



Policy Department  
Solicitors Regulation Authority  
The Cube, 199 Wharfside Street  
Birmingham B1 1RN

Sent by email only to [FeeRestrictions@sra.org.uk](mailto:FeeRestrictions@sra.org.uk)

4 October 2021

Dear Sir/ Madam,

**Re: Restricting Fees for some claims management companies**

The Legal Services Consumer Panel (Panel) welcomes the opportunity to respond to the Solicitors Regulation Authority's (SRA) discussion paper on restricting fees for some claims management services.

The Panel notes that this is a discussion paper. As such, the paper is positioned in such a way as to seek alternative views or ideas to those loosely mooted by the SRA. While we understand the rationale for positioning the paper in such a manner, the Panel has limited relevant evidence to offer. Nonetheless, we have carefully considered the paper and the annexes and formed a preliminary view based on these. Our final position will be set out in any subsequent consultation response.

We note the constraints described by the SRA in conducting primary research and in gathering evidence, like the Financial Conduct Authority (FCA), who has also had to respond to a similar statutory obligation. However, it is precisely this evidence gathering exercise that has enabled the FCA to be more specific and directional with its proposals. Therefore, we urge the SRA to continue to consider how to maximise insights from other sources as well as its own primary research.

That said, we think it is reasonable, in the absence of complete data or evidence to the contrary, for the SRA to make extrapolations based on the FCA's data and evidence.

Although the Panel does not have the type of evidence the SRA appears to be asking respondents for, we do have comments to make, backed by some primary evidence of our own, as well as good practice suggestions for the SRA to consider. We offer these below.

## **The FCA's approach**

The FCA has opted to impose a banded percentage fee restriction by redress value. Setting aside the merits of the exact approach the FCA has adopted, their approach is clear and offers certainty to consumers and providers alike. On balance, the Panel is in favour of an approach that is unambiguous and does not leave the final determination to the provider. As such we are in favour of the SRA introducing a fee restriction.

We agree with the SRA that the precise nature of the restriction is one that must be carefully balanced between the need to protect consumers and to ensure that providers remain profitable. To this end, we like the SRA await evidence from providers about how this will impact their business. Our final position will carefully consider all the submissions to this discussion paper and the balance that the SRA consequently purports to strike.

## **Appropriate signposting and consumers declaration of awareness**

As noted in the paper, consumers can make claims for redress directly to businesses that might have mis-sold them financial products and services. And where applicable, consumers can also make use of the statutory ombudsman without charge. However, according to the FCA's research, consumers are often unaware that they can make complaints and claims without being charged. We expect consumers have a similar lack of awareness in the legal services sector. Indeed, our tracker survey research shows that there is a high number of silent sufferers in the legal services market; 36% of dissatisfied consumers do not do anything. We are therefore of the strong view that there should be a regulatory requirement on legal services providers to disclose free options available to consumers upfront. Consumers should also be invited to sign a declaration that they were made aware of this option. Such an obligation, at the point of need, could prove beneficial to consumers who may not need to procure the services of a solicitor at all.

Likewise, the SRA should continue with its efforts to achieve better price transparency and in this case, full price disclosure, pre-engagement.

The SRA should also do more to raise awareness of protections and help consumers navigate the complaints system more easily so that they can receive the full amount of redress they are due and have confidence that there will be no difference in outcome if they bring cases themselves.

## **Consumer Research and evaluation**

The SRA has described many reasons why it is struggling to collate data and evidence about how Solicitors operate in this space. We acknowledge these constraints but urge the SRA to consider how it might measure the success of its intervention during this phase of developing options.

In our view, success measures must include consumer research around the practical working of complaints signposting, price disclosure pre-engagement, awareness of free routes to redress and importantly, whether the SRA's

interventions lead to more direct claims. The SRA should also endeavour to test its fee calculations with consumers.

The Panel looks forward to the subsequent consultations to follow. Please contact Lola Bello, Consumer Panel Manager, [Lola.Bello@legalservicesconsumerpanel.org.uk](mailto:Lola.Bello@legalservicesconsumerpanel.org.uk), with any questions about this response.

Yours sincerely,

A handwritten signature in black ink that reads "S Chambers". The signature is written in a cursive, flowing style.

Sarah Chambers  
Chair  
Legal Services Consumer Panel