



Comparison websites

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CONTENTS

1	Summary	1
2	Introduction	5
3	Opportunities and challenges	8
4	Ensuring credible comparison websites	16
5	Are the standards being followed?	22
6	Conclusions	35
	Annex: Draft standards	38
	Notes	40

1 Summary

Background

- 1.1. This report examines comparison websites as a form of “choice tool” for helping consumers to purchase legal services. Surveys show consumers would like access to such tools to compare and contrast providers, but only 1% who bought legal services in the last two years have used one. Some specialist websites have recently emerged to meet this demand. This report looks at four types:
 - Directories – listings of providers who may pay a basic fee to be listed or a larger fee for an enhanced listing;
 - Feedback websites – allow previous clients to provide feedback on their experience for others to read, often incorporating a scoring mechanism such as a star rating;
 - Referral websites – the website collects basic information about the consumer’s needs and passes the lead to one or more subscribing providers; and
 - Price comparison websites – allow consumers to instantly compare and make a choice between subscribing providers against defined search criteria such as price and quality.
- 1.2. There is debate over the suitability of comparison websites in legal services, but our starting point is that they are likely to have an increasing influence on consumer choice and so the focus as the market emerges should be on maximising the benefits whilst protecting consumers from the potential risks. In this context, the report first considers the opportunities and challenges facing consumers, law firms and the websites.
- 1.3. The second half of the report considers the standards which should underpin comparison websites, as there is evidence from other sectors that they do not always fully work in the interests of consumers; we would prefer to avoid these problems. In order to road-test the standards a small mystery shopping exercise was conducted using two simple but common scenarios: buying a home and making a will.

Opportunities and challenges

- 1.4. A key potential benefit of comparison websites, and one which addresses a real challenge in this sector, is enhancing access to legal services. People have little knowledge of the law and are not shopping around. Comparison websites can help to more easily connect consumers to suitable providers and provide helpful guides on choosing lawyers and areas of law.
- 1.5. Another potential benefit is to encourage greater competition on prices by offering a quick and convenient means for consumers to shop around and could be an incentive for providers offering good terms to disclose this information. There is also evidence that comparison websites which provide customer feedback can stimulate competition over quality and raise service standards. Although the profession fears that such sites may unfairly damage their reputations, research suggests people are actually more likely to leave positive than negative feedback.

- 1.6. Some stakeholders feel that comparison websites are unsuitable for legal services. There is concern about consumers choosing the wrong provider because they lack understanding of the best solution for their legal needs. Moreover, they consider that the emotional nature of legal problems means people will find such services too remote. From a provider's point of view, the nature of legal advice – which is not uniform and the required effort is hard to predict – makes it difficult to price accurately in advance, yet standardised packages and costs are the lifeblood of price comparison websites.
- 1.7. In our interviews with industry practitioners, the perception that comparison websites and legal services are simply not a good fit was the most common explanation for why they have yet to take off. Other factors suggested included issues around market structure: for example, it is too fragmented and consumers require legal services too infrequently and do not shop around. It is also said that the profession is culturally averse to marketing whilst there are also more practical barriers, such as lack of access to professional registers.
- 1.8. The Panel views these challenges as real, although in some cases exaggerated. It is also possible to see market changes – the ABS reforms, technological advances and rising consumer power – as likely to erode these away. This includes more legal services being delivered in standardised packages which facilitate easy online comparisons. The emergence of familiar legal brands taking a growing market share, each offering fixed fee services for a wide range of legal advice, will enable and stimulate demand for tools enabling comparisons of these. This is unlikely to happen in every or even most areas of law, but the most likely services – conveyancing, personal injury and wills – are those currently representing significant proportions of consumer spend.

Standards

- 1.9. As intermediaries between providers and consumers, comparison websites have to balance the interests of both sides; there are risks of consumers being exploited by gaming tactics and other practices, such as invasion of privacy, which can be hard for them to spot or to do anything about. This can actually reduce transparency and create the risk of consumers making poor choices. Research shows that consumers adopt a relatively savvy approach to using these sites that recognises the advantages and drawbacks. Despite this, a series of regulatory and self-regulatory interventions have been seen in the communications, energy and financial services sectors in an attempt to tackle consumer detriment.
- 1.10. The Panel has developed 20 standards which, if adopted, we consider would help to underpin consumer trust. This report presents these in draft form to provoke debate. The standards are reproduced in the Annex for easy reference grouped under the following six headings:
 - Accessibility – to disabled users; offline contact information; educational materials about the law; explanation of terms on comparison tables;
 - Independence and impartiality – the need for sites to be independent of providers; transparency about sources of revenue, including referral fees; and commercial influence on presentation of information being clearly identified;
 - Enabling good choices – market coverage; comparison on features other than price; ability to sort, filter and shortlist; transparency on assumptions about consumers; informing consumers when a match is not possible;
 - Accuracy – clear, full and accurate price information; keeping educational materials up-to-date; marketing claims;

- Use of personal information – privacy policies; collecting personal details; passing details to third parties; opting out of marketing communications; and
- Complaints – a complaints procedure.

1.11. In order to understand more about how these standards applied in practice, our mystery shopping involved two elements: exploration of websites in detail to ensure all information relevant to the standards was recorded; and obtaining a quote in order to assess them from the user perspective. Sixteen websites were assessed in the exercise.

Scrutiny of websites

- 1.12. We were pleased there was no evidence of commercial influence on the presentation of information such that consumers might make poor choices. Nor did the websites make assumptions about user preferences which could alter the order of providers in comparison tables. Overall, there was little marketing on the websites.
- 1.13. Performance was mixed on transparency. This was so around ownership, funding streams and, in particular, on market coverage, which we inferred from search results was often low. Linked to this was evidence of some dubious marketing claims, especially around quality claims.
- 1.14. There was poor performance in respect of use of personal information. Whilst many websites had privacy policies, personal details are being passed to third parties without consent. Consumers are not being given appropriate opportunity to opt out of this or to stop receiving marketing from the websites. Rather, giving up valued privacy seems to be a condition of using many of these comparison services.

User experience

- 1.15. A surprising finding was that 8 out of 10 search requests for a simple will made

using enquiry forms did not get responses from providers; in conveyancing this was 5 out of 10. We understand this is likely to be because providers considered these leads to be commercially unattractive. However, this is not very helpful for consumers, who are unlikely to return to websites if their needs were not fulfilled previously.

- 1.16. The exercise found mixed results around pricing. There was some evidence of good practice, for example fully inclusive and itemised quotes. However, the websites, and sometimes different providers on the same website, priced their services in different ways making comparisons hard. For example, some conveyancing quotes included disbursements, others did not.
- 1.17. Finally, the mystery shopping process revealed some of the advantages and drawbacks of the different website models. Referral sites are the most common. They have the advantage of the human touch and make claims around vetting providers. However, the main disadvantage is that choice of provider is made on the website's terms; they may not be the one whom the consumer would have chosen or whom offered the best deal. This is a serious issue when market coverage is low. High levels of transparency are crucial so consumers can appreciate these limitations. Price comparison websites have the greatest potential to empower consumers when they enable users to make instant comparisons based on cost and potentially a wide range of quality and service criteria. The main risks of this model are gaming by providers and consumers making poor choices.

Next steps

- 1.18. There is increasing interest in comparison websites in the legal services market. Whatever view is taken on their merits, they will succeed if consumers demand them, not if providers consent to them. Although legal services and comparison

websites are not a natural fit, it is likely they will soon have a more prominent role in influencing consumer choice across a wide spread of legal activities.

- 1.19. There are strong connections between the issues in this report and the Legal Services Act's regulatory objectives, including those relating to access to justice, protecting consumers, competition, a strong legal profession and public understanding of rights and duties. Legal regulators could further these objectives by facilitating the development of comparison websites and addressing poor practices which may cause consumer detriment. Indeed, regulators in other sectors have intervened on consumer protection grounds.

- 1.20. The Legal Services Board and the approved regulators do not have the statutory basis to directly regulate comparison websites, but the Board does have powers to facilitate self-regulatory solutions. In any case, due to the nascent stage of their development in this market, the Panel considers that self-regulation is the appropriate approach, at least at this stage. The next step should be to bring together industry and regulators to facilitate the emergence of websites that can inspire consumer trust. We have developed the draft standards as a starting point to build such a platform.

Recommendations

The Panel's advice to the Legal Services Board is as follows:

- The Legal Services Board should work with the Panel to facilitate discussion between consumers, comparison websites, providers and front-line regulators aiming to secure the voluntary adoption of good practice standards based on those in this report;
- In the longer-term, and depending on the progress of a self-regulatory solution, the Legal Services Board should consider the role of accreditation of comparison websites;
- Comparison websites should self-assess against the twenty standards and make remedial changes as necessary; and
- Approved Regulators should open up their professional registers so that comparison websites and others can use this data to provide innovative services to consumers.

2 Introduction

Comparison websites as a choice tool

- 2.1. The Legal Services Consumer Panel wants to help consumers make the most of the opportunities in the liberalised market. To do this they need the right tools to make good choices between providers who compete hard for their custom, spurring providers to offer high quality and affordable services that meet their needs.
- 2.2. Currently this is more an aspiration than reality. Our research shows consumers do little shopping around and feel intimidated when dealing with lawyers.¹ Moreover, 20% say they had been in a situation where seeking legal advice could have been beneficial but decided not to.² We are concerned that the benefits of recent market reforms will not be fully realised unless consumers are better equipped to demand more of providers.
- 2.3. This report examines the role of comparison websites as a 'choice tool' to empower consumers. The Department for Business, Innovation and Skills (BIS) wishes active consumers to drive competition in order to power economic growth. It considers that online tools such as consumer feedback and comparison sites can help consumers to make decisions that lead to better outcomes for them, whilst also putting pressure on providers to improve their product and service offerings and efficiency.³
- 2.4. There is debate about the extent to which comparison websites benefit consumers and would be a desirable feature in the legal services market. The Panel sees the potential benefits in terms of increasing competition, enhancing transparency and informing and educating consumers, but we also acknowledge risks in relation to providers gaming the sites and loss of privacy. Comparison sites also challenge providers' traditional business models whilst inherent features of legal services mean they are not a straightforward fit.
- 2.5. We outline these opportunities and challenges in the next chapter in order to frame later discussion, but we see the broad question of whether they should exist as largely irrelevant. They already exist and are not going to go away. The focus should therefore be on maximising the benefits whilst managing the potential risks.
- 2.6. Three questions underpin this report:
 - Are comparison websites a good thing for legal services consumers?
 - Why are comparison websites not already a key feature of the market?
 - What can be done to ensure that comparison websites are credible?
- 2.7. This investigation is one part of a wider programme of work by the Panel on choice tools for consumers. This includes calls for transparency over lawyers' complaints records and our report on voluntary quality schemes. This last piece of work has close parallels with the central theme of this report: harnessing consumer power to drive competition through the development of credible mechanisms to inform choice.

