

Chris Kenny
Chief Executive
Legal Services Board
Victoria House
Southampton Row
London WC1B 4AD

The logo for the Legal Services Consumer Panel is a blue circle containing the text "LEGAL SERVICES CONSUMER PANEL" in white, stacked vertically.

LEGAL
SERVICES
CONSUMER
PANEL

26 February 2010

Dear Chris,

First-tier complaints handling: the next steps

The Legal Services Board wrote to approved regulators on 30 November 2009 asking for comments and suggestions on the wording of a draft rule relating to first-tier complaints handling. As drafted, the rule would require authorised persons and entities to inform clients at the time of engagement of their right to complain and to make clear the client's route to redress.

The Consumer Panel supports the wording of the rule and the outcomes. Indeed, we were grateful for the opportunity to help shape the Board's thinking on the issue before writing to the approved regulators and to give a presentation at the roundtable seminar earlier this month. I hope it will be helpful if we set out why, in our view, the rule is necessary.

As you highlighted in introducing the seminar, perceived weaknesses in existing complaints handling arrangements was one of the biggest drivers of the entire legal services reform agenda. The available data suggests this perception is actually very real. One problem the rule will help to address is poor consumer knowledge about how to complain. Omnibus polling conducted for the Legal Services Board suggests that 66% of consumers would not know how to complain about a lawyer; this figure rises to 72% for people in socio-demographic groups C2DE. Requiring lawyers to inform clients at the time of engagement about their right to complain and how should help to bridge this knowledge gap.

A second problem the rule will help tackle is poor first-tier complaint outcomes. Consumer research by the Solicitors Regulation Authority¹ suggests that only one in four making a complaint take this to their solicitor. This indicates that consumers are not being well signposted to

¹ Solicitors Regulation Authority, *A survey of public attitudes towards solicitors*, 2008.

first-tier complaint handling procedures. Further, overall, nearly one in every three complaints about solicitors is not resolved. This suggests there are a significant number of consumers who would benefit from access to the Legal Ombudsman.

Such problems are not confined to solicitors; reviews by Sue Carr and Rob Behrens have identified weaknesses in Chambers' complaint handling. Based on current standards of complaint handling in the two largest parts of the legal sector, the Consumer Panel considers it entirely appropriate for there to be a rule requiring lawyers to inform all lay clients both of their own complaints procedures and about the Legal Ombudsman.

An important feature of the draft rule is the requirement to inform clients at the time of engagement of their right to use the Legal Ombudsman. This will underpin consumer confidence that a remedy is available if things go wrong. Further, under its scheme rules, in exceptional circumstances, for example where there has been an irretrievable breakdown in relations between client and lawyer, the complainant can access the Legal Ombudsman directly, without having to use the firm's in-house procedures. This makes it necessary for all clients to be informed about the Legal Ombudsman, not just those that have complained to the firm.

Complaints handling is a critical part of the regulatory framework. The vast majority of legal transactions pass without mishap. However it is vital to ensure that the minority of problems that inevitably happen are remedied properly and quickly. Consumers and law firms alike benefit when the design and delivery of legal services are improved by the learning from complaints. The consumer's experience of making a complaint is also a visible symbol of regulatory effectiveness. Therefore, the rule should benefit consumers, firms and regulators.

In summary, the Consumer Panel very much welcomes this intervention and looks forward to working alongside the Legal Services Board to ensure that the rule is implemented effectively.

Yours sincerely,



Dr Dianne Hayter
Chair