

SRA BOARD
17 September 2024

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This paper will be published

[Legal Services Board \(LSB\) Consumer Empowerment Statement Response](#)

Reason for paper	To provide the Board with an overview of the SRA's response to the LSB's consumer empowerment statement.
Decisions(s)	<p>As the LSB has requested assurance from the Board that we are meeting the expectations set out in the Statement, the Board is asked to:</p> <ul style="list-style-type: none"> a) provide approval for our approach to the LSB's consumer empowerment statement response b) agree that authority to approve our final submission to the LSB is delegated to the Chair.
Previous Board and committee consideration	The Board discussed our work on consumer information alongside other policy priorities at the Board Workshop in October 2023.
Next steps	We will continue to work on our submission to the LSB reflecting the Board's comments with a view to the Chair signing off on our final submission, taking account of the Board's steers.

If you have any questions about this paper, please contact Aileen Armstrong, Executive Director, Strategy and Innovation, aileen.armstrong@sra.org.uk.

Legal Services Board Consumer Empowerment Statement Response

Background

- 1 In April 2022 the LSB published its “Statement of Policy on empowering consumers”. This statement follows the CMA’s review of the legal services market originally published in 2016 and reviewed in 2020.
- 2 The statement covers the LSB’s “general expectations, principles, and specific expectations” for legal regulators in terms of empowering consumers to make informed decisions in the legal market. This paper discusses the key issues in the LSB’s statement, with the full list of expectations provided in annex 1.
- 3 The LSB’s statement was also supplemented with a letter that was sent to regulators in June 2024 and requested assurance from the Board that we are meeting the expectations set out in the original statement document by 30 September 2024. The LSB confirmed at a meeting of the Market Transparency Co-ordination and Oversight Group (‘MTCOG’) that it does not expect regulators to show fully the outcomes that have been achieved by their interventions but should show details of the positive impact on consumers from the actions taken, along with supporting evidence, by the end of September.
- 4 In the remainder of this paper, we set out how we have met the expectations of the LSB’s statement. We highlight areas where we have gone further as well as where there is flexibility in how the expectations are met. And we acknowledge areas that could be of interest and set out answers to questions we believe may arise. We also note in this paper and in the submission to the LSB that fulfilling the expectations of the statement is a key milestone but by no means the end of the journey in this area.

Discussion

General expectations and outcomes

- 5 Here, the LSB expects regulators to pursue the following outcomes (summarised version with full list in annex 1):
 - *That consumers have the knowledge and capability to recognise when their problem is a legal issue, know how to get legal assistance, and are able to engage effectively with the legal services market. They should also be able to access useful information about a provider’s services, price, quality, regulatory status and access to resolution of complaints that enables them to make an informed choice.*
 - *Ensure compliance with the regulatory requirements put in place to pursue the outcomes above, along with effective measures to address non-compliance.*
 - *Have appropriate mechanisms in place to evaluate and report on the effectiveness of the steps they have taken in pursuit of these outcomes and make changes where these have not been met.*

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- 6 It is our belief that we have good evidence to show we have met the required standard. We have, for example:
- Invested heavily in the Legal Choices website and standalone information campaigns to improve the knowledge and capability of consumers, The number of people visiting the Legal Choices website rose from 130,000 in 2018 to more than 1.1 million in 2024, following its re-launch and targeted marketing.
 - Our transparency reform programme has resulted in systematic change in the information available to consumers.
 - With regards to evaluation and compliance, we invested both internally and externally in developing a 5-year, multi-stage, evaluation programme to ensure we understand the true impact of our transparency reforms on both consumers and firms. This programme is still on-going, with the 5-year review of the reforms planned for next year.
 - We have a distinct compliance programme in place to ensure the regulatory requirements are being followed.
- 7 We can already see evidence of impact - our evaluation shows more consumers are comparing prices and services of legal services providers. There are many factors that impact on consumer behaviour and we will draw out outcomes in more detail in the submission. We will also ensure consideration of the practical impact on consumers is built into our 5-year evaluation.
- 8 We believe we have adequately pursued the outcomes of the statement, but we are also continuing work in this area to go over and above the expectations of the statement. For example, we will conduct further research, we have established a new consumer policy team, and we are investing in and leading the development of the Regulatory Information Service to further improve the information that is available to consumers.
- 9 Over the last year it was necessary for us to reprioritise policy resource towards higher risk emerging areas. This has given us time to work on compliance and await the results of the 5-year evaluation. Both strands are necessary for us to learn from and fully understand the impacts of the reforms before expanding into further areas. In the next business year (2024/25) we are planning to progress our work on consumer information further. This is covered in the item on the Business Plan and Budget for 1 November 2024 to 31 October 2025 at item 6 on the agenda.