Comparison websites in legal services

- 2.8. Comparison websites allow consumers to compare and contrast information on products and services sold by multiple firms on the same website.⁴ Although they have existed for less than 20 years, in some sectors they have a major influence on purchase decisions. For example, they are the most common buying channel for motor and travel insurance.⁵
- 2.9. Whilst nearly three-quarters of online consumers visit comparison websites each year⁶ very few do so to find a lawyer. The Panel's research indicates that just 1% of consumers who purchased legal services in the last two years used one⁷ despite research indicating that 42% of consumers would like to see them.⁸ Some specialist websites have recently started, but it is surprising that the household names – for example, Comparethemarket, Confused, GoCompare, Moneysupermarket and Uswitch – have largely ignored the sector despite consumer spending on legal services being £25.5bn in 2010.⁹ The Panel is keen to identify any barriers preventing the development of comparison websites which could be removed and so we have conducted interviews with industry players to inform this report.
- 2.10. Research by Marketlaw identifies 35 active websites which generate enquiries for solicitors.¹⁰ This report considers four types of comparison website:
- Directories – listings of providers who may pay a basic fee to be listed or a larger fee for an enhanced listing;
 - Feedback websites – allow previous clients to provide feedback on their experience for others to read, often incorporating a scoring mechanism such as a star rating;
 - Referral websites – the website collects basic information about the consumer's

needs and passes the lead to one or more subscribing providers; and

- Price comparison websites – allow consumers to instantly compare and make a choice between subscribing providers against defined search criteria such as price and quality.
- 2.11. Therefore the Panel has used a broad definition of comparison websites as tools which help consumers to find and compare competing providers. Legal brands which offer consumers choice between providers within the same network, such as Quality Solicitors and High Street Lawyer, are excluded from scope.

Is there a need for standards?

- 2.12. There is some evidence that comparison websites do not always work in the interests of consumers. Concerns have centred on issues such as a lack of transparency, commercial influence on the presentation of information such that it unfairly manipulates consumer choice, limited market coverage and inappropriate use of personal information collected by sites. The Office of Fair Trading examined price comparison websites as part of a wider study on advertising of prices¹¹ whilst the Financial Services Authority¹² and Ofcom¹³ have intervened in their respective sectors in order to restore consumer trust. The BIS consumer strategy recognises the need to protect the integrity of such sites and is supporting the development of a self-regulatory quality mark.¹⁴
- 2.13. The Consumer Panel is concerned that the growth of comparison websites in legal services could be hindered if problems experienced in other sectors are repeated. Issues of trust are perhaps of particular importance in law due to the sometimes sensitive nature of legal services and the potentially severe personal, financial and other consequences of getting bad advice.

- 2.14. In this spirit, we decided to develop some thinking on the standards that comparison websites in legal services should meet in order to justify consumer trust. We have developed these based on a review of experience in other sectors, survey data on what most concerns consumers, interviews with industry participants and our own analysis of the particular challenges in the sector. We have shared our emerging thinking with BIS officials as this work has developed in order to ensure that our respective initiatives are complementary and do not duplicate effort.
- 2.15. In addition, the Panel has road-tested the standards by mystery shopping 16 sites listed opposite during November 2011. The sites were chosen based on the most visited websites according to Alexa rankings when relevant search terms were used. Two scenarios were designed to reflect simple yet common legal needs involving conveyancing and making a will.
- 2.16. The context of this report is the emergence of comparison websites and a more demanding consumer base. We aim to assist the development of credible comparison websites so they can help consumers to make good choices when purchasing legal services. The standards we have developed should support this ambition. They are published in draft form in the hope this will provoke interest from industry and open discussion about how they can be improved, and ultimately adopted, by the websites.

Websites assessed

Agentquote.co.uk
Comparelegalcosts.com
Comparelegalsolutions.com
Contactlaw.co.uk
Conveyancingstore.co.uk
Icomparesolicitors.co.uk
Lawcomparison.co.uk
Lawyerlocator.co.uk
Legalcompare.com
Legallybetter.com
Legallyconfused.com
Rightsolicitor.co.uk
Solicitor.info
Takelegaladvice.com
Unbiased.co.uk
Wigster.com

3 Opportunities and challenges

Introduction

- 3.1. There is debate about the extent to which comparison websites benefit consumers overall and their suitability for the legal services market in particular. Our starting point is that comparison websites are likely to play a more prominent role in consumer choice so the focus should be on making them work. With this expectation in mind, in this section, we explore the opportunities and challenges for consumers, providers and operators of comparison websites.

Opening up the market

Increasing public understanding

- 3.2. One of the statutory regulatory objectives is increasing public understanding of the citizen's legal rights and duties. Currently, however, people admit they have little knowledge about what lawyers do and a culture of deference to the profession persists. They often do not recognise their needs as legal¹⁵ or know what type of service they need. Elsewhere in the economy, consumers are increasingly demanding in their dealings with business, for example research by Consumer Focus has found that half the population now think consumers have more power to influence business and three quarters say they now make more of an effort to get the best deal.¹⁶ However, this progress is not mirrored in legal services: only 1 in 5 shops around and 1 in 4 uses the same provider that they or a family member have

used before. The Panel's first Consumer Impact Report identified empowering consumers as the most pressing challenge facing successful delivery of the reforms.¹⁷

- 3.3. It needs to be acknowledged at the start that not everyone is online. Ten million UK adults have never used the internet, including four million of the most excluded and disadvantaged people.¹⁸ However, one recognised benefit of comparison websites is increasing consumer understanding of the services offered.¹⁹ The very existence of such websites can make the law seem more directly accessible and help to connect consumers to providers. A more specific benefit is when such sites provide helpful tips on choosing lawyers and guides on areas of law. They also use simple language helping to demystify the law. When people have a little knowledge about their legal needs and the processes involved this can help providers to recommend solutions based on a more informed picture. Therefore, it is possible that these benefits can improve the utility of legal advice.
- 3.4. However, low legal capability and inertia also present commercial difficulties for comparison websites and law firms as capturing consumer attention is challenging. As well as lacking confidence, most people have recourse to legal advice only a few times during their lives and, when they do, these are usually distress purchases (e.g. getting divorced) or out of necessity (e.g. moving home). As legal services are not 'desire purchases' this is

likely to limit the effectiveness of advertising compared to other markets. By contrast, in other markets served by such websites there is switching activity or at least a need for regular engagement, e.g. to renew an insurance premium.

- 3.5. Reaching out to providers is also difficult due to the nature of the market, from the perspective of comparison websites. These features include a fragmented market made up of many small providers, a profession which spends only 2% of turnover on marketing and absence of well-known brands. It is costlier for comparison websites to reach a large number of providers each spending a low amount on marketing compared to a small number of large companies spending the same or higher proportion.

The nature of advice

- 3.6. One view is that the nature of legal advice means that consumers will not use comparison websites. Because the law is complex and each individual's circumstances are different this makes it difficult to judge the most suitable offer. Consumers are seen as primarily making choices between individual professionals rather than different legal packages, which requires a personal touch. Moreover, the emotional nature of the law means online selection is too impersonal. Interviewees also felt that consumers wanted to use local providers, which raises problems for sites around achieving wide geographic coverage. These factors combined with a lack of confidence means that consumers will not choose providers online or at least not without talking to someone first.
- 3.7. From the provider perspective, as the law is not a commodity, firms cannot package legal services in ways that would fit the comparison website model. In addition to consumers choosing an inappropriate adviser for their needs, in practical terms the debate centres on the viability of fixed

fees, which has been covered in detail in other reports. The consumer demand for fixed fees is accepted but there is nervousness about committing to fixed fees given the limited information known about the consumer's needs and the possibility of cases evolving – both factors making it difficult to predict the amount of time required. The Law Society's paper on comparison websites sums up this view: "*The challenge... will be to reconcile the public's desire for an instant quote and fixed-fee legal work with the reality that many areas of law are complex, lengthy, unpredictable, and, as such, cannot be achieved on a fixed-fee basis.*"²⁰

- 3.8. The literature suggests consumers will use price information to a greater extent for commodity-like products and are less likely to compare prices for products that are perceived or marketed as highly differentiated, even if the actual differences may be minimal. Equally, consumers are less likely to purchase products online that require inspection or judgement, especially when engaging in such transactions for the first time.²¹ These are all recognisable features of the legal services market.
- 3.9. However, some consumer needs can be adequately met through online delivery. A report by Oxera for the Law Society based on interviews with solicitors concluded that face-to-face advice was not necessary to deliver advice on conveyancing, personal injury, will-writing and simple legal issues.²² In the Civil and Social Justice Survey about half of clients' with legal problems predominant mode of contact with an advisor was other than by face-to-face.²³ There is evidence of a willingness to embrace online or at least remote delivery of legal services in some areas. For example, 12% of consumers who made their will in the last two years used an online service or DIY paper pack.²⁴ The imminent entrance of Legal Zoom and Rocket Lawyer – US businesses

specialising in document services and other online delivery vehicles – is a signal that serious investors think UK consumers will respond positively to these alternative ways of delivering legal services.

- 3.10. Technological advances will only increase the capability of online tools to diagnose and suggest solutions to meet people's legal needs. There is no wish on the Panel's part to undervalue or take away the human element of legal advice, and we see face-to-face advice as necessary in some situations, but we share the view that technology can properly enhance access to legal services in some areas, for example by enabling instant access to legal knowledge and intelligent diagnostic solutions, opening up markets and through improving efficiency and hence the affordability of services.

Towards fixed fees?

- 3.11. Some interviewees felt that the difficulties in setting fixed fees are exaggerated. In their view, lawyers need to accept more risk and carry out better cost recording so they can work out the right price to charge. This view would appear to be supported by the fact that around 80% of legal aid work – which tends to be more complex cases – is funded through fixed fees.²⁵ It is widely forecast that new ABS entrants will not hesitate to satisfy consumer demand for fixed fees across a wide range of services and that others will have to follow suit in order to compete effectively. This fait accompli may be real, although equally it may be difficult for small firms practising across many law areas to adjust as the low volume of work makes it harder to accurately predict what their costs will be. Small firms specialising in particular areas of law might be in a different position as they have a sufficient volume of similar work to price this with confidence. Indeed, comparison websites might provide a further nudge towards specialisation.

