



## BETTER INFORMATION IN THE LEGAL SERVICES MARKET

A report for the Solicitors Regulation Authority and the Legal Ombudsman



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# 1. Executive summary

## 1.1 The background to our research and its objectives

This report sets out the results of a programme of research commissioned by the Solicitors Regulation Authority (SRA) and the Legal Ombudsman into information transparency in the legal services market. The research was conducted between March and April 2018 and involved over 4,200 participants.

The results of the research will help inform the SRA's and the Legal Ombudsman's approach to information provision, following the conclusions of the Competition and Markets Authority's (CMA) market study conducted in 2016. One of the CMA's key findings was that there was limited transparency about price and quality related information in the legal services market, as well as low awareness of the regulatory status of solicitors and firms, and the associated redress mechanisms. In response to these findings, the SRA has carried out research to explore the best way to present price information to consumers of legal services<sup>1</sup>.

The objective of this research was to better understand:

- how regulators and comparison sites across different sectors make information available to consumers, what information they provide, and the effects this has on consumer behaviour;
- consumers' awareness and understanding of different regulatory protections (including SRA regulation, access to the Legal Ombudsman, access to a Compensation Fund and professional indemnity insurance); and
- consumers' willingness to engage and use information about the different regulatory protections set out above (such as, for example, an "SRA regulated" digital badge and the Legal Ombudsman's decisions data).

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<sup>1</sup> *Economic Insight (2018), "Price Transparency in the conveyancing market".*

The research will also directly inform the SRA's decision making and response to their Better Information, More Choice consultation, which proposed mandating regulated firms to publish prices, in certain areas of law, information about their regulatory status and protections available when using a regulated law firm.<sup>2</sup>

## 1.2 Overview of our research

In addition to an extensive literature review, we undertook four pieces of primary research, which explored consumers' awareness and understanding of different regulatory protections and assessed whether they would use information provided by the SRA / the Legal Ombudsman about the different regulatory protections in their decision-making process.

- **An online consumer survey of 1,020 recent users of legal services.** We explored their awareness and understanding of the regulatory protections, and asked them what additional information they would like to help make decisions.
- **An online complaints exercise with 1,899 consumers representative of England and Wales.** We provided participants with complaints data, in the form of Ombudsman's decisions data, as published by the Legal Ombudsman (illustrated in Figure 1 below) and tested whether they used the information to help rank the providers. To help frame the exercise, we asked participants to imagine they were looking for a family law solicitor to represent them in an uncontested divorce.

Figure 1: Example for ranking exercise 1

Exercise 1		
NAME	NUMBER OF DECISIONS	OMBUDSMAN REMEDY REQUIRED
A	1	0
B	1	1
C	2	0
D	2	2

*Source: Economic Insight*

- **An online badges trial with 1,899 consumers representative of England and Wales.** We showed participants two fictional conveyancing solicitors' homepages – Legal & Co and Law & More – and asked them to choose which one they would buy from. Some participants were shown a homepage with a mock up "Solicitors Regulation Authority regulated" badge<sup>3</sup>, and some participants were not. By

<sup>2</sup> SRA Consultation (September – December 2017), "Better information, more choice".

<sup>3</sup> This badge was a hypothetical design used for the purposes of the research exercise only.

comparing their behaviour, we could test the extent to which participants used the badge in their decision-making.

Figure 2: Illustration of the “Law & More” homepage, badge

The screenshot shows the homepage of Law & More Conveyancing Solicitors. At the top, there's a blue header with the 'LAW & MORE' logo and a search bar. Below the header is a large banner featuring several wooden cutout figures of people holding hands, set against a background of green grass. The main title 'Welcome to Law & More Conveyancing Solicitors' is centered below the banner. The page content includes a section about conveyancing services, a 'Make an Enquiry' form, and a 'Regulated' badge.

**LAW & MORE**

We are a firm of conveyancing solicitors with over 20 years' experience in dealing with residential and commercial property transactions and we provide a reliable, professional and cost-effective service to all of our customers. As a dedicated firm of conveyancing specialists, you can be sure that our solicitors will be on hand to guide you through your property transaction.