Principles

- 10 In implementing the policy statement, the LSB sets out that it will have regard to the following principles (summarised):
- *Regulators should pursue the outcomes with particular attention to individuals and small businesses along with the wider findings of the CMA's studies.*

- *Regulators may adopt different approaches to meeting the general and specific outcomes given the needs of different practice areas, but should consider – the needs of consumers, including those in vulnerable situations, and the types of provider and services offered.*
 - *Collaboration across regulators is encouraged, as is testing proposed measures with consumers.*
- 11 It is our belief that we have good evidence to show that our policy programme has been designed to meet the specific needs of both individuals and small business consumers in the sector we regulate as it has been based on evidence and testing with firms, individual consumers of legal services, and small and medium-sized enterprises.
- 12 At the outset of the programme we looked to adopt the approaches recommended by the Competition and Markets Authority (CMA) and have processes in place that allowed us to test policy interventions prior to their rollout, learn from the impact of testing and initial policy changes, and then iterate based on evaluation.
- 13 We invested heavily in both research and evaluation. The research projects that informed our policy programme tested proposed measures with over 9,000 consumers and embodied the approach and research techniques recommended by the CMA in its report. We also collaborated on research projects with other regulators and third parties for our transparency work.
- 14 Whilst we conducted research to understand the likely impact of policy changes, the ‘real’ impact cannot be known fully until changes are introduced into the market. Given the scale of the reforms, we had to consider the possibility of unintended consequences. We therefore prioritised changes that would maximise the potential impact on consumers in less contentious areas of law whilst we build our understanding and learn lessons so that we can then apply these lessons in other areas of the market, where solutions will be more complex.

Specific expectations

- 15 In the section below, we cover the five specific areas covered in the LSB’s statement. We provide an overview of the actions we have taken in each area, why we progressed and focused work in the way we did, and identify areas where we may need to provide additional supporting information.

Public Legal Education

- 16 Regarding Public Legal Education (‘PLE’) the LSB expects Regulators to:
- *put in place an effective programme of activity to support the regulatory objective of increasing public understanding of the citizen’s legal rights and duties, focused on supporting people to understand where they have a legal problem and how to access the professional help they need to resolve it.*

- *make meaningful contributions to cross-sector initiatives, such as Legal Choices, that are subject to appropriate mechanisms to ensure they are effective. Regulators should be able to demonstrate suitable investment, reach and impact of such initiatives following evaluation.*
- 17 We led and took responsibility for the management and redevelopment of the Legal Choices website, alongside continuing to produce standalone information campaigns. We invested significant time and resource revamping Legal Choices, which again was built upon evidence and user testing. We also produce and promote video content aimed at demystifying the experience of using legal services. This already includes over 100 podcast style videos dealing with housing, employment, immigration and asylum, and going to court.
- 18 The number of people visiting the Legal Choices website rose from 130,000 in the 12-month period ending 31 October 2018 to more than 1.1 million in the 12 months to 31 August 2024. In each of the past four legal years, more than a million people have visited the website.
- 19 Between April 2022 and June 2024 there were 5 million through-plays of Legal Choices videos on Facebook and 2.2 million clicks on Legal Choices targeted ads.

Area of Focus

- 20 The LSB and Legal Services Consumer Panel (LSCP) have raised issues with the data we have regarding the outcomes for consumers that use products such as Legal Choices. Given the fact that we designed Legal Choices with users, have vastly increased its reach, and received positive feedback from key stakeholders we are confident the work is delivering positive outcomes and we are meeting the expectations of the statement. However, we are considering what more we can do in the future to develop our understanding in this area.