- 3.12. There is consensus that more routine, standardised and systematised work is better suited to the comparison website model partly because it facilitates fixed fees. Professor Richard Susskind has suggested two key trends: first, that for the majority of legal services, there is an increasingly pull by the market towards commoditisation; and, second that this is being enabled very largely (but not exclusively) by existing and emerging information technologies. This is expected to pull the market away from the delivery of legal advice on a bespoke basis including in areas of law that many people think will be unaffected. Indeed, he sees a vibrant electronic marketplace, including comparison websites, as one of the likely consequences of these developments.²⁶

- 3.13. Professor Susskind's prediction of a journey from 'bespoke' to 'commoditised' legal services has multiple stages. It may not be necessary to reach the final stage of commoditisation – defined as an IT-based offering that is undifferentiated in the marketplace in the eyes of consumers – before price comparison websites can flourish. Rather, legal services may only need to become 'standardised' – the second stage on his evolutionary path – before they become a sufficient fit. Standardisation refers to the use of either common methods of working or use of the same body of legal text, such as a document template. However, this is still delivered in a highly personalised manner with direct contact between lawyer and client. Standardisation thus starts to enable consumers to compare like with like, even if this involves as little as lawyers charging transparently on the same basis for similarly packaged work.

The professional registers

- 3.14. Finally, one very practical problem facing comparison websites is accessing reliable information about providers. They have

reputational risks if they provide inaccurate information about providers' contact details and the services they offer, so they prefer to verify this information with sectoral regulators. It would also benefit comparison websites to know the complaints and disciplinary records of subscribing firms, especially as some websites make claims that they vet providers before admitting them to panels.

- 3.15. However, the professional registers are not currently very open. One website operator told us they had approached the Solicitors Regulation Authority and The Law Society to request access to their records but permission was refused. We gather that reluctance to provide this information is explained by lack of confidence about data reliability which is being resolved, but this has had the unintended consequence of creating entry barriers for comparison websites. We hope information held about lawyers on professional registers will be made accessible and searchable in future. This would be consistent with the government agenda to promote access to data in an open and standardised format. This enables relationships to be made with other datasets so it can be reused in innovative ways.²⁷

Increasing competition

On price

- 3.16. A key potential benefit of comparison websites is to enhance competition by enabling consumers to easily compare similar services across a wide range of providers. The speed and convenience they offer compared to traditional search tools should increase the likelihood that consumers will shop around. Competition is also increased through greater transparency over pricing. This offers an incentive for providers offering good terms to disclose this information to consumers in order to differentiate themselves from

rivals who offer average terms. Thus it can be argued that comparison websites should lead to lower prices.²⁸

- 3.17. Some of the literature suggests these competition benefits may be limited. There is evidence that consumers choose brands over unknown providers offering better terms.²⁹ Research also shows that many consumers focus on providers which are the most prominent in search returns, being reluctant to spend time and effort on comparing each offer. This creates incentives for gaming tactics and deliberately complex pricing structures that actually reduce transparency, creating the risk of consumers making poor decisions. This risk is enhanced due to the nature of the online environment where people make choices quickly and without the opportunity to ask further questions of a salesperson. For example, research has shown that between 20-32% of consumers have lost money when changing electricity supplier.³⁰
- 3.18. As we highlighted in the previous section, the reluctance of some law firms to offer fixed prices is a key barrier for comparison websites. There is a general perception that solicitors are reluctant to advertise their prices, instead insisting on speaking to consumers first before giving a quote. Where price information is available, it may not be available in such a way that it can be 'scraped' from the provider's website. We do not underestimate these barriers, but there is consensus that ABS firms will satisfy consumer demand for fixed fees across a range of services. They can also be expected to challenge lawyers' cultural aversion to marketing, in fact offering them a cost-effective route to accessing a wide consumer base and enabling them to compete alongside well-known brands. The growth of solicitor networks and legal brands such as Quality Solicitors and High Street Lawyer is early evidence of this.

3.19. Another challenge is standardising the fees charged by lawyers in such a way as to enable meaningful comparisons. Firms adopt different charging structures, for example hourly rates, fixed fees and percentage based models, or combinations of the above. For hourly rates, as charges often depend on the seniority of the case handler this makes it harder for websites to give like-for-like comparisons. Of course, the hourly rate does not give consumers information on the duration of the case, which may vary for a number of factors, including depending on the lawyer's expertise and approach.

3.20. A further challenge is ensuring fair price comparisons, recognising that websites in other sectors have needed to deal with gaming tactics whereby price information is manipulated by firms in order to achieve more prominence. Charges are a major source of complaints in the legal services sector representing 19% of the Legal Ombudsman's caseload. The traditional pricing structures used by law firms create uncertainty about the size of the final bill. One particular issue is the separation of charges for core legal work and disbursements; some providers may quote for the entire job but others for core legal work only. There have been complaints about original estimates for work not including *mandatory* extras. These are issues which need to be tackled regardless of comparison websites. However, as well as posing risks, if these are successfully addressed, comparison websites could actually develop greater transparency over pricing and thus help to build greater confidence in the market.

On quality

3.21. The Panel's research shows that quality factors are not strongly influencing consumers' choice of lawyer despite them valuing reputation and claims of specialist expertise above other factors including

price. This is because they assume that all legal advisors are technically competent and lack information enabling them to differentiate on quality grounds. We have called on policymakers to find new ways to engage consumers so that they can take a more active role in demanding high quality legal advice which suits their needs.³¹

3.22. There is discomfort that price comparison websites in particular lead to an excessive focus on price to the extent that quality might become compromised. This is naturally of concern in legal services as poor quality advice can have serious negative consequences for consumers (and others indirectly affected) at critical life moments. One element of concern is that the complexity of some legal issues means that consumers do not have a good understanding of the level of service they need in order to get a good advice outcome. So they may choose a cheap but unsuitable or inferior offer. A second element of concern is that excessive price competition will lead providers to cut corners that unacceptably reduce quality. However, a benefit of comparison websites is that they enable consumers to select providers based on their particular needs and those characteristics which are important to them. This should reduce the risk of people buying inappropriate, poor quality or over-priced services.³² This is especially true of websites which allow comparisons on factors other than price, such as quality and presence of certain service features.

3.23. Given what we know about consumer behaviour, the Panel sees websites being most likely to succeed if they meet consumer demand to balance quality and price considerations when making choices. Indeed, it is possible that comparison websites will create greater incentives than exist now for both providers and websites to find better ways to differentiate on

quality, for example by providing details on accreditations and complaints data.

- 3.24. Comparison websites which include information about the quality of providers can create pressures to improve quality. Research by Consumer Focus suggests that consumers leave 100 million comments about service performance online each year – 50% of respondents in its survey had left positive feedback and 35% had left negative feedback.³³ Providers can learn from this information and make improvements. In the health sector, patientopinion.org.uk estimates that 8% of comments on its website lead to service improvements. The Care Quality Commission has access to information left on the site demonstrating that ‘softer’ data can be valuable to regulators.³⁴
- 3.25. Some interviewees perceived that lawyers are uncomfortable being compared with each other in public. This was especially the case in relation to customer feedback websites, which are feared due to the possibility of unfair and unwarranted comments being posted by some users and the damage this would cause to their professional reputations. The furore over the now closed website, Solicitorsfromhell, exemplifies this. Lawyers’ reluctance to embrace customer feedback websites is, on one level, understandable given their status as professionals and the major influence of reputation on consumer choice. However, the characterisation of such websites as giving a disproportionate voice to the minority of disaffected clients is misplaced when the statistics on the volume and positive nature of feedback are considered.
- 3.26. As feedback websites will not disappear it cannot be a sensible strategy to simply ignore them or protest. Moreover, those firms that positively embrace them have an opportunity to differentiate from rivals on quality and service – the most important things to consumers – and to learn and

make service improvements based on comments left by clients.

Trustworthy comparison websites

- 3.27. Comparison websites are intermediaries between providers and consumers and have to balance the interests of both sides. They need to adopt strategies that will encourage providers to participate, whilst maintaining consumer confidence in order to maintain a flow of traffic. This can create tensions, for example information about visitors to sites is valuable to providers, yet visitors may wish to keep their personal information private. The risk is that the better knowledge and stronger bargaining position held by providers tilts this balance such that consumers could be exploited.
- 3.28. Research by the Office of Fair Trading suggests that consumers are adopting a relatively savvy approach to the use of comparison websites that recognises both the advantages of these sites and the disadvantages. The main perceived drawbacks include: limited coverage of providers; the site making assumptions which could lead to a purchase that was not right; not having up-to-date prices; not being independent or impartial; insufficient information; too many options and choices; and comparisons not being like for like.³⁵
- 3.29. Although it is of some comfort to know that most consumers are alert to some of the risks, it would of concern if lack of trust was limiting the usage of these websites. In a survey, 21% of Which? members who chose not to use comparison websites said that a lack of trust was a key reason.³⁶
- 3.30. Investigations by regulators and other organisations appear to substantiate some of the concerns held by consumers. There has been particular scrutiny of comparison websites operating in the insurance sector, but sites focusing on communications and energy have also come under the spotlight.

A review of these suggests that the main areas of concern have been as follows:

- A lack of transparency around commercial relationships, including ownership and revenue streams, which could influence the presentation of information;
- Manipulation of the choice environment, for example through obfuscation, setting defaults, making assumptions about the consumer's preferences or increasing the prominence of certain deals. In addition, terms used to describe products or services can be difficult for consumers to understand;
- Limited market coverage, especially where this is not made transparent;
- Limited information provided about products or services, including an over-emphasis on price over other features;
- Inaccurate information, for example the prices quoted by providers differ from those on the comparison website;
- Misleading claims about the website's credentials; and
- Concerns about the collection and usage of personal information, including pestering sales tactics, passing information to third parties and difficulty in opting-out of marketing.

3.31. These problems have prompted regulators in some sectors to intervene. The Financial Services Authority has issued formal guidance following a review where it found failures to comply with its rules and with obligations under the Financial Services and Markets Act around selling of general insurance.³⁷ Ofcom has developed an accreditation scheme for price comparison calculators providing consumers with information and advice on communications services.³⁸ Consumer Focus operates a

voluntary accreditation scheme in the domestic gas and electricity sectors.³⁹

Conclusions

3.32. The Legal Services Consumer Panel takes a balanced view about the benefits and drawbacks of comparison websites, but overall we see them as a useful tool for helping consumers to make more informed choices when purchasing legal services. Experience suggests they have the potential to enhance competition, facilitate service improvements, increase consumer understanding of services and promote greater trust in markets.