**ABOUT LAW & MORE**

**MEET OUR TEAM**

**OUR RANGE OF SERVICES**

**CONTACT OUR EXPERTS**

**Make an Enquiry**

Name

Phone Number

E-mail

Message

SEND

FOR INFORMATION ABOUT OUR SERVICES & PRICING STRUCTURE CLICK HERE

Law & More | Authorised and Regulated by the Solicitors Regulation Authority – SRA No 657124

**REGULATED**

Source: Economic Insight

- **An online regulatory protections trial with 1,286 consumers representative of England and Wales.** We showed participants four fictional will writing providers' homepages under the Wills & Co brand. Each provider had different regulatory protections (including SRA regulation, access to the Legal Ombudsman, access to a Compensation Fund, and professional indemnity insurance (PII)) and the homepages stated what they had. We tested whether participants took account of

the different regulatory protections to help rank the providers. To help frame the exercise, we asked participants to imagine they were looking for a provider to draw up their simple will.

Figure 3: Illustration of the “Wills & Co” homepage, provider A, regulatory protections information + descriptions treatment

The screenshot shows the homepage of Wills & Co. The header features the company name "WILLS & Co." in white text on a dark teal background. Below the header is a navigation bar with links: HOME (underlined), ABOUT US, STEP BY STEP GUIDES, WILL FAQS, NEWS & MEDIA, and CONTACT US. The main visual is a photograph of a fountain pen resting on a "Last Will and Testament" document. Below the image is the tagline "Trusted. Experienced. Straightforward." followed by a paragraph of text about the company's history and the importance of having a will. The page is divided into three columns, each containing an icon and text. The first column has a gavel icon, the second has a family icon, and the third has a pen icon. At the bottom, there are sections for regulatory information, a compensation fund, professional indemnity insurance, and a contact button.

**WILLS & Co.**

HOME ABOUT US STEP BY STEP GUIDES WILL FAQS NEWS & MEDIA CONTACT US

**Last Will and Testament**

**Trusted. Experienced. Straightforward.**

Since 1992 we have helped thousands of people like you to protect what is most precious to them. A will gives you peace of mind that your wishes will be respected. But it's all too easy to put it off, and that can cause problems for your loved ones after you're gone. Did you know that if you do not have a will, your estate (everything that you own at the time of your death) will not automatically go to your spouse, partner or the person you intended to inherit, leaving that person vulnerable?

 If you die without a valid will in place you are said to have died 'Intestate' and the Intestacy Rules will come into effect. These are strict rules which mean that the courts choose who benefits from your estate and this can potentially cause family hardship and disputes.	 Even if you already have a will, making sure it is up to date is especially important if you have children under 18, if you're cohabiting, getting married, divorced (or in the process of getting divorced), own joint property or have specific funeral plans. If there are any changes in your personal circumstances, you should consider reviewing your will.	 As a will is a legal document, any small error in the wording is open to interpretation which can cause problems and, at worst, render the will invalid. You should always consult a specialist for legal advice.
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**> We are regulated by the Solicitors Regulation Authority**

The Solicitors Regulation Authority regulate solicitors and firms of solicitors to protect the public and support the rule of law and proper administration of justice. They do this by overseeing all education and training requirements necessary to practice as a solicitor, licensing individuals and firms to practice, setting the standards through a code of conduct and providing sanctions if these standards are not met.

**> You have access to a Compensation Fund**

A Compensation Fund can make payments where someone the Solicitors Regulation Authority regulate has stolen money or not accounted for it. It can also make payments in some situations where a person the Solicitors Regulation Authority regulate should have had insurance, but did not. There are detailed rules which cover who can apply to the Fund and when the Fund can make payments.

**> You have access to the Legal Ombudsman**

If you are unhappy with the service provided by this lawyer, you have the right to take your complaint to the Legal Ombudsman, free of charge, who have the power to investigate the issues.

**> We have Professional Indemnity Insurance**

Insurance that law firms the Solicitors Regulation Authority authorise must take out to protect clients against damage or loss caused for instance by work related mistakes or where they have not looked after money properly.