Information about price

- 21 In summary, the LSB expects regulators to put in place regulatory arrangements and undertake other appropriate activities to ensure the provision of useful information that best enables effective consumer choice about the price, or potential price, of the services offered by providers.
- 22 We are confident that we have the evidence to show that we have considered and mandated rules to cover the expectations of the LSB and done so in a way that followed the approach suggested by the CMA. For example:
- We conducted research with over 9,000 consumers and small businesses¹ specifically focusing on how to appropriately design our pricing policy using research methods recommended by the CMA in their market study.

¹ <https://www.sra.org.uk/sra/research-publications/price-transparency-legal-services-market/>
& <https://www.sra.org.uk/sra/research-publications/price-transparency/>

- We chose the areas of law for our reform programme that would maximise the scale of the impact, whilst minimising consumer harm and give us a base of evidence to learn and adapt future policy decisions.
 - We added immigration to the areas of law in scope following feedback on the policy consultation. Consultation respondents pointed out that while asylum claims were passported for legal aid, other areas of immigration were not, and these services were commonly privately funded and used by vulnerable consumers.
- 23 Following this research and engagement work, we were able to design and implement the SRA Transparency Rules in 2018. These rules cover the factors that the LSB outlined in their policy statement, and because we invested heavily in understanding the issues and likely outcomes, they are specifically designed to ensure the information is accessible and useful for consumers.

Area of Focus

- 24 The general expectations and the principles of the LSB's statement set out that regulators may adopt different approaches to meeting the general and specific expectations. We have prioritised an approach that is tailored to the specific sectors of our regulated community and provides the basis for us to test, learn and adapt our policy programme as our work continues in this area. Regulators are expected to consider the needs of consumers in vulnerable circumstances, types of provider and services offered. This is why we have targeted specific areas of the market. For us, that means maximising impact in areas where services are more commoditised (such as conveyancing, wills and probate) and having the necessary evaluation and compliance programmes in place to better understand the impact of reforms from both a consumer and firm perspective and getting that 'right' before expanding to more contentious areas.
- 25 As an example, we are cautious of mandating cost information in areas such as family law where the advertised price of services may influence consumers' decisions to engage a lawyer or not. In an area such as this, where the final costs are difficult to establish before discussing the legal issue, firms may be required to advertise broad ranges of costs upfront, and if the consumer assumes they will be charged the top end of this range they may be less likely to proceed, thus creating an access to justice issue. For reasons such as this, we need to understand what truly helps consumers in different sectors make informed choices, through evaluation and research projects, rather than rolling out further requirements for information before the likely impacts are known.

Information about Quality

- 26 Regarding information about Quality, the LSB expects regulators to put in place regulatory arrangements to ensure the provision of useful information on the quality of legal services, which as a minimum should include:
- *Providers' disciplinary and enforcement records, including any sanctions;*
and

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- *Published decisions made by the Legal Ombudsman on complaints about providers.*
- 27 Regulators are then asked to consider what further information about quality would be useful and provides a list of potential metrics (provided in annex 1).
- 28 With regards to the minimum requirements, we met these expectations by creating the Solicitors' Register and our 'Check a solicitor's record' service, along with facilitating the re-publication of Legal Ombudsman records through the 'Disciplinary and regulatory records' service on the Legal Choices website. However, we wanted to ensure all of this information was held in one place that was easy to access for consumers. We therefore more recently built the 'trust your adviser' tool which provides access to all regulatory decisions and Legal Ombudsman decisions in one place - across all regulated lawyers.
- 29 We also considered the further information that the LSB suggested, for example complaints data, success rates, and customer feedback. Here, we used our research to focus on initiatives that the evidence indicated would have the greatest impact on consumer outcomes. In 2022 we completed the Quality Indicators pilot jointly with other legal regulators, and, overwhelmingly, the consumer research showed that the most popular and influential legal service quality indicator with consumers is online reviews. Given this fact, the promotion of online reviews and engagement with digital comparison tools (DCTs) has been our key area of focus.
- 30 We have developed products that promote engagement with online reviews and DCTs including a comparison tool to allow consumers to compare and find DCTs, calls to action to compare providers built into the digital badge's landing page and the Solicitors Register, and consumer information about online legal service reviews. We also invested in programmes to drive consumers to these products through the use of targeted advertising via Google and Facebook.
- 31 We published guidance for law firms and solicitors about engagement with comparison sites, and good practice for engaging with online reviews and the websites that host them to promote engagement. We are also updating our voluntary code for digital comparison tool providers.
- 32 This work has led to increased numbers of providers starting to promote online reviews to their clients, and increased numbers of consumers writing reviews of their legal service provider. Within the pilot period Trustpilot saw a 9% growth in numbers of consumers writing legal service reviews, and one of the review platforms we worked with reported a 200% increase in the numbers of law firms engaging with their website. The Legal Services Consumer Panel's 2022 consumer tracker also showed almost half (43%) of consumers were researching potential providers online, compared to 31% prior to the pilot. This showed the power of targeted engagement with review website providers, with law firms, and with members of the public.
- 33 In addition, we have made progress in error rates, specifically requisition rates provided by the Land Registry, and are still working towards this along with the

