

# **Consumer attitudes towards the purchase of legal services**

An overview of SRA research findings

February 2011

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## Who we are

The **Solicitors Regulation Authority** (SRA) is the independent regulator of the Law Society for England and Wales. We regulate more than 110,000 individual solicitors, other lawyers and non-lawyers they work with, solicitors firms and their staff.

During 2011 non-lawyers may begin to own and invest in businesses providing legal services to consumers in England and Wales, and we hope to also regulate some of these businesses, known as Alternative Business Structures.

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## What we wanted to find out

Our aim is to make sure consumers in England and Wales are well protected and supported when they use legal services. You can find out more about our work from our website - [www.sra.org.uk/consumers](http://www.sra.org.uk/consumers).

The regulation of legal services is based on the concept of “reserved” and “non-reserved” legal services<sup>1</sup>, and most transactions involve a mix of reserved and non-reserved services. The difference between the two is that reserved activities can only be provided by those qualified to carry out the activity – for example only a solicitor or a licensed conveyancer can provide conveyancing services. Providers offering only non-reserved legal services do not fall under the regulatory oversight of the SRA or any other regulator of legal services.

Currently, individual solicitors and firms of solicitors are restricted in how they can offer non-reserved legal services by the SRA code’s **separate business rule**. This means that if a solicitor or a firm wishes to offer non-reserved legal activities, they cannot do this through a separate, unregulated business. This protects the consumer from purchasing any services from solicitors that are not subject to regulation by the SRA.

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<sup>1</sup> Reserved legal services are defined Section 12 and Schedule 2 of the Legal Services Act as:

- The exercise of rights of audience (i.e. appearing as an advocate before a court);
- The conduct of litigation (i.e. managing a case through its court processes);
- Reserved instrument activities (i.e. dealing with the transfer of land or property under specific legal provisions);
- Probate activities (i.e. handling probate matters for clients);
- Notarial activities (i.e. work governed by the [Public Notaries Act 1801](#)); and
- The administration of oaths (i.e. taking oaths, swearing affidavits etc).

The Legal Services Board has asked the SRA to justify the imposition of the separate business rule. The SRA believes that risk to consumers would significantly increase if this rule were removed; it could affect quality of service delivered, likelihood of consumer confusion and risks to client assets.

In addition, the SRA has consulted on a proposal to apply the separate business rule to Alternative Business Structures, when these come into being in October 2011.

This research was commissioned to look at the likelihood of consumer confusion as a result of removal of the separate business rule. We wanted to find out what a selection of consumers understood about different types of legal services provider, and whether they had enough information to successfully navigate the legal services market, were the separate business rule removed.

It forms the first part of an extensive programme of consumer research being conducted by SRA to inform the way we regulate.

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## **What we did**

We commissioned research specialists GfK to interview 40 consumers who had either recently purchased legal services, or were intending to purchase them.

The interviews were in depth, and covered:

- The initial approach the consumer took to choose the provider of their legal services.
  - The types of things the consumer considered to be important when choosing a legal services provider.
  - The role played by advertising and presentation in choosing a legal services provider.
  - What the consumer knew about the regulation of their legal services provider, and how far they would be protected if something went wrong.
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## **What we are doing with the results**

The results of the research are being used to:

- inform the SRA's response to the LSB's request for information and policy on the separate business rule.
- identify any action that the SRA needs to take to improve consumer outcomes, including commissioning further research if necessary.

- improve our communication to consumers about the protection they have, or do not have, if something goes wrong with their legal services provider.

We are currently developing a new part of our organisation known as Consumer Affairs, which will provide new ways for consumers to tell us what they think and to find the information they need on using legal services. More information on Consumer Affairs can be found in the SRA's policy statement, published in November 2010. A Consumer Affairs work programme is currently being prepared, which this research will feed into.

At the end of this report we have set out the recommendations made to us by GfK, and what we are doing to take those recommendations forward.