At Wills & Co., we make the process hassle-free, explaining everything in plain English and offering you the service from the comfort of your own home, 7 days a week. **Do the right thing, make a will.**

**CONTACT US**

Source: Economic Insight

### 1.3 Findings and conclusions

Our key finding across all research methods is that consumers value the **right information at the right time** when choosing and using legal services.

Our more detailed findings are as follows, and are set out in more detail below:

- We have found that consumers' current level of understanding of regulatory protections is mixed.
- We have found that consumers engage with and use information on regulatory protections when it is provided. Particularly, our badges trial shows that 68% of participants notice the mock up "SRA regulated" badge when it is featured on a provider's homepage.
- The evidence suggests that consumers make decisions consistent with a good understanding of the different regulatory protections information provided, yet they do not always interpret it correctly.
- The research shows that consumers would like additional and / or more transparent information on prices and quality.
- The evidence suggests that consumers are willing and able to weigh up price and regulatory protections.

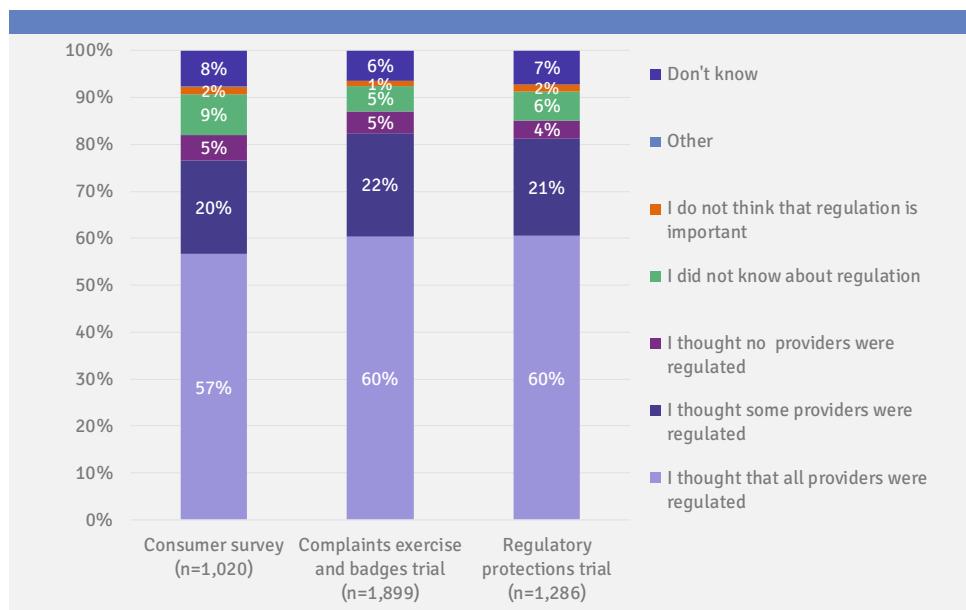
#### 1.3.1 Consumers' current level of understanding of regulatory protections is mixed

**We have found that consumers' current level of understanding of regulatory protections is mixed. This is for the following reasons:**

- Our consumer survey shows that 57% of respondents believe that all legal services providers are regulated.
- Our complaints exercise, badges trial and regulatory protections trial all show that 60% of participants thought that all legal services providers were regulated.



Figure 4: Did you think that all, some or no legal services providers are regulated?



Source: Economic Insight research (N= 4,205)

- Our literature review shows that regulatory protections, such as having access to an Ombudsman, the ability to claim redress, or the provider being insured are less important factors in the choice of a legal services provider than, for instance, the cost of the legal advice and the provider's expertise. This is consistent with consumers focusing on finding a provider to meet their needs at the point of purchase, rather than what to do if it went wrong further down the line.
  - Results from our consumer survey confirm this finding. 55% of respondents stated that the providers' reputation was in their top five most important factors of choice, and 44% stated that the cost of the legal services was in their top five choice factors. 14% of respondents stated that whether the provider was regulated was one of their top five choice factors.