3.33. A particular challenge in legal services is the need to enable comparisons based on criteria other than price – this reflects that legal services are packaged in different ways and consumers say that reputation and specialist expertise are the most important factors when choosing lawyers. It is also desirable for comparison websites to promote better understanding of the law and legal processes to support consumers in making informed decisions.

3.34. There are also concerns around the gaming of the sites by providers with methods used to price legal services, transparency over funding arrangements and use of personal data being particular risks in this market. Nevertheless, we consider that these risks can be mitigated through the way in which comparison websites operate. The Panel considers that consumer confidence that these services operate in their interests would be improved if they demonstrated adherence to some basic standards.

3.35. Comparison websites in legal services will succeed if consumers find them useful, not if providers consent to them. Consumers are increasingly demanding in what they expect from businesses and are making use of the internet to help them choose between providers. Legal services will not

be immune to these market forces, so lawyers should not resist comparison websites but use to them their advantage.

- 3.36. Nevertheless, the discussion above provides a series of clues as to why they have yet to really take off in legal services and barriers facing the *price* comparison website model in particular. Principal among these are the nature of legal advice and the absence of strong demand-side competition. From these flow a series of problems: legal services are not standardised in ways that enable like-for-like comparisons; there is low transparency over pricing; consumer inertia and lack of buying power; and a conservatism within the profession which resists active marketing of its services.
- 3.37. It may be that consumers will only ever use comparison websites in certain areas of law where having a personal chemistry with a provider is less important. Nevertheless, as law becomes increasingly commoditised as a result of technological advances and market reforms, more legal services will be delivered in standardised packages which facilitate easy online comparisons. There are already signs that consumers are willing to go beyond this and embrace online delivery of legal services. The entry of familiar retail brands and alternative delivery mechanisms by new entrants will only accelerate this shift. The process of disintermediation in financial services after the Big Bang may be seen in legal services following its own major liberalisation reforms.
- 3.38. The impact of ABS on the structure of the market is also important. The supply side is currently highly fragmented but a process of consolidation would make legal services more attractive to comparison websites, including those already operating elsewhere in the economy. The extent to which this will occur is unknown. However, we are already seeing marketing collectives and existing small providers

coming together under legal brands in anticipation of competition from financial services and other companies which have established brands. Should they offer similar legal advice products for fixed fees and service level promises, as we expect, this would provide much better foundations for the price comparison model.

- 3.39. The pricing of legal services may present the most intractable barrier. The shift towards fixed fees should considerably help matters, and it may only be a short while before this becomes the predominant charging model at least in standardised areas of law. Providers will be forced to adapt their business strategies or else fall behind. Trickier, though, is the lack of standardisation of pricing, which creates obvious gaming risks. This is of historic concern, but the issue is even more acute when consumers are trying to compare like with like offers in an online environment.
- 3.40. This leads us to conclude that the opportunities are great yet the challenges are very real. Nonetheless liberalisation, technological advances and increasing consumer power, are starting to erode them. Not all legal services will be suited to comparison websites, but the range that are will widen in future. As this market expands, so it is vital to ensure that comparison websites work well for consumers. We turn to the issue of standards in the next chapter of this report.

4 Ensuring credible comparison websites

Introduction

- 4.1. This section of the report presents a draft set of standards which the Panel considers should underpin comparison websites in legal services. The standards have drawn on those required of providers in other parts of the economy as well as taking account of particular issues likely to be relevant to legal services. They have been drafted to be widely applicable across the different comparison website models described in this report, although inevitably some of the standards will be more applicable to one type than others.
- 4.2. The standards are grouped under six headings. Under each standard we explain why we felt this was important and any key issues arising. They are reproduced for easy reference in an Annex.
- 4.3. Comparison websites are subject to the general law in areas such as advertising, consumer law, data protection and equalities legislation. Most consumer law was not written with the internet in mind, so its applicability to comparison websites is not always clear. However, the Office of Fair Trading has produced some useful guidance⁴⁰ and has taken enforcement action against sites.⁴¹ Of course, self-regulation is intended to deliver consumer benefits above general legal requirements. Where there may be some overlap between our draft standards and legal requirements, we have marked this with an asterisk in the heading.

A - Accessibility

1 – Websites must be accessible to disabled users*

- 4.4. Clearly, comparison websites should benefit all consumers of legal services and not discriminate against disabled users. Comparison websites are subject to equalities laws just like other businesses. Based on guidance in Ofcom's PASS accreditation scheme, steps to address accessibility may include ensuring blind and partially sighted users can use a screen-reader or enlarge text. For telephone based services this may include provision of a Textphone service for deaf users.

2 – Websites should make available an offline contact point

- 4.5. The benefits of comparison websites should be available to all consumers not just those online. This will be especially important if comparison websites become a key purchasing channel in the market. The complex nature of legal advice also makes it important for consumers to be able to seek assistance if they are unclear about what things mean. An address and phone number also enables consumers to know which country's laws apply and so assess what protections this offers. It also enhances confidence in the legitimacy of the website and provides a means of verifying the site's credentials. Contact

information should be available where consumers would reasonably expect to find it, not buried in an obscure location such as the terms and conditions section.

3 – Websites should provide clear and simple information to help consumers understand the legal services offered

- 4.6. Many consumers find legal services difficult to understand creating a risk they will make inappropriate choices. For example, 68% of people admit they have only a little or no knowledge about what lawyers do.⁴² Basic information about, for example, areas of law, using lawyers and legal costs would assist consumers. There are a variety of communication approaches which websites may use to do this.

4 – Information should be clear and easy to understand throughout the website. Technical terms should be explained preferably in situ on comparison tables

- 4.7. The legal process is sometimes surrounded by unnecessary jargon. There is a risk that consumers will make poor decisions if technical terms are not explained especially where these form part of the comparison process. Explanation of technical terms used in comparison tables should be accessible in situ as this is when users most have a direct need for them. Similarly, categories used by the websites to sort providers and explanation of rating systems should also be accessible at this point in the consumer's online journey.

B – Independence and impartiality

5 – Websites should be independent of legal services providers*

- 4.8. The independence of legal advice is a principle enshrined within codes of practice across the profession. There is a risk that the commercial interests of the owners of comparison websites influence the extent

of market coverage or how competing offers are presented. There is a particular risk in referral websites of ownership having an undue influence on the provider selected on the consumer's behalf. Bias can also occur in provision of content on websites, such as authorship of educational materials. For these reasons comparison websites should not be owned by or have close connections with legal services providers. Information about who owns the website should be disclosed in a place on the site where consumers could reasonably expect to find it.

6 – Websites should include easily accessible, clear information about how they are funded including any commercial relationships with legal services providers. This should include information about referral fees where applicable*

- 4.9. In order to ensure that comparison websites are free to use for consumers they need to generate revenue from providers and other sources. Typical revenue streams include subscriptions, commissions, click-through fees, sale of user data and advertisements. Therefore, deriving income from providers listed on the website is acceptable, but details about funding should be transparent in order to alert consumers to the possibility that this may influence the presentation of information on the website. This should be disclosed in a place on the site where consumers could reasonably expect to find it. Rules around referral fees should also be observed – this reflects the Panel's research which shows that transparency matters to consumers. It alerts consumers to the possibility of conflicts of interest, counters pressure selling, encourages consumers to shop around and helps regulators to monitor the market. Good practice would be to disclose referral fee information at various points: in general information sections, on quotation pages,

when the consumer selects a provider (or when a referral is made) and in later written correspondence with consumers.

7 – Any commercial influence on the presentation of information should be clearly identified. In particular, featured deals or promotions should be clearly identifiable as such*

- 4.10. It is possible for providers to pay to achieve a more prominent listing than would normally be the case based on the consumer's search criteria, e.g. featured deals. Such commercial influence on the order in which providers are listed or other content should be obvious to consumers as this might not represent the best deal. The distinction between content and advertising can become more easily blurred in an online environment creating a risk that consumers will be misled. It is important that consumers recognise when they are sent marketing messages, as indeed is required by advertising rules.

C – Enabling good choices

8 – Websites should include a sufficient number of providers to enable consumers to make a meaningful choice. They should be transparent about their level of market coverage, especially where the site has a limited number of providers*

- 4.11. It may not be feasible for websites to include all providers given the fragmented nature of the legal services market, but coverage should be sufficient to allow consumers to choose between deals that are reflective of the range on offer in the wider market place. This should include good coverage within each area of law offered and geographic region. Otherwise the risk is that consumers will choose an inferior deal without knowing the limitations of the search results. Problems of small coverage might be mitigated by transparency about the size of the market

covered, although it is not necessary to list every provider. Transparency would prompt consumers to visit similar websites to find the best deal. This information should be disclosed in a place on the site where consumers could reasonably expect to find it.

9 – Consumers should be able to compare providers on information other than price, e.g. quality and service features.

- 4.12. Consumers look for different things when choosing a lawyer, for example price, specialist expertise or service features such as opening hours. Inclusion of a range of information would address concerns about comparison sites creating an excessive focus on price, enabling consumers to take a rounded view of offers. This reflects that providers may have different strengths and weaknesses. Where ratings are given to providers to indicate quality the basis for these should be logical and clearly explained.

10 – Websites should make clear the basis on which a comparison is made. Consumers should be able to sort, filter and shortlist comparison tables according to every field of information present.

- 4.13. There should be transparency around how lists of providers have been generated, e.g. based on proximity of price. As consumers vary in the things they are looking for in a provider, it should be possible for users to change the order in which providers are listed according to their preferences. Such freedom also helps to restrict any commercial influence on the presentation of information that could manipulate the consumer's decision.

11 – Assumptions made about consumers that are used to generate quotes are clearly and prominently displayed on websites and at each stage where the consumer makes a choice so they are aware of these assumptions

- 4.14. Comparison websites may make assumptions about consumer preferences, which might produce a result that does not reflect their wishes. An example might be assuming consumers want a local lawyer when a provider located elsewhere in the country offers a better deal. Developments in technology are enabling websites to use complex algorithms to filter choices, for example determining price based on the likely complexity of a case. Websites should be transparent when they make such assumptions so that consumers are alerted to these. Ideally users should be able to indicate alternative preferences.

