



Elisabeth Davies
Chair
Legal Services Consumer Panel
Victoria House
Southampton Row
London WC1B 4AD

The Chief Executive's Office
Legal Services Board
7th Floor
Victoria House
Southampton Row
London WC1B 4AD

T 020 7271 0043
F 020 7271 0051

www.legalservicesboard.org.uk

24 September 2012

Dear Elisabeth,

Investigation into individual consumer engagement

I am writing on behalf of the Board to formally request the Consumer Panel's advice about how regulators can help consumers play a more active empowered role in the legal services market. You will know that this is a request we signalled in our Business Plan for 2012/13 and we have had a number of useful discussions with Steve Brooker on this and a number of related issues.

We believe that this work encapsulates the regulatory objectives around improving access to justice, increasing public understanding of the citizen's legal rights and duties, and promoting competition in the provision of services. Our vision is for a market that works better for consumers and providers alike. One element of this is having empowered consumers, able to choose a quality service at an affordable price. The more consumers are able to choose and use legal services with confidence, the less that prescriptive and restrictive regulation is required and the more that the regulatory objectives are secured.

This investigation while focused on individual consumers, as opposed to small business or corporate consumers, should take the widest possible view of the scope of regulators' activities. This should include considering the potential for consumer 'empowerment' from a range of perspectives:

- Competition – Empowerment and competition are clearly linked with one reinforcing the other. How can regulators ensure that consumers play an active role in helping the legal services market works properly?
- Choice tools – Building on your work to date on price comparison websites and voluntary quality schemes, the investigation should consider what role choice tools have in empowering consumers, and in what areas they have been successfully implemented and executed.
- Information and Education – With Citizens Advice new role as national coordinator of consumer education, and charities such as Law for Life taking forward public legal education, what role is there for regulation in addressing these issues?

This should cover areas where consumers identify a legal need but take no action or handle alone, and look across the regulated and unregulated legal services sectors, data on which is available

via the LSB's consumer survey published this July. Given the LSB's remit with regard to reviewing areas for reservation it is important that the all areas of legal services are included in this.

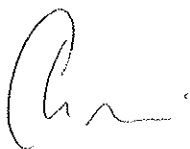
This investigation would need to consider initiatives in other professional service markets, and other markets where there is asymmetric information between consumer and provider. Questions around whether there are elements that can be directly transferred or adapted to the legal services market would also need to be addressed. Further, the issue of consumer empowerment is not new to all areas of the legal services sector, and has been a key part of the not for profit sectors raison d'être over the past thirty years. The investigation might wish to refer to any helpful lesson from past initiatives, and seek to understand how we can apply these going forward.

There is a growing evidence base on which to draw, for example , as a result of the Panel and the Board's research activities over the past two years, and we would want the outputs to include a recommendation of the specific options open to the LSB and the approved regulators to undertake to empower consumers in the legal services market, and an assessment of the evidence used in making those recommendations.

We have agreed with Steve that this work should be undertake in two phases. The first Phase is made up of a review of existing literature and data to establish a framework though which to define and understand consumer empowerment. We would be looking for formal advice on Phase 1 of the project from the Panel in around six months time, with a view to deciding which steps to take on Phase 2 at the Board meeting in April 2013.

Thank you in anticipation for the Panel's work in this area.

Yours sincerely



Chris Kenny
Chief Executive

E chris.kenny@legalservicesboard.org.uk