Council for Licensed Conveyancers. We note this area is already covered by increased transparency requirements.

Area of Focus

- 34 Given the results of the pilots which showed that reviews were the most important thing for consumers, this is where we have focused our attention as we believe in has the greatest potential impact. There were some areas suggested by the LSB, where we considered but ultimately decided not to take forward action. For example, at this stage we decided not to publish complaints data because it is difficult to do so in a way that is easy for consumers to understand and not unfair to small firms and sole practitioners, and may result in unintended consequences. Equally, developing success rates can be difficult and we were not able to develop an approach that would be valuable for consumers whilst not running the risk of damaging a firm's reputation unfairly.

Information about service, redress and regulation

- 35 Regarding information about service, redress and regulation we again believe that we have evidence to present explaining how we have met the LSB's criteria for providing consumers with key information about providers' service, redress and regulation.
- 36 In line with the expectations set out in the LSB's statement, our Codes of Conduct and Transparency Rules require solicitors and firms to provide all the information outlined in the LSB's statement (provided in annex 1).
- 37 Our digital badge also provides consumers with a simple way to access information about the firm and verify a provider's authenticity and regulated status. As with the requirements we placed on firms to publish price information, we extensively tested the digital badge with consumers prior to its introduction. Consumers are growing more aware and are engaging more with the digital badge. Comparing our third-year evaluation to our first-year report for example, awareness of the digital badge has increased from 15% to 55% for individuals and from 19% to 65% for SMEs.
- 38 We have also worked to ensure that consumers have a good understanding of what information to expect from providers. With this in mind, we created content for consumers on 'what to expect', 'what to do if something goes wrong', and other 'point-of-need' information. This is a key tool used by our contact centre officers who are able to signpost these resources and support members of the public.

Area of Focus

- 39 Our current regulatory arrangements require firms to provide the information set out in the LSB's statement (along with us providing much of this in one place through the digital badge) and therefore we believe we are compliant with the expectations. However, we have recently completed, and are still working on projects, that take us further than the expectations.

- 40 We piloted a new template for our regulatory decisions with a consumer focus group which has now been published and aims to improve the quality and consistency of the information we publish within our regulatory decisions, ensuring they:
- are presented in clear, accessible language
 - include a decision summary at the top of the published decision supporting readers to understand immediately what the decision is
 - contain enough information in the body of the decision to allow readers to understand the facts of the misconduct or issue, the sanction, and how the decision on sanction was reached (including aggravating or mitigating factors).
- 41 We are also working to amend the publication periods of our regulatory decisions, so that we link the period for which a decision is published to the severity of the sanction in each case.
- 42 Furthermore, whilst our rules do include the requirement for firms to publish their complaints policies, together with Legal Ombudsman details, we will be reviewing the LSB's updated requirements on first-tier complaints, which regulators must be in compliance with by November 2025, to consider where we might need to take further action or to update our requirements.
- 43 We are currently working on further independent research to identify consumers' preferred protection mechanisms and outcomes when using legal services as part of our Consumer Protection Review. We are conducting deliberative research with consumers (around 40 with a mix of ages, sex, ethnicity, location, household income, family and living situations and long-term health problems) to gather views on appropriate protections and redress if things go wrong, and how views on protections might interact with desired assurances on price, quality and choice. This will help us understand the trade-offs consumers are prepared to make to achieve these outcomes and we intend to use this information to guide what requirements we place on firms.
- 44 We are also leading on, and investing heavily in, the development of the Regulatory Information Service in collaboration with other regulators which will further improve how this type of information is provided for consumers.

How information is made available to consumers

- 45 The LSB sets out a number of areas that regulators should take steps towards with regard to how information should be made available to consumers. These include factors such as:
- *Ensuring that the information provided by providers is clear, comprehensive, accurate, and easy to compare.*
 - *Ensuring that certain information is available in at least one single location.*
 - *Considering how to facilitate the use of tools that could provide useful information to consumers (for example, Digital Comparison Tools -DCTs).*

- 46 Our rules and guidance have been put in place to improve how firms provide information, in line with the way described in the LSB’s policy statement. For example, our Transparency Rules require information to be clear and accessible on the firm’s website. Our consumer testing showed no clear preference about how information should be presented or which price models consumers prefer so we do allow flexibility in how firms present the information they are required to publish. However, we know comparability is a key issue for consumers and we will consider whether our updated guidance is successful in improving comparability and may consider more prescriptive rules if we think this would help to improve consumer outcomes further. In addition, our compliance and enforcement programmes are continuing to work with firms to ensure that information is available, up to date, and digestible for consumers.
- 47 As noted above, we initially provided consumers with information in a single location through the Solicitors Register and have progressed this with the ‘trust your adviser’ tool. Equally, the development of the Regulatory Information Service will take this a step further.
- 48 Towards the goal of facilitating the use of third-party tools and centralised databases, we have engaged extensively with key third party providers and collaborated with other regulators to support the entry of digital comparison tools and raise awareness and trust both with consumers and law firms. This includes helping them to build distinct products, investing in targeted ads that drive consumers towards their service, and developing voluntary codes of conduct for the DCTs to use. This work has been discussed with the LSB and is an ongoing workstrand.
- 49 We also provide information on an open data basis through our application programming interface (API) tool. At present the tool provides firm-level information to comparison sites and third parties, and we may give further consideration to including individual level data in the future.

Area of Focus

- 50 Given the evidence above, we believe that we have taken the necessary steps to ensure the provision of information in a way that meets the expectations of the LSBs statement.
- 51 Equally, to exceed the expectations of the statement we are hoping to improve how comparable information is across providers as well as how ‘clear and prominent’ information is being displayed on firms’ websites. Regarding comparability, we are currently working on updated price guidance and templates for firms to support the comparability of information. On the issue of information being ‘clear and prominent’, whilst there is a requirement for this in our rules, it is an area that has been hard to enforce through our compliance programme. We are currently in the process of evaluating the information from our compliance and evaluation programmes and will then consider whether any further action is required, for example, explicitly defining what is meant by ‘prominent’ in updates to the rules.

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52 As highlighted above, we will also consider providing further information through our API tool.

Recommendations: the Board is asked to:

- a) **provide approval for our approach to the LSB’s consumer empowerment statement response**
- b) **agree that approval for our final submission to the LSB is delegated to the Chair.**

Supporting information

Links to the Corporate Strategy and/or Business Plan

53 Our mission is driving trust and confidence in legal services. This work relates to our strategic objective to deliver high professional standards. As set out in the Corporate Strategy we committed to “develop our Transparency Rules and supporting resources for firms and consumers, improving the information available to consumers, particularly about the quality of legal services”. We plan to continue with this work in the 2024/25 business year.

How the issues support the regulatory objectives and best regulatory practice

54 Our work here is directly linked to a number of the regulatory objectives focused on both consumers and promoting competition, most notably, RO1, 3, 4, 5, and 7.

Public/Consumer impact

55 The key aim of our completed and on-going policy work in this area is focused on improving the outcomes for consumers and the public. We are also closely monitoring potentially negative impacts on consumers through our evaluation programme.

What engagement approach has been used to inform the work and what further communication and engagement is needed?

56 In the development of this work, we have engaged extensively with consumers and other bodies to inform our policy process and focus. We have also engaged with the LSB regarding our submission through the MTCOG meetings.

What equality and diversity considerations relate to this issue?

57 Throughout the work we have conducted to meet the requirements of the LSBs policy statement we have considered equality and diversity in each piece of policy and research, which are covered in the respective consultations and publications.

Annexes

Annex 1

Expectations of the LSB Consumer Empowerment Statement