12 – Websites should advise the consumer where a search result does not match their specific request

- 4.15. Sometimes a comparison website will be unable to match consumers to a suitable provider, e.g. because there is no specialist in the legal area on its panel. Providers should not be referred work where they are not competent to act. It should also be made clear to consumers when comparison websites refer their case to an alternative provider than that chosen by the consumer. Should no provider be able to help, websites should proactively inform consumers of this rather than rely on silence as a form of rejection.

D - Accuracy

13 – The price quoted should reflect the total cost of the work including all mandatory fees and charges. There should be clarity around any excluded costs. Websites should make clear the basis for charging, e.g. a fixed fee or hourly rate. The price quoted should be available*

- 4.16. It is important for consumers to know the likely total cost of the work so they can assess whether to engage a provider at all. It is also essential that consumers are able to compare like with like in order to make an informed choice. However, providers tend to quote differently, which creates a risk of gaming so that consumers end up having chosen a more expensive option when the final bill arrives. A lack of clarity over costs represents high volumes of complaints to the Legal Ombudsman. There is a particular issue of some firms separating out mandatory disbursements from core legal work, which presents a misleading picture for consumers. Good practice would be to include all compulsory costs in a fully itemised quote and to list other costs that may arise separately. This should be consistently applied across providers. Another risk is that the price quoted on a comparison website is not available when the consumer contacts the provider because typically this information is manually obtained from providers rather than automatically 'scraped off' websites. Price information should be regularly sourced so it is up-to-date.

14 – Information should be kept up-to-date

- 4.17. Consumers may rely on information provided on websites to make important personal decisions, e.g. changes to the inheritance tax threshold when making a will. This makes it important for websites to regularly review any educational materials.

15 – Marketing statements should be factually correct, up-to-date and avoid misleading or exaggerated claims*

- 4.18. Consumers may choose to use a particular comparison website due to claims it makes, e.g. its market coverage or the procedures it uses to vet providers. Comparison websites must in any case adhere to advertising rules. From March 2011 the digital remit of the CAP code has been extended to cover marketing communications on organisations' own websites. It applies to: 'Advertisements and other marketing communications by or from companies, organisations or sole traders on their own websites, or in other non-paid-for space online under their control, that are directly connected with the supply or transfer of goods, services, opportunities and gifts, or which consist of direct solicitations of donations as part of their own fund-raising activities.'⁴³

E – Use of personal information

16 – Websites should publish a standalone privacy policy

- 4.19. When prompted, six in ten consumers say they are concerned about privacy online.⁴⁴ Consumers may benefit from sharing their personal data, for example it helps to fund free content and delivers more personalised services. However, there are also risks – personal data may be mislaid or used for purposes which the consumer may not want.⁴⁵ The sensitive nature of legal services makes the security and treatment of personal data especially important. Consumers can only take responsibility for and control use of their personal data if they know how their data are being used. Privacy policies explain how businesses use personal data and protect people's privacy. Ideally, comparison websites should provide a standalone privacy policy in a prominent

position on the homepage. This should be concise and written in plain language.

17 – Personal information should be collected only when necessary

- 4.20. Collecting information only when necessary limits the risks of personal data being mislaid or misused. Consumers should not feel they have no choice to give up elements of their privacy in order to compare providers. The implications of this standard will vary depending on the type of comparison website. Some consumers use comparison websites as a research tool and so should only have to provide limited personal information in order to obtain a quote. When more sophisticated diagnostic tools are used it is likely that additional information would improve outcomes for consumers. Transparency around when personal information is being collected and the reasons for this will help consumers.

18 – Personal information should not be passed to third parties without the consumer's explicit consent*

- 4.21. Privacy concerns are greatest where personal information is being sold to third parties for them to target the consumer with their products and services – 79% of internet users surveyed by the Communications Consumer Panel said they had a high level of concern about this.⁴⁶ Guidance from the Information Commissioner's Office states that websites need to have a positive indication of consent, although it is not true that this must be obtained by the user ticking a box. Rather there must be some form of communication where the user knowingly indicates consent.⁴⁷ The Panel considers that good practice would include explaining passing of data to third parties in privacy policies and to obtain the user's explicit consent through an opt-in box at the most appropriate stage of the online journey.

19 – It should be easy for consumers to opt out of marketing communications*

- 4.22. Websites should ask permission before sending consumers marketing communications, for the same reasons as above. Research shows that 73% of internet users regularly opt out of receiving marketing or information from a company suggesting consumers consider this is an important option. Guidance from the Information Commissioner's Office states that failing to register an objection will be unlikely to constitute valid consent, although in context this may be part of the mechanism whereby a person indicates consent. The crucial consideration is that users must fully appreciate that they are consenting and must fully appreciate what they are consenting to. Although under law a suitably prominent opt out box may be a sufficient consent mechanism, the Panel considers it good practice to ask users to explicitly opt in to receiving marketing.

F – Complaints

20 – Websites should have an effective consumer complaints procedure

- 4.23. Every service provider should be open to feedback and attempt to put right any harm experienced by users due to inadequacies in its procedures. Issues raised by one user might reveal systemic problems that need to be addressed. Comparison websites are no exception to this rule and should actively welcome complaints as a learning tool. Information about how to complain should be disclosed in a place on the site where consumers could reasonably expect to find it.

5 Are the standards being followed?

Introduction

- 5.1. The Panel wished to test whether the standards outlined in the previous chapter were suitable for the comparison website models currently in operation in the legal services market. We did this by using two scenarios involving simple legal needs: making a will and buying a property. Brief details are provided in the box opposite.
- 5.2. The websites were tested from two perspectives. First, they were explored in detail in order to ensure that all publically provided information about each site's operations relevant to the standards was recorded. However, typical users will not scrutinise websites in forensic detail so we also considered the sites from the perspective of an ordinary consumer. Therefore the second aspect of the mystery shopping was to obtain quotes for both of the scenarios already described. The shoppers also looked for educational information relating to their enquiries.
- 5.3. The limitations of this research approach are acknowledged from the outset. Every website was tested once for each scenario and so the findings may not be representative of all visitors. Simple scenarios were chosen to allow inclusion of a wide range of websites and for ease of comparison; it is possible that the sites perform differently for more complex scenarios. Therefore the findings reported below are illustrative, but they nevertheless

offer useful insight and which we consider are sufficient to validate the standards.

- 5.4. The findings are reported under the six standards headings in the previous chapter. Table 1 provides a reference guide incorporating information on the websites and outcomes of the mystery shopping exercise.

Scenarios

Neil is 60, single, has no children or other dependants and is living in rented accommodation. He has an income of £35,000. He wishes to make a will leaving £10,000 to the RSPCA and the remainder of his estate (about another £50,000 in savings) to his sister.

Rachel is a first-time buyer purchasing the freehold of a house in York for £195,000. The property is being bought with a mixture of mortgage with Santander and cash. She is happy to deal with her lawyer online without face-to-face meetings.

Table 1 – Mystery shopping outcomes

Website	Type				Conveyancing outcome	Wills outcome
	D	F	R	P		
Agentquote.co.uk				✓	17 quotes from £718 to £1,325 including VAT and disbursements	n/a – conveyancing only site
Comparelegalcosts.com			✓		Referral to three firms, one reply: £500 + VAT and disbursements	Referral to three firms - no replies
Comparelegalsolutions.com				✓	User chose one firm – no reply	User chose one firm - no reply
Contactlaw.co.uk			✓		Referral to two firms, quotes of £550 + VAT + disbursements; £720 inc VAT plus disbursements	Referral to one firm - quoted £150
Conveyancingstore.co.uk				✓	21 quotes from £655 to £1,311 including VAT and disbursements	n/a – conveyancing only site
Icomparesolicitors.co.uk		✓			Enquiry form sent but no response	Enquiry form sent but no response
Lawcomparison.co.uk				✓	One firm selected – no reply	Three firms selected - no replies
Lawyerlocator.co.uk			✓		Referral to ten firms – one wanted further information, but zero quotes	Referral to ten firms but no replies
Legalcompare.com				✓	Selected firm quoting £229 fixed fee, after telephone call £686 (due to disbursements and VAT)	Selected firm quoting £29, different firm responded quoting £150
Legallybetter.com		✓			n/a – no enquiry form	n/a – no enquiry form
Legallyconfused.com			✓		Enquiry form sent, one quote for £1,092 inc VAT and disbursements	Enquiry form sent but no response
Rightsolicitor.co.uk		✓			Two firms selected, reply from a third quoting £937 for everything	Enquiry form sent but no response
Solicitor.info		✓			n/a – no enquiry form	n/a – no enquiry form
Takelegaladvice.com			✓		Enquiry form sent, referral to firm, TLA email saying could not help	Enquiry form sent, referral to firm, TLA email saying could not help
Unbiased.co.uk	✓				n/a – no enquiry form	n/a – no enquiry form
Wigster.com				✓	29 quotes from £210 to £840 inc VAT plus disbursements	8 quotes from £90 to £210

Code: D = directory, F = feedback, R = referral, P = price comparison

Accessibility

Offline contact details

- 5.5. There was a mixed picture on the availability of contact details: 10 out of 16 sites provided a telephone number whilst just eight provided a postal address. Five of the websites tested provided neither. Moreover, this information was not always provided in an obvious location such as a 'Contact Us' section, but instead could be found in less consumer-facing parts of the site, e.g. the terms and conditions section.

Information materials

- 5.6. We were pleased to find that information on the sites was clear and easy to understand. Jargon was minimal and each of the price comparison websites tested explained technical terms in situ on the comparison tables.
- 5.7. Across the websites a wide range of techniques were used to provide helpful information to consumers about areas of law, choosing lawyers and costs. These included articles, blogs, forums, FAQs, glossaries, live chat facilities, videos and links to Yahoo answers.
- 5.8. Overall though the quality of information on each website was fairly limited, although we found some examples of good practice. Sometimes the information was restricted to a very short and basic description of an area of law with a prompt to use the search facility – this felt like a sales pitch rather than being genuinely helpful. One issue where the sites need to exercise care is placing too much importance on the need to seek professional advice in all situations when suitable alternatives exist. Such alternatives might include providers other than solicitors (e.g. licensed conveyancers) or sources of information that would enable some consumers to resolve a dispute by themselves (e.g. a consumer rights issue).

Good practice

Takelegaladvice.com contains a mixture of news articles, blogs and general information about different areas of law. There is also a forum with an 'Ask the expert' facility.

Unbiased.co.uk provides materials on what to expect from a solicitor, guides to areas of law, short videos on some aspects of legal advice, a glossary of legal terms and a related Yahoo answers section. In October 2011, it ran a 'write a will week', which achieved over 150 pieces of media coverage.

