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PANEL PUBLISHES FIRST ‘CONSUMER HEALTH CHECK’ OF LEGAL SERVICES REFORMS

The first assessment of the impact of the Legal Services Act on consumers shows that consumers lack power in their dealings with lawyers. Consumers generally do not shop around for legal services, cannot find information about the quality of different providers, approach lawyers with trepidation and lack the confidence to complain. There is also a social divide: consumers in lower socio-economic groups have less market power, are less trusting of lawyers and are more likely to feel they get poor value for money.

Other major concerns in the Legal Service Consumer Panel’s report include: cautious policy decisions by the Office for Legal Complaints; rising claims on the solicitors’ compensation fund; poor diversity at higher levels of the profession; slow implementation of rules requiring lay majorities on regulatory boards; and little consumer engagement by regulators.

The Panel has identified some key areas where consumers have benefited from the reforms. These include improved codes of conduct, greater diversity among new lawyers and vital rules to ensure independent regulation. The research also shows that the large majority of consumers are happy with the outcome of their legal work.

The Consumer Impact Report uses a basket of indicators to measure where consumers have gained and lost out from the reforms. Five areas are assessed: whether legal services are responding to people’s needs; the quality of advice; diversity; complaints-handling; and regulation.

Commenting on the Report, Dr Dianne Hayter, Chair of the Legal Services Consumer Panel, said:

“The Consumer Impact Report demonstrates that consumers have benefited in many ways from the Legal Services Act, but there remains much more to achieve before the reforms can be judged a success.

“Consumers are demanding more of businesses across the economy, but find it far harder to exercise their market power when dealing with lawyers. They

need a helping hand, such as access to complaints data, in order to play their full part in driving greater competition between firms.”

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For more information, contact Steve Brooker, Consumer Panel Manager, on 020 7271 0077.

Notes to editors

1. The Legal Services Consumer Panel was established under the Legal Services Act 2007 to provide independent advice to the Legal Services Board about the interests of consumers of legal services in England and Wales. We investigate issues that affect consumers and use this information to influence decisions about the regulation of legal services.
2. The key findings are reproduced overleaf.
3. On 21 June the Panel published new consumer research by YouGov – this has informed the Consumer Impact Report assessment. The research is available on our website
<http://www.legalservicesconsumerpanel.org.uk/ourwork/CWI/documents/TrackerSurveyReport.pdf>.
4. This Consumer Impact Report is the first of an annual exercise. The second edition is due for publication in June 2012.

Findings in summary

Strengths

- High overall satisfaction with outcome of legal work
- High satisfaction with most aspects of customer service
- More flexible, consumer-friendly rulebooks
- Major reviews started on scope of regulation and education and training
- Disciplinary procedures meeting timeliness targets
- A more diverse workforce on entry and generally a high momentum on diversity
- Internal Governance Rules lay foundation for independent regulation
- Good investment in research by Legal Services Board
- Generally good levels of transparency, but with exceptions
- All consultations lasting 12 weeks unless reasons given otherwise

Weaknesses

- A lack of consumer power – low shopping around, little information about quality of providers, lack of confidence to complain – is not driving competition
- Old customer care problems persist – delay, communication breakdown and costs
- Technical quality of legal work is unknown by regulators
- Quality Assurance Scheme for Advocates initiative undermined by weaknesses in proposals
- Low levels of trust in lawyers
- High volumes of allegations about misconduct and claims on Compensation Fund
- Low numbers of women and BME individuals at senior levels of workforce
- Wide gaps in confidence and quality of experience between socio-economic groups
- Codes of conduct lack specific duties related to consumers in vulnerable circumstances
- Cautious policy decisions by Legal Ombudsman – not publishing decisions, exclusion of third party complaints, low case fee income
- Weakness in intelligence flows failing to extract learning from complaints
- Lay majority rule implemented on only three out of seven regulatory boards
- Little consumer engagement
- Patchy performance on consultation feedback