### 1.3.2 Consumers engage with and use regulatory protections information

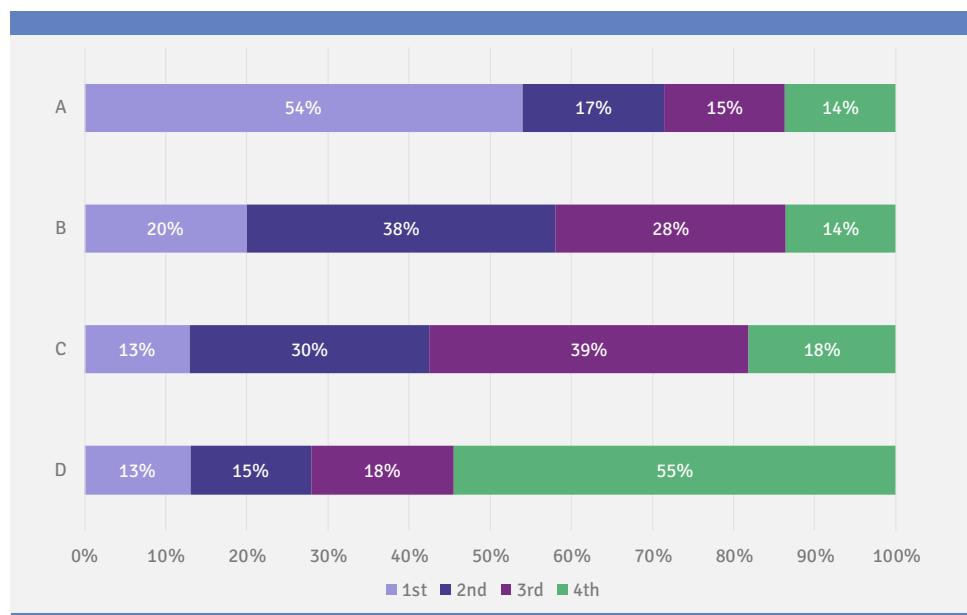
**We have found that consumers engage with and use information on regulatory protections when it is provided. For example:**

- The complaints exercise shows that respondents use the Legal Ombudsman's decisions data when choosing a legal services provider. We asked them to undertake two ranking exercises, with different amounts of data shown.
  - In the first exercise, respondents considered four providers with varying numbers of Ombudsman decisions against them and Ombudsman remedies required. 38% of respondents ranked first the legal services provider with the least amount of Ombudsman remedies directed (e.g. no remedies required) and Ombudsman's decisions made against them (e.g. one decision against them).
  - In the second exercise, respondents considered three providers, with varying levels of information against the Ombudsman remedy required (e.g. to pay

compensation), the remedy amount (e.g. £1-299), the complaint reason (e.g. excessive costs) and whether the Ombudsman found poor service (e.g. yes or no). 67% of respondents ranked the provider with 'no poor service' first.

- Our badges trial shows that 68% of participants notice the "SRA regulated" badge when it is featured and that providers with an "SRA regulated" badge on their homepage could expect a 14% increase, on average, in consumers choosing them (compared to a provider without a badge).
- Our regulatory protections trial shows that consumers notice information on the different regulatory protections and use it when choosing a legal services provider. 54% of participants ranked the legal services provider with most regulatory protections (provider A) as their first choice compared to 14% who ranked that provider as their last choice. Provider A offered access to most regulatory protections (including SRA regulation, access to the Legal Ombudsman, access to a Compensation Fund, and professional indemnity insurance (PII)), followed by provider B (SRA regulation, access to the Legal Ombudsman, and PII), then provider C (SRA regulation and access to the Legal Ombudsman), and then provider D (none).