Wigster.com provides simple information about different areas of law, for example a step-by-step guide to the conveyancing process.

Independence and impartiality

Transparency around ownership and funding arrangements

- 5.9. Levels of transparency around ownership of the websites were mixed. Six sites made specific statements about who owned them, although this was rarely provided with any contextual information about the owners meaning that a user could not draw a conclusion about whether the site was independent of the providers listed on it. A further five sites made general statements to the effect that they were independent but without any specific information to support such statements. This sometimes was used to promote a site's credentials – e.g. "we are a truly independent conveyancing comparison site"; we are "totally impartial" – suggesting that comparison websites view independence as important to consumers. Five of the

websites contained no details about their ownership.

- 5.10. Transparency around funding was better as 11 of the 16 sites contained at least some information about their sources of revenue. Particularly where referral fees are involved, a clear intention of providing information was to reassure consumers that this would not be added to their bill or did not affect the search results. As the Panel does not know how the websites are actually funded we cannot say whether the information provided is complete.
- 5.11. One area of concern is the location of details about funding on the website; this was also the case with information about ownership. For example, funding details could be found in sections of the website targeted at providers instead of consumers or it might be in the small print of the terms and conditions section rather than in an 'About Us' or 'FAQs' section where most users would expect to find such details. However, there were also examples of good practice, for example when referral fee information was provided at multiple stages – in general information aimed at all users, on the comparison table pages and in subsequent email correspondence.
- 5.12. A recent development is a new partnership between TakeLegalAdvice.com and Click Law 24, which gives members of the public access to written advice from practising barristers on a wide range of legal matters, for a fixed-fee of £50. Click Law 24 is a division of a firm of solicitors.

Commercial influence

- 5.13. We were pleased to find no evidence of commercial influence on the presentation of information. This reflected a general absence of advertising or sponsored deals that are a common feature of comparison websites in other parts of the economy. In the price comparison websites tested the search results were ranked by either

geographical proximity or lowest price first rather than any non-obvious order. One exception to this was icompare solicitors – a customer feedback site – where the provider listed first did not have the highest star rating and no information about the user's location had been entered. The website also did not have a facility for users to reorder the search results.

- 5.14. An issue facing referral websites is that the general user is unable to tell whether there is any commercial influence on the choice of provider made by the site. For example, it is conceivable that providers may pay a higher subscription rate or referral fee in exchange for a higher proportion of leads. The nature of the referral website model gives a stronger imperative for high levels of transparency about funding and statements to reassure consumers about influence on recommended providers.

Enabling good choices

Market coverage

- 5.15. There was a disappointing lack of transparency around the number or proportion of providers covered by the comparison websites. Only four of the sites gave specific information about this although even then not always in a place on the site where consumers could reasonably expect to find it (e.g. a list of all providers in a link on the terms and conditions page). A further six websites made general statements about market coverage, while no information about this was found in the remaining 10 sites.
- 5.16. Based on search returns it appeared that market coverage was often limited, even though there were no statements about this. For example, searches based on postcode details returned only a small number of providers within a few miles proximity. Another indicator was the total number of providers listed being small or when the total number of providers listed

was reasonably large but on closer inspection contained multiple branches of the same provider in different locations rather than many different providers.

- 5.17. One issue in the conveyancing search was a price comparison website being unable to assist because none of the providers listed was a member of the mortgage lender's panel of solicitors. If panels are restricted to a small number of providers – and a trend is towards consolidation – this obviously restricts the ability of comparison websites to offer consumers wide choice. This is also a potential issue in other areas of law involving panels, e.g. by insurers.
- 5.18. One potential issue is that websites might have a large number of providers overall but few which practise in the area of law required by consumers. Therefore, good practice would be to indicate in the search return pages the total applicable providers the search was based on. A wider regulatory issue (which comparison websites can do little about) is when providers say they offer services across all or many areas of law but in reality their actual caseload is limited to a small number of areas. This risks giving false assurance about a provider's expertise.
- 5.19. Again, full transparency on market coverage is particularly important for the referral site model so that consumers can have reassurance that recommendations are reflective of the range of deals on offer in the wider market place. Referral sites can mitigate this problem by offering consumers a selection of providers to choose between. Practice varies – whilst ContactLaw and Takelegaladvice referred to one provider, Comparelegalcosts provided details of three providers and Lawyerlocator gave details of ten.
- 5.20. A claimed advantage of the referral model is that the sites extract information about the consumer's circumstances which allows a suitable match to be found more

precisely than by other methods. If true this would help to mitigate problems of limited market coverage. However, in practice the mystery shopping exercise found very little interrogation of the shoppers' needs either in the enquiry form or in conversations with enquiry handlers. We acknowledge it is possible this is due to the simple scenarios presented and that consumers with more complex scenarios may have greater interaction with enquiry handlers.

Good practice

Contactlaw.co.uk clearly states on the website's homepage that users can compare over 5,000 solicitors.

Lawyerlocator.co.uk states the number of firms that users may search between – over 11,000 – in large-sized text next to the search button on the homepage.

Features of offers

- 5.21. Our comments in this section are confined to the price comparison website model. In the referral model the website or an advisor holds details about the providers and tries to find a suitable match based on the consumer's needs.
- 5.22. Some of the price comparison websites give a wide range of information about the providers. In addition to price, this often includes a quality indicator, such as a star rating or customer feedback, and details about various service features. The latter includes: disabled access; face-to-face and other delivery methods; funding options; gender; languages spoken; opening hours; and quality marks/accreditations. This is all potentially useful information for consumers and is to be encouraged.

- 5.23. One issue relating to customer feedback is that some websites are evidently quite new and the volume of user ratings is low with many providers not having any ratings. Some websites do not set a minimum threshold for volume or frequency of customer feedback before allocating a star rating, e.g. Wigster has examples of five star ratings for providers based on a single customer feedback. Setting a minimum threshold would offer some assurance that the feedback is reasonably representative of the overall user experience (putting aside issues around the type of users who leave feedback on such websites).
- 5.24. Direct customer feedback is powerful, but as discussed in chapter two there are risks of gaming by providers, e.g. posting their own reviews. These risks can be mitigated through the systems and controls used by comparison websites, but there were some approaches which concerned us. For example, Legallybetter sends each piece of customer feedback to providers for their “appraisal and verification” and it is the provider’s decision whether to publish these comments. Providers may also publish testimonials they receive from clients. In the Panel’s view this would appear to give providers significant discretion not to publish critical comments creating the risk that the website does not give a balanced account of client feedback. We note that all the providers listed in the wills search had a maximum of five stars. Solicitor.info is another website which allows providers to copy ratings/comments from their own customer feedback, although there was a spread of ratings from one to five for the providers listed.
- 5.25. Some websites incorporate ratings based on criteria other than customer feedback. For example, Lawyerlocator allocates star ratings based on accreditations and the presence of certain service features. An issue with this approach is the extent to which consumers take a different meaning

of the rating to that intended by the site. At the very least, this requires websites to be transparent about the criteria they use to allocate ratings to providers.

Good practice

Lawyerlocator.co.uk allows users to narrow searches by criteria including location, area of law, accreditations, legal aid, pricing structure, face-to-face provision, out-of-hours provision, office visits, home visits, client extranet, gender and language.

Wigster.com provides information in comparison tables about location, price, quality ratings and service features including online tracking, email correspondence, home visits, flexible payments and a promise to call back within a fixed number of hours. Users are able to reorder the list of providers according to each of these service features.

Assumptions made about users

- 5.26. Generally the websites made few assumptions about consumer preferences so it followed that this had little bearing on search results. For example, the sites typically asked for postcode location and returned searches listed by geographical proximity or lowest price first. The few price comparison websites enabled users to sort by searches against these and other features recorded against providers.
- 5.27. There are examples of sites which ask consumers to provide a wider range of information about their circumstances which may have an impact on the search results. For example, for a conveyancing search Wigster asks for details on the value of the property being purchased.

Conveyancers commonly price services based on property value bands. We can see that this information enables more sophisticated and hence accurate pricing of services which is of benefit to providers and consumers alike. In particular, it would help to address barriers to fixed fees as discussed in chapter three.

Advising consumers when a website is unable to satisfy their request

- 5.28. The Panel was greatly surprised to find that 8 out of 10 of our search requests for a simple will using enquiry forms did not get any responses from providers. This may reflect that some sites are not active. However, this was also true of some better funded and more established comparison websites in this report. For example, Lawyerlocator referred to ten providers and Comparelegalcosts to three providers, yet in both cases no responses were received. One interviewee suggested this was because providers felt the case was not sufficiently commercially attractive. Conveyancing enquiries – where the work was higher value – was little better getting five replies from the ten enquiries made.
- 5.29. Whatever the financial realities for law firms this is clearly a deeply unsatisfactory situation for consumers. Indeed, it may be short-sighted on the part of providers as a client who is pleased with their will could be the source of more lucrative work in the future. For the comparison websites, a consumer who is rebuffed once is unlikely to return for other legal needs.
- 5.30. In the event that a website is unable to find a suitable match it should proactively inform consumers of this. However, this happened in only two of the seven cases referred to above. Other websites relied on the consumer to contact them in order to contact another provider or to visit case tracking systems and message boards to check for updates.

Accuracy

Pricing

- 5.31. Our intention to assess the accuracy of pricing was frustrated by the failure of selected or referred providers to contact our mystery shoppers. In addition, some websites claiming to offer instant price comparisons only listed prices for a small number of providers stating £POA for the majority on the search return. Therefore obtaining a quote was often surprisingly challenging from the user perspective.
- 5.32. The degree of price dispersion reinforces our earlier comments on market coverage. As an illustration, fixed fees for the will scenario on Legalcompare.com ranged from £20-£150 and for the conveyancing scenario £229-£1,250. This shows it pays to shop around. However, in a scenario where a website listed few providers, and it was not transparent about this fact, this would give a misleading impression about the typical range of prices for legal work. This raises a particular issue for referral websites as their decision criteria are unlikely to be mainly price driven otherwise the work would go to the same providers. Again, transparency is critically important. This risk can be mitigated by referral to multiple providers. For example, in the conveyancing case Contactlaw referred to both a local provider and one in another part of the country to enable a comparison.
- 5.33. The websites had different approaches to presentation of price information; this was particularly relevant to conveyancing. For example, the provider referred through Comparelegalcosts quoted a price for legal work plus VAT plus disbursements without stating how much these extras would add to the bill whereas Agentquote quoted a total amount based on legal work, VAT and disbursements. Since disbursements can add significantly to the bill this creates an incentive for websites to quote based on legal work only whereas it is in the best

interests of consumers to have the fullest possible price information. This can lead to variations between the price quoted on the website and the price later given by the provider. For example, Legalcompare.com quoted one provider at a fixed fee of £229 but the price changed to a fixed fee of £686 when the mystery shopper spoke to the provider on the telephone to confirm the price.

