



Minutes - Legal Services Consumer Panel meeting

Date: 17 March 2021

Time: 14:00-17:00

Venue: Online due to the covid-19 pandemic

Present:

Sarah Chambers	Chair
David Abbott	Member
Owen Derbyshire	Member
Paul Crook	Member
Liz Owen	Member
Mark McLaren	Member (Item 8 and 9 only)
Adam Cooper	Member
Lisa Davis	Member
Laurentiu Ciocan	Consumer Panel Associate
Paul Nezandonyi	Legal Services Board (Item 7)
Nick Gurney-Champion	The Law Society (Item 8)
Pieter de Waal	The Law Society (Item 8)
Anika Patel	The Law Society (Item 8)
Simon Thomson	The Law Society (Item 8)

Item 1 – Welcome and apologies

1. The Chair opened the online meeting and welcomed those present to the meeting.
2. Apologies had been received from Mark McLaren for not being able to attend items 1-7 and from the Panel Manager.

Item 2 – Declaration of interests

3. None.

Item 3 – Minutes of 3 February meeting

4. The Chair presented the minutes from the 3 February 2021 meeting, which had been agreed via electronic correspondence.

The Panel noted the minutes from 3 February 2021.

Item 4 – Matters arising

5. All matters arising were acknowledged.

Item 5 – Chair’s report and members’ updates

The Panel discussed the Chair’s Report, and the following points were raised:

5. Sarah, Liz and Paul shared about their meeting with the LSB on their proposed work on quality indicators, which the LSB is consulting until the 22 April. Panel members welcomed the consultation and strongly recommended that the oversight regulator should concentrate its efforts on the single digital register first and then on Digital Comparison Tools.
6. The Chair mentioned that she and the Panel Manager had a good meeting with Helen Phillips, Chair of the LSB, and Matthew Hill, CEO of the LSB, where they discussed about both the Panel and LSB’s three-year strategies.

Item 6 – Projects update and consultation responses

7. The Panel Associate presented the projects update and the upcoming consultations.

Item 7 – LSCP Communication and Stakeholder Engagement Strategy

8. The Chair welcomed Paul Nezandony, Head of Communications and Stakeholder Engagement at the LSB, who shared with the Panel a few suggestions how it could increase its stakeholder engagement:
 - The Panel, if it has the financial resources, could undertake a stakeholder perception survey. This would help the Panel understand where its stakeholders stand and help build better relationships.
 - The Panel was encouraged to continue maximising the use of the Tracker Survey in publishing reports like the recently published on the experiences of BAME users.
 - The Panel welcomed Paul’s suggestion to consider collaborating on various areas of common interest with the LSB, such as holding engagement events together.
 - To build a wider network, the Panel was encouraged to take part and attend different events of interest to enlarge its network and knowledge on different policy issues.
 - Social media and the Panel’s website were other tools Paul recommended to continue in using to disseminate our message, but also listen from consumers, e.g. Twitter chats.
 - Being aware of the limited resources, the Panel was encouraged to continue build a relationship with different influencers in the legal services sector and on public affairs to target one or two relevant Ministers that the Chair could meet with. The Panel said they would be open to attend various Ministerial engagements together with the LSB.
 - Paul also commended the Panel for hosting various events and roundtables on policy issues that influenced the work of the regulators on issues such as transparency of quality of information, LawTech and more.

The Panel noted the update from Paul and thanked him for his time.

Action: To arrange a follow up meeting with Paul to discuss further the Panel approach to stakeholder engagement.

Item 8 - The Law Society (TLS) discussion on SIF

9. The Chair welcomed Nick Gurney-Champion, Chair of the Professional Indemnity Insurance (PII) Committee at the Law Society, Pieter de Waal, Law Society General Counsel, and Anika Patel, Law Society Commercial Propositions Manager, and Simon Thomson, Policy Advisor on PII at the Law Society.
10. Nick was invited to share the background on the Solicitors Regulation Authority's (SRA) closure of the Solicitors Indemnity Fund (SIF) scheduled for 30 September 2021:
 - In 2000, when solicitors moved from mutual insurance to an open market, SIF has provided ongoing indemnity insurance to firms that closed without successor practices, following the end of their mandatory six year run-off period.
 - Research suggests that around 12% of PII claims are made more than six years after firms' have closed. These "delayed" claims are typically in areas, such as residential conveyancing, wills and probate, and child personal injury.
 - The SRA has confirmed that any firm that closed prior to the move to the open market will be covered in perpetuity, but for firms that have closed since 2000, unless the former principals make alternative arrangements, there will be no cover in place for any claims made against them.
 - This creates a problem for consumers, because without some form of insurance in place they may be forced to make personal claims against solicitors or their estates, and it is entirely possible that no compensation will be received. If the legal services were purchased from a limited liability company, consumers will not be able to claim from individual solicitors unless they received a personal guarantee, which is highly unlikely. This was concerning for the Panel, because it will leave consumers exposed.
 - At this stage it remains unclear if underwriters will be willing to provide commercial alternatives to SIF, let alone what such products might cover, how much they might cost, or who might be able to purchase them.
 - The problem is exacerbated by the timing of the closure, which coincides with an especially hard market for insurance, with low capacity among underwriters and an aversion to taking on untested risks.
 - Finding a solution to this problem is a high priority for TLS and is a concern for the Panel. The Panel is not only concerned about the impact on consumers who remain unprotected, but also the impact it can have on consumers' confidence in the profession.
 - TLS confirmed that around 60 consumers make a SIF claim per year on sums averaging around £500,000, but occasionally they can go up to a £1m.
 - TLS believes the matter is further complicated by the internal governance rules. Indemnification is regarded as a regulatory matter, and therefore outside TLS' remit. However, the SRA has decided that their regulatory interest in indemnification concludes with the mandatory six year run-off period, which leaves post six year run-off cover in something of a regulatory no-man's-land.

11. The Panel asked about serious problems that seem to arise around how consumers will make claims against firms after their run-off cover has expired. The Panel also asked about the rate of depletion of the fund. TLS said that if SIF is closed to new entrants, but open to new claims it could last up to 9 years based on current data if claims are limited to the average of £500,000.
12. The Panel also asked what will happen with the surplus after the closer of SIF. TLS confirmed the decision is up to the SRA how it will use the surplus, but it can use it only on a form of indemnification and it cannot be used on anything else other than its regulatory purpose. However, if the SRA decides not to use the surplus, TLC could use it on anything else but not on indemnification.
13. The Panel raised concerns that if the SRA goes ahead and closes the SIF if this does not go against its regulatory objectives to protect the consumers and the public interests. TLS said that the SRA will send an application to the LSB who will in turn then decide to accept or not the SRA's proposal.

The Panel noted the update from Nick, Pieter, Anika and Simon, and thanked them for their time.

Action: To arrange follow up meetings at policy level with the SRA and LSB to discuss further about the SIF decision.

Item 9 - Draft agenda for 12 May 2021 meeting

14. The Panel noted the draft agenda, and the Chair recommended to invite the new President of the Law Society to the May meeting. If she is not available, Sarah recommended that she would like to meet separately for an introduction meeting.

Item 10 - Any other business

15. Owen's departure from the Panel. The Chair and the rest of the Panel shared a few kind words with Owen and wished him all the best in his new role.