Figure 5: Rankings made across both treatment groups



*Source: Economic Insight regulatory protections trial (N=1,286)*

### 1.3.3 Consumers make decisions consistent with a good understanding of the information provided, yet they do not always interpret it correctly

**The evidence suggests that consumers make decisions consistent with a good understanding of the different regulatory protections information provided, yet they do not always interpret it correctly. For example:**

- Across all our research, we have found that participants react to information about regulatory protections in a way that is consistent with a correct interpretation of what it means. For example, as we set out in the previous section:

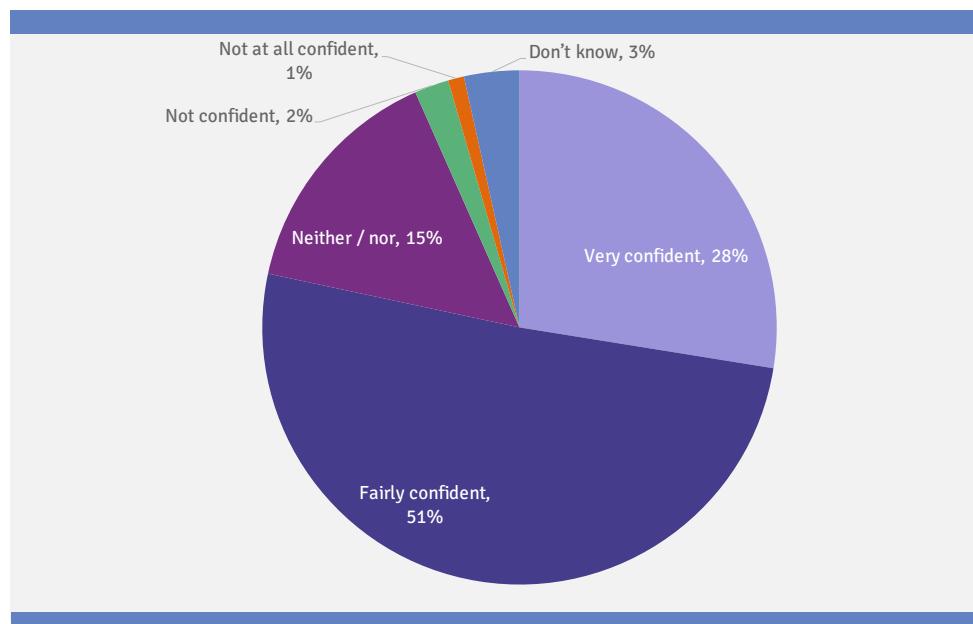
- In the complaints exercise, respondents tended to rank providers with a low number of Ombudsman decisions and Ombudsman remedies required more favourably than those with a high number. Similarly, respondents tended to rank providers where the Ombudsman had not found evidence of 'poor service' more favourably than those where it had.
  - In the badges trial, 14% more participants chose a provider with an "SRA regulated" badge compared to those without a badge.
  - In the regulatory protections trial, participants tended to rank providers with more regulatory protections more favourably than those with less protections.
- When we probed participants about the reasons for their choices, this indicated that some had a better understanding of the information provided than others. For instance:
  - In the complaints exercise, although 68% of participants ranked the legal services provider without 'poor service' first, 30% stated that this was because the provider had received no complaints. The correct interpretation here should have been that the Ombudsman had investigated a complaint, but found the firm had not provided a poor service (which was selected by 15% of respondents).
  - In the badges trial, although 68% of participants noticed the "SRA regulated" badge when it was featured, 61% thought that the firm they chose was regulated by the SRA. That is, not all participants who noticed the badge interpreted it as meaning that the firm was regulated by the SRA.
  - In the regulatory protections trial, although participants tended to rank providers with more regulatory protections more favourably, 70% of participants correctly recalled whether their preferred provider was regulated by the SRA; 65% correctly remembered whether their preferred provider had access to the Legal Ombudsman; 60% correctly remembered whether the provider they ranked first had access to a Compensation Fund; and 52% correctly remembered whether their preferred provider had professional indemnity insurance.
- So, even though respondents have not always interpreted the regulatory information provided correctly, their choices are consistent with those that someone with a good understanding of the information would make.
- This is further supported by evidence from our literature review, which finds that when information is provided to consumers, this has led to better consumer outcomes, such as, for instance, increases in the quality of the products / services purchased, increased competition among suppliers of products / services, or reductions in prices.

### 1.3.4 Consumers would like additional and / or more transparent information on prices and quality

**The research shows that consumers would like additional and / or more transparent information on prices and