5.34. As a general observation it is helpful for consumers for price information to be provided in writing, especially when the cost might consist of different component parts, as with conveyancing. It can be hard for inexperienced consumers in particular to ask the right questions and to keep an accurate note of such costs when they are provided only on the telephone. The ideal scenario is comparison tables which allow users to shortlist and compare firms based on consistent and fully inclusive and itemised price information.

5.35. We were pleased to find some evidence of detailed cost breakdowns. Good practice included itemised lists of disbursements and clear statements about what was included and excluded from the price, such as fees related to dealing with lenders. However, in some cases there were issues about the extent to which a fixed fee would be the total amount paid. For example, Wigster.com stated that the price quoted for a will was limited to 1.5 hours of work and for conveyancing 4 hours. Although this information was transparent, it is unhelpful for consumers who are unlikely to know whether the time involved is likely to exceed this length and removes all risk of extra work from the provider. It is telling that fixed fee quotes never seem to offer a discount if the work takes less time than was considered typical by the provider.

Good practice

Agentquote.co.uk provides detailed conveyancing quote/illustrations for the total price including VAT and disbursements. A breakdown of charges includes separate costs for various fees and searches. Details on included services or features of the deal are also provided, such as ‘no completion no fee’, redemption of the existing mortgage and completion of the Stamp Duty Land Tax Return.

Conveyancingstore.co.uk provides comparison tables with separate columns showing legal costs, disbursements and the total cost. Users can click through for a detailed breakdown of costs. All solicitors listed on the website commit to a ‘price promise’ where “the price you pay is the price you see with no hidden extras”.

Marketing claims

- 5.36. About half of the websites made general claims about the benefits to consumers of using their services. These related to the quality of providers, cheap prices, market coverage, privacy and websites being the ‘market leader’ or ‘pioneers’.
- 5.37. Eight websites made statements about the quality of providers – to give a flavour of these a selection is provided in the box overleaf. Mostly these involved claims about providers being specialists or vetted as part of a quality assurance process. The interviews with referral website operators revealed that some meet with providers face-to-face before ‘signing them up’, although this would only be possible for those with limited coverage. There is also some evidence of websites requiring

Marketing claims on quality

“All of our solicitors are registered with the Law Society”

“You are assured of a quality service as all the solicitors on our site have been vetted to ensure they meet the highest possible service standards”

“Our solicitors are chosen for their specialist expertise in their area of law so you know you are talking to an expert for your issue not a general practitioner”

“We only accept reputable solicitors on our panel so you can be assured service 5 star”

“With a dedicated professional panel of some of the most reputable firms in the country, if you need professional legal services you’ve come to the right place”

“All of our solicitors have been vetted by us and rated by you to ensure they provide a great service at a good price”

service level agreements with the risk of expulsion if consumers complained about poor service. However, where such claims were made we generally could not find further information to verify these. On a couple of occasions there were meaningless claims, for example that all solicitors were registered with the SRA – of course, this is necessary for all solicitors.

- 5.38. The use of accreditations as indicators of quality presents interesting issues, which the Panel has recently addressed in its report on voluntary quality schemes. Our examination of 13 of these identified a need to strengthen key areas in some schemes, such as checks on the ongoing

competence of providers, before they could be relied on as indicators that members are better than the market average. The report identified a demand by consumers for a ‘seal of approval’ from a trusted source and recommended that the schemes and regulators discuss the merits of a system of independent accreditation. Such a move would enable comparison websites to differentiate providers based on more credible indicators of quality.

Use of personal information

Privacy statements

- 5.39. Ten of the 16 websites had a standalone privacy policy describing how they use personal data and protect people’s privacy. In four of the websites there were either general claims about privacy or privacy statements contained within other sections of the website, such as in FAQs or in the terms and conditions area. No information about usage of personal information could be found in two of the websites.
- 5.40. There was mixed performance in the extent to which privacy policies were concise, covered the issues that research suggests concerns consumers and were written in plain language.

Collection of personal information

- 5.41. The websites adopted different procedures in relation to when users were required to submit personal details in order to access services on the website. Directories and customer feedback websites tended not to require any registration instead giving information enabling users to contact the providers directly. Practice varied in the referral and price comparison websites models. Some sites required registration before search tools could be used whereas others required registration only at the point when users selected, or asked to be referred, to providers. The Panel considers

that privacy is best protected when users are required to provide personal details only when it is necessary to enable the comparison website to connect them with legal services providers.

- 5.42. Another issue is the extent of personal information required. Registration may require a postal address or date of birth, which would seem unnecessary given the comparison service is delivered remotely. More important is when sensitive details about the consumer's case are requested. As previously discussed, generic details provided by users about their legal needs can help comparison websites to price more accurately and find suitable matches, but this information should be kept to the minimum necessary to obtain a quote. Further details that would enable providers to deliver services should be requested once the consumer agrees to proceed. For the wills search, Wigster.com requested information about the number of beneficiaries and value of assets, which we see could be used as a proxy for the complexity of the will and hence a price on this basis. However, the enquiry form also asked for the names of the beneficiaries and executors, which, in our view, is not needed at this stage and presents unnecessary information security risks.
- 5.43. A final issue is when websites pass personal information to providers other than those selected by users. This can help to improve efficiency, for example should the chosen provider not be able to offer the required service. It is important that websites are transparent about this and offer users the option of opting-out of this facility, as there is a small risk that personal details may be sent to providers with whom the user previously had a bad experience. In one website the referral appeared to extend beyond the website's own network of providers, as an enquiry sent by the site to one firm of solicitors was referred by it to another firm without the

consumer's knowledge or consent. This not only presents privacy issues, but also considerations around quality controls and transparency of referral fee relationships.

Passing information to third parties

- 5.44. This can happen in three ways. First, the provider selected by the user or website is technically a third party and so passing on personal details is necessary in order for comparison websites to function. Second, it may be necessary to pass on information for regulatory reasons or if the business is sold. The third way is when personal details are passed to other third parties for marketing purposes. The Panel's concern is with the last of these.
- 5.45. Scrutiny of privacy policies across the 16 websites identified the following:
- Six have a policy of not passing user details to third parties for marketing purposes;
 - Three pass user details to third parties but allow users to consent by either opting in or opting out;
 - One sends offers to users on behalf of third parties but without disclosing user details to those third parties;
 - Three pass user details to third parties but do not give consumers the opportunity to opt out;
 - One has a privacy policy which makes no mention of third parties; and
 - As described above, no privacy policies could be found for two websites and this meant it was not possible to ascertain whether user details were passed to third parties.
- 5.46. Therefore, practice varies widely and it would appear that some practices are not consistent with the guidance issued by the Information Commissioner. Of particular concern are those three websites which do not allow users to opt out; it is thus a

condition of using the website, although users would need to examine the privacy policy in order to know this.

Marketing communications

5.47. We also examined procedures in relation to marketing communications sent by the comparison websites by scrutinising privacy statements and monitoring this in the mystery shopping exercise. This identified the following:

- One website's privacy statement states that personal details are not used for any other purposes except to conduct surveys;
- One states the site may send users details about their services and mentions the opportunity to opt out by checking boxes;
- Two state that users can opt out by sending an email;
- Six mention they may send users details about their services but do not mention the opportunity to opt out;
- Four make no mention of marketing communications;
- None of the 14 websites where user details could be submitted was an opt in or opt out facility found at this point in the online journey; and
- As above, two websites had no privacy policies or related statements.

5.48. Clearly these are poor findings and some sites' practices seem inconsistent with the Information Commissioner's guidance.

Complaints

5.49. Only three websites had a standalone area of the website containing details about a complaints policy. Two websites made reference to complaints as part of another section of the website such as the terms and conditions area. However, in 11 sites

we could find no mention of an opportunity for users to complain about services provided by the comparison website.

5.50. Clearly, this is a disappointing; it denies users the chance to voice concerns and prevents comparison websites from learning about, and fixing, problems.

Conclusions

Strengths and weaknesses

5.51. Overall, the performance of comparison websites was mixed – this is summarised in Table 2 below. As might be expected, none of the websites was perfect, but equally each of the standards was satisfied by some websites. This suggests that the standards are realistic and proportionate. We were also pleased to find examples of good practice, which help to maximise the consumer benefits of these services.

5.52. It was encouraging that a primary concern with comparison websites in other sectors – commercial influence on the presentation of information such that consumers might make poor choices – was not a problem in legal services websites. Related to this, the websites did not make assumptions about user preferences which could alter their 'ranking order' in comparison tables. Indeed, there was little advertising overall and few opportunities for providers to pay for more prominent listings. The websites operated simply, by ordering providers based on price or geographic proximity and enabled users to sort the information based on alternative preferences.

5.53. There was mixed performance on transparency around ownership and funding streams. Where this was stated we were happy that such arrangements were satisfactory and did not have any influence on information about providers. Therefore, this should be an easy fix. Transparency was poorest around the extent of market coverage, which we infer from some

search results is often limited. This is particularly important for referral sites to address as the choice of provider is made by the website operator away from public view. Linked to this was evidence of some dubious marketing claims about the extent of quality controls, market coverage and competitive prices offered by firms. Consumers do not have the opportunity to validate such claims when websites are insufficiently transparent. These problems may be harder to address as the incentive for websites with limited coverage or quality controls is to resist disclosure.

- 5.54. Use of personal information is another area where performance is poor overall. Whilst many websites had privacy policies describing how personal details were used, there is not much that consumers can do if they do not approve of this but still wish to make use of the website's services. In particular, we are concerned that personal details are being passed to third parties without consent, nor are consumers given appropriate opportunity to opt out of receiving marketing communications from the website operators. These practices appear inconsistent with guidance issued by the Information Commissioner's Office with whom we have shared these findings.

A user perspective

- 5.55. The Panel was also able to reflect on the merits of comparison sites from the user perspective. The educational materials provided by some websites – about areas of law, costs or using lawyers effectively – were a real positive when this worked well. The quality of these materials was mixed overall, but there was evidence of good practice and innovation. We see this as having real potential to demystify the law and empower consumers to purchase legal services more effectively in future.
- 5.56. We were very surprised to find that so many search requests made through enquiry forms did not get responses from

providers. This was mostly the case with will-writing, but also for conveyancing. Our interviews with website operators suggest that providers reject such leads because they consider them to be commercially unattractive. However, we suggest that it is consumers with relatively simple legal needs who are most likely to find providers online; those with more personal or complex circumstances can be expected to access advice in other ways. These referral sites, and the providers who use them, are surely scoring a massive own goal by turning such business away – why would anyone rejected once return to the website when they have legal needs that would yield providers better profits?