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## Summary of findings

### How do consumers approach purchasing legal services?

- When they need to purchase legal services, consumers generally go to a provider recommended by someone they trust, such as a friend, family member or professional.
- Consumers are not doing much research about different providers prior to purchasing legal services, or comparing several providers against each other.
- Consumers of legal services are loyal – they are likely to go back to a previous provider rather than compare prices or services with other providers.

***“I'd probably be driven by referral, if it's a good referral from someone I trust.”***

Intending to purchase legal services, London

***“I think I just went for it straight away to be honest, because I was quite happy with what they said and my friend recommended them. So I think I just said 'okay, there's my money – bye!' It was a bloke, he seemed to know what he was talking about, and made you feel really comfortable, and I instantly trusted him.”***

Experienced user of legal services, Leeds

## What do consumers look for when choosing a legal services provider?

- Consumers look for an established and experienced provider. In order to decide whether a provider is established and experienced, consumers value: a recommendation from someone they trust, evidence that the provider is experienced in legal practice, and evidence that a provider specialises in the service they need.
- To a lesser extent, consumers value good customer service and a reasonable price, however these are often assessed after purchase, rather than when choosing the provider.

*"I'd rather someone who has proved themselves at work rather than someone straight out of university. So for qualifications, as long as he's got a proven track record in what he's done that's fine."*

Intending to purchase legal services, Leeds

## What part do marketing and signage play in consumer choice of legal services provider?

- Consumers do not generally find it easy to decide which providers of legal services have the required experience and qualifications. However, having a name with 'solicitor' in the title was seen as one indication of a reliable provider, and consumers had confidence in the ability of solicitors to provide legal services.
- Consumers know less about other types of legal professionals apart from solicitors, but feel that they are all qualified to do their jobs.
- Consumers feel that all legal services providers employ appropriately qualified staff.

## What do consumers understand about regulation and protection in legal services?

- Consumers expect that they are protected if something goes wrong with their legal service purchase, as they would be in other consumer sectors.
- Consumer expectations of protection if something went wrong match quite closely the actual protection they would get from purchases through regulated, rather than unregulated, providers.
- Consumers were generally surprised and concerned to learn that some legal services were not regulated. They were not aware of how to tell the difference between an unregulated and regulated provider.
- There was little awareness about how you would complain if something went wrong with a legal service provider. However, consumers generally thought they would first complain to the provider, then to the appropriate professional body (although were unsure who this body would be).
- Few consumers had looked at the terms and conditions of their legal services purchase.

***“How do you know if they’re regulated or not? [...] Is there a database somewhere on the internet? I hope so.”***

Experienced user of legal services, London

***“A legal service involves a lot of money whatever you’re doing, so you’d expect them all to be regulated. I’d have said...all those trustworthy ones as being regulated”***

Experienced user of legal services,  
Bridgend

## What do consumers expect from a legal services provider?

- There is still a general knowledge barrier around how much legal services should cost, and what the consumer is entitled to expect for the amount they pay.

*“It’s a bit of a minefield when looking for any sort of legal advice to know who to go with and...I got quite intimidated by thinking that I was going to end up with quite a big bill.”*

Current user of legal services, London

*“They [shouldn’t use] legal jargon; they [should break] it down into basic terminology for the average public person”*

Experienced user of legal services,  
Bridgend

*“We had an expectation...of what we thought the fees would come to and, we didn’t expect the hidden charges. We didn’t put enough research into the fact of the additional searches that were going to get done, the statutory searches that had to be completed....”*

Current user of legal services, London

## Recommendations and actions – what do consumers want us to do?

These are the recommendations that resulted from this research, addressing both consumer concerns and gaps in consumer knowledge.

### 1. Helping consumers make an informed choice

The findings from these interviews indicate that consumers are unlikely to ‘shop around’ for a legal services provider, but nevertheless want assurance that the provider they select offers a degree of protection should something go

wrong. The predominant consumer behaviour is to follow a trusted recommendation. It is therefore important that the consumer has the opportunity to check whether their recommended provider is regulated or not, and raise awareness of what this means in terms of opportunity for redress if something goes wrong.

- **Recommendation** – consumers should have easy access to information on the consumer protection offered by different providers.

#### **Our response**

- The SRA will continue to ensure that all those we regulate offer their clients opportunity to complain if they are not happy with the service they receive, and provide good information about how to complain.
- The SRA provides a solicitor check service where consumers can search the regulatory history of a solicitor, and check if a legal service provider is regulated by the SRA. We will continue to raise awareness of this through our Consumer Affairs team.
- The SRA will continue to support the separate business rule, to assure consumers that any services they purchase from SRA regulated entities offer full opportunity for redress and compensation if something goes wrong.

## **2. Investigating consumer behaviour and concern on a larger scale, including vulnerable and minority groups**

The 40 interviews conducted during this research have provided a great insight into consumer views and concerns about purchasing legal services. However, we understand that they alone do not necessarily tell us about the views of all consumers, particularly groups of consumers who may have issues specific to their circumstances. Some of the interviews picked up specific needs and concerns for vulnerable consumers, those with more complex needs from their legal service provider, and people from ethnic minorities.

- **Recommendation** – conduct some quantitative (large sample, basic questionnaire) research to identify specific consumer protection issues that require SRA action. This will add to our evidence and understanding of the decision around whether to keep the separate business rule.

#### **Our response:**

- The SRA is currently putting together a proposal for a follow on piece of quantitative research, which is being designed to incorporate the specific concerns of diverse groups of consumers, which may differ depending on their circumstances. This will inform the way the Consumer Affairs team work to improve consumer outcomes and provide consumers with information.
- We are publishing this research alongside another piece of consumer research that looked at the outcomes that consumers want from both legal services and regulation. The recommendations from this second piece of research will also inform the quantitative work, and the work of the Consumer Affairs team.
- The SRA will publish the findings from the quantitative research once it has been completed, and discuss how they fit with the interviews carried out for this piece of research. Both together will allow us to make further robust recommendations about the separate business rule.

### 3. Using the research to provide better outcomes for consumers

This research has highlighted many consumer concerns outside the scope of the separate business rule discussion. There were a number of participants who did not know where they would go to make a complaint, or to seek assurance that their legal service provider was regulated.

- **Recommendation** – give consumers clear, easy to find information about how to make a complaint, should they encounter any problem with their legal services provider.

#### Our response:

- The SRA will continue to work closely with the Legal Ombudsman in order to make sure consumers have a route to complain about poor service. This includes the SRA working to publicise the Legal Ombudsman in our consumer work.
- As part of our Consumer Affairs work during 2011 we will develop and improve the support and information we provide to consumers (through our website and in hard-copy) to make sure consumers can access information on managing their relationships with legal services providers.
- If there is any change to the current separate business rule arrangements, the SRA will work to publicise this to consumers, including what it means for their protection.

## 4. Exploring how to reduce the information gap between solicitors and consumers

The full report on this research touches on possible reasons for consumers' lack of information about whether legal service providers offer a good service or not. Looking at the findings from this research, and the other piece of SRA research on outcomes published alongside it, often the consumer is still not sure whether they have received a good service, or if they have paid an acceptable price, even once they have finished their legal purchase and had the work carried out. Our Consumer Affairs team would like to explore why this is, as it could help us and the profession to reduce some of this uncertainty, and deliver better outcomes for consumers.

- **Recommendation** – the Consumer Affairs team will compile evidence around reasons for consumers lack of information about quality of legal services.

### Our response:

- This is not intended to be framed as a criticism of legal service providers' information provision, or of consumers who may not have sought any information prior to selecting a provider. We are looking to explore objectively the reasons behind this lack of understanding of what acceptable legal services look like, to see if the SRA can do anything to help.
- This is likely to be a longer term information gathering exercise, with our Consumer Affairs team working together with partners such as the Legal Ombudsman, Consumer Panel, Legal Services Board and the Law Society, as well as with consumers themselves.

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## More information

If you would like any further information on the findings of our research study or our work around Consumer Affairs or outcomes-focused regulation, please get in touch:

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