidance to solicitors on engaging with online reviews, which we think will lead to better digital comparison tools for consumers to use. We also believe that this will lead to:



- firms proactively engaging with consumer feedback and learning from it
- consumers engaging with the market by providing their own reviews and taking the reviews of others into consideration when comparing providers.

Timings for each action with key milestones

Review date

We will make the data available through an SRA digital register that we anticipate will be in place during 2019

LSB high-level outcome

Facilitation of the development of a dynamic intermediary market through making data more accessible to comparison tools and other intermediaries

Current and planned actions by the frontline regulator

Description of current and planned actions, including scope of action (i.e. types of provider/consumer/services affected)

- Our 'Regulatory data and consumer choice' project will identify data that the SRA should make available and how best to publish it. We will consult on our proposed areas of data later in 2017. The areas we are considering are:
 - basic regulatory data
 - enforcement action
 - complaints data
 - areas of practice.
- The information published will be available for third parties to use, for example, price comparison websites.
- We are undertaking a significant upgrade of our IT systems, which we aim to have completed by 2019. When this is completed, our new IT will facilitate the provision of more comprehensive and consistent information relating to firms.
- We are working with the other frontline regulators to explore the development of a single sector-wide digital register and to make sure, as far as possible, we take a consistent approach to the data we publish.

Timings for each action with key milestones

Review date

Consultation in September 2017

2021

We anticipate that an SRA digital register will be in place during 2019

LSB high-level outcome

Making better information available to assist consumers when they are identifying their legal needs and the types of legal services providers (both regulated and unregulated) who can help them.

Current and planned actions by the frontline regulator

Description of current and planned actions, including scope of action (i.e. types of provider/consumer/services affected)

- We will primarily seek to achieve this outcome through reviewing and developing the content of Legal Choices. We are working with the other frontline regulators to develop this content and refine how we market it and engage with consumers and small businesses. In doing so, we will, amongst other things, consider the CMA's detailed recommendations about content development and digital marketing.
- We are working in collaboration with those committed to the development of Legal Choices to develop a three year plan to significantly enhance Legal Choices. Part of this plan includes working with consumer groups to produce consumer journeys and content that will help the public and small businesses find the legal services they need. In order to ensure consumers have real choice, we need to consider how best to provide clear information about including what protections are in place and what the limitations to service are. We believe this will help consumers engage with the market and our aim is to reach 2-3 million users. We will also run campaigns to target high-risk and vulnerable consumers, supported by appropriate content. We will work with the relevant bodies in Scotland and Northern Ireland to make sure that consumers across the UK are well served.
- In summary, the key objectives of Legal Choices development are to:
 - increase consumer engagement in legal market
 - support other consumer empowerment measures like price transparency and complaints data
 - have 2-3 million users over three years
 - use appropriate metrics and indicators to evaluate how visitors engage
 - trial, test, refine methodology for driving traffic
 - research use and impact as we go.
- The CMA's December 2016 report challenges the regulators to make Legal Choices play "a major role in empowering legal services consumers". We are conscious of the fact that reaching consumers on a large

scale requires careful planning, along with a substantial commitment of energy, time, resource and budget.

- The Legal Choices team will continue to engage with key stakeholders and we plan to expand our existing editorial board. We will also establish a reference panel of consumer representatives with specialist expertise to provide a sounding board for the development of the website and its content.
- We have already increased the prominence of the link on our website to Legal Choices. We are exploring how best to proceed with the recommendation to encourage legal service providers to make consumers aware of Legal Choices.

Timings for each action with key milestones

We anticipate establishing an advisory panel of consumer representatives by September 2017.

Review date

2020

New governance and accountability mechanisms to be agreed by July 2018.

Notes

1. Read more information on 'Looking to the future'
2. [A better deal for families and firms](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/480798/a_better_deal_for_families_and_firms_web.pdf)
[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/480798/a_better_deal_for_families_and_firms_web.pdf], HM Treasury, November 2015
3. Delivering better outcomes for consumers and citizens, Legal Services Board, September 2016
4. Breaking the maze - Simplifying legal services regulation, Legal Services Consumer Panel, September 2013
5. Research by Comres, commissioned by the SRA, February 2016
6. Online survey of individuals' handling of legal issues in England and Wales 2015, Ipsos Mori Social Research Institute for The Legal Services Board and the Law Society, 2016
Legal professionals were defined as one of the following: solicitor, barrister, licensed conveyancer, notary, trade mark attorney, patent attorney, costs Lawyer, other Lawyer, employment adviser, immigration adviser, probate practitioner, and legal executive.
7. The legal needs of small businesses, Kingston University for the Legal Services Board, 2015
8. [Regulatory data and consumer choice](https://contact.sra.org.uk/sra/consultations/discussion-papers/regulatory-data-consumer-choice-legal-services/) [https://contact.sra.org.uk/sra/consultations/discussion-papers/regulatory-data-consumer-choice-legal-services/], 2016
9. Unjust Kingdom: UK Perceptions of the Legal and Justice System, Innovation in Law Report 2015, Hodge, Jones & Allen, 2015
10. [Paragraphs 10-15 of our response to Competition and Markets Authority Legal Services Market Study Interim Report](https://contact.sra.org.uk/sra/consultations/consultation-responses/cma-interim-report/) [https://contact.sra.org.uk/sra/consultations/consultation-responses/cma-interim-report/]
11. [Draft Codes of Conduct for Firms and Solicitors](https://contact.sra.org.uk/sra/consultations/consultation-listing/code-conduct-consultation/#downloads) [https://contact.sra.org.uk/sra/consultations/consultation-listing/code-conduct-consultation/#downloads]
12. www.legalchoices.org.uk [http://www.legalchoices.org.uk]
13. When we refer to Legal Services Act regulated firms, we mean those who are authorised to deliver reserved legal activities under the Legal Services Act (LSA)
14. Follow the Evidence Lessons from the Citizens Advice digital team
15. [A better deal for families and firms](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/480798/a_better_deal_for_families_and_firms_web.pdf)
[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/480798/a_better_deal_for_families_and_firms_web.pdf], HM Treasury, November 2015
16. www.legalservicesboard.org.uk/news_publications/LSB_News/PDF/2016/20160909_Delivering_Better_Outcomes_For_Consumers_And_Citizens.html
17. www.legalservicesconsumerpanel.org.uk/publications/consultation_responses/documents/20130902mojsimplification.pdf
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[http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/20170322_Information_Remedies.pdf]