- 5.57. The exercise found mixed results around pricing. There was evidence of good practice, for example fully inclusive and itemised quotes. However, the websites, and sometimes different providers on the same website, priced their services in different ways – making comparisons hard. There were examples of prices changing from that displayed on the website and that quoted by the provider, or users selecting one provider but contacted by another.
- 5.58. The mystery shopping process has also allowed us to reflect on the different comparison website models:
- Directories – these work as a first port of call for consumers looking for a list of local providers. They are capable of enabling wider search criteria, but do not provide price information or enable direct comparisons between providers through e.g. short-listing mechanisms;
 - Customer feedback sites – the power of reading direct client experience is clear especially when combined with user rating mechanisms. This enables consumers to search and compare potential providers on quality and reputation grounds, which research indicators are the most important

choice factors. However, comparative information on other aspects of the offer, such as service features and price, are missing meaning that a rounded picture is not available. We also encountered practices which could enable providers to ‘game’ the sites, for example by censoring which reviews appear on sites or posting their own examples of client testimonials;

- Referral sites – their main advantage is the human touch, hand-holding users through the process of choosing a lawyer and connecting consumers to providers who are vetted, commit to high service standards and are a good match for their needs. However, since comparison sites are generally more suitable for standardised areas of law these benefits may be exaggerated. The main disadvantage is that choice of provider is made on the website’s terms and this may not be whom the consumer would have chosen or which offers the best deal. For example, they are unlikely to point consumers to the cheapest provider but rotate leads
- Price comparison websites – they have the greatest potential to put consumers in the driving seat as it is the user who chooses between a range of providers based on those criteria which are most important to them. Consumers receive this information immediately rather than wait for someone to contact them. This information includes price but also a potentially wide range of indicators relating to quality and service promises. The main risks of this model are those seen in other sectors, such as gaming by providers and consumers making poor choices, for example due to lack of experience or because they place too much reliance on price.

Table 2 – Summary of performance of comparison websites

Good	Mixed	Poor
Commercial influence	Contact details	Transparency around market coverage
Assumptions about users	Educational materials	Response rate of providers in referral sites
Independence from providers (where stated)	Transparency around ownership and funding	Passing information to third parties without consent
	Presence of information other than price	Opportunity to opt out of being sent marketing
	Marketing claims	
	Presence of privacy policy	
	Collection of personal information	

6 Conclusions

Introduction

- 6.1. Comparison websites have the potential to benefit consumers by empowering them to drive competition between providers on price, quality and service features. They can also help to make the law more accessible, helping to address a situation where people are intimidated by lawyers and have low understanding of what they do and how they can help them.
- 6.2. The legal services market is not a natural fit for comparison websites. The nature of advice services makes it difficult to enable simple comparisons between like-for-like products and the emotional nature of legal issues means that some consumers will see online selection as just too impersonal. Consumers also do little shopping around creating little incentive for providers to actively market their services. The lack of transparency and different approaches to pricing of services is another major barrier. The market is also highly fragmented. However, the ABS reforms, technological advances and an increasingly demanding consumer base can be expected to alter this equation. A more dynamic market, in which familiar brands promote fixed fee deals for standardised packages, should create better conditions for comparison websites to achieve a firmer foothold.
- 6.3. As this change happens, it is important that the websites are credible so they can be trusted by consumers. There is a need to learn from and avoid the problems experienced in other sectors before any bad habits set in. We hope that our proposed twenty draft standards provide a good starting point. Our mystery shopping exercise suggests there is a mixed

performance against the standards, but also some evidence of good practice.

Regulatory interest in comparison sites

- 6.4. There are strong connections between the issues raised in this report and the Legal Services Act's regulatory objectives. The relevant objectives include: improving access to justice; protecting and promoting the interests of consumers; promoting competition in the provision of services; encouraging an independent, strong, diverse and effective legal profession; and increasing public understanding of the citizen's legal rights and duties.
- 6.5. The findings of this report suggest that regulators could further these regulatory objectives by facilitating the development of comparison websites and addressing concerns over poor practices which cause consumer detriment. A key question is whether to pursue self-regulatory solutions or to impose a form of regulatory oversight.
- 6.6. In this context, it is helpful to consider practice in other sectors as this may provide useful lessons for legal services:
 - The Financial Services Authority has consulted on and issued guidance following concerns that comparison websites were not meeting their regulatory requirements. In addition, the ABI has issued a good practice guide for insurers;
 - Ofcom operates an accreditation scheme for price comparison calculators – the PASS scheme;

- Consumer Focus operates a voluntary code of practice for online domestic price comparison services; and
 - The Department for Business, Innovation and Skills is drawing up a self-regulatory quality mark designed to apply to websites across the economy.
- 6.7. A key point in the financial services and communications sectors is that the two regulators have a statutory basis to enable intervention. The Financial Services and Markets Act broadly requires firms either to be authorised or exempt before conducting any regulated activities; this includes arranging or advising on contracts of insurance. Ofcom has a duty under the Universal Services Directive to encourage the provision of information to end-users, as far as appropriate, to make an independent evaluation of the cost of alternative usage patterns. The Communications Act enables Ofcom to arrange for the publication of information and advice on communications services as it appears to it appropriate.
- 6.8. The Legal Services Act does not provide powers for the Legal Services Board or the approved regulators to directly regulate comparison websites. However, this may change if general legal advice is made a reserved legal activity. Some comparison websites in the financial services sector are regulated by the FSA since they are deemed to provide advice to consumers. This is because they recommend products and providers based on information supplied by users even though there is no human interaction. In the legal services sector, comparison websites direct consumers to certain providers whilst some also have an 'Ask a solicitor' facility whereby subscribing providers answer legal questions from users on a no obligation basis; again, this could constitute general legal advice. Although this is not a current barrier to entry, the LSB and others should

be aware of this as work on regulatory boundaries progresses.

- 6.9. The approved regulators should already have a direct interest in comparison sites to the extent their regulated communities comply with codes of practice in dealing with them. For example, professional rules around advertising and pricing will need to be adhered to. The Panel encourages the approved regulators to be vigilant given the risks to consumers and the relative novelty of the medium for providers. Moreover, if providers are aware of their regulatory obligations, they are more likely to have a disciplining effect on comparison websites.
- 6.10. There is also a role for external regulators, such as the Advertising Standards Authority, Information Commissioner and the Office of Fair Trading, to exert pressure as enforcers of general law obligations.

Benefits of self-regulation

- 6.11. Despite lacking powers to directly regulate comparison websites, the Legal Services Board does have powers under Section 163 of the Act to "enter into arrangements with any person under which the Board is to provide assistance for the purpose of improving standards of service and promoting best practice in connection with the carrying on of any legal activity." Such arrangements may, among other things, include advice on best regulatory practice, or the contents of codes of practice or other voluntary arrangements. It also has broad powers to issue guidance. Therefore, although the Board is not able to require comparison websites to adhere to codes of practice, it may assist in developing self-regulatory solutions.
- 6.12. There are good policy reasons to attempt a self-regulatory solution in legal services. The websites are at a nascent stage of development so they should be given the opportunity to demonstrate that they are able to adjust their practices in line with

some agreed standards to which they have input. Another concern is that regulation imposes barriers to entry during a period when new comparison websites are emerging. As so few consumers use comparison websites when choosing legal services, it would also be disproportionate to impose regulation at this stage. However, we think it is legitimate for regulators to give self-regulation a nudge. The websites, law firms and consumers

have a shared interest in taking positive action in response to this report, so we are hopeful that self-regulation can succeed.

6.13. In light of this analysis, the next step should be to bring together industry and regulators to facilitate a market where consumers can use credible comparison websites to access a wide range of high quality and affordable legal services that meet their needs.

Recommendations

The Panel's advice to the Legal Services Board is as follows:

- The Legal Services Board should work with the Panel to facilitate discussion between consumers, comparison websites, providers and front-line regulators aiming to secure the voluntary adoption of good practice standards based on those in this report;
- In the longer-term, and depending on the progress of a self-regulatory solution, the Legal Services Board should consider the role of accreditation of comparison websites;
- Comparison websites should self-assess against the twenty standards and make remedial changes as necessary; and
- Approved Regulators should open up their professional registers so that comparison websites and others can use this data to provide innovative services to consumers.

Annex: Draft standards

A - Accessibility

- 1 Websites must be accessible to disabled users
- 2 Websites should make available an offline contact point
- 3 Websites should provide clear and simple information to help consumers understand the legal services offered
- 4 Information should be clear and easy to understand throughout the website. Technical terms should be explained preferably in situ on comparison tables

B – Independence and impartiality

- 5 Websites should be independent of legal services providers
- 6 Websites should include easily accessible, clear information about how they are funded including any commercial relationships with legal services providers. This should include information about referral fees where applicable
- 7 Any commercial influence on the presentation of information should be clearly identified. In particular, featured deals or promotions should be clearly identified as such

Enabling good choices

- 8 Websites should include a sufficient number of providers to enable consumers to make a meaningful choice. They should be transparent about their level of market coverage, especially where the site has a limited number of providers
- 9 Consumers should be able to compare providers on information other than price, e.g. quality and service features
- 10 Websites should make clear the basis on which a comparison is made. Consumers should be able to sort, filter and shortlist comparison tables according to every field of information present
- 11 Assumptions made about consumers that are used to generate quotes are clearly and prominently displayed on websites and at each stage where the consumer makes a choice so they are aware of these assumptions
- 12 Websites should advise the consumer where a search result does not match their specific request

Accuracy

- 13 The price quoted should reflect the total cost of the work including all mandatory fees and charges. There should be clarity around any excluded costs. Websites should make clear the basis for charging, e.g. fixed fee or hourly rate. The price quoted should be available
- 14 Information should be kept up-to-date
- 15 Marketing statements should be factually correct, up-to-date and avoid misleading or exaggerated claims

Use of personal information

- 16 Websites should publish a standalone privacy policy
- 17 Personal information should be collected only when necessary
- 18 Personal information should not be passed to third parties without the consumer's explicit consent
- 19 It should be easy for consumers to opt out of marketing communications

Complaints

- 20 Websites should have an effective consumer complaints procedure

Notes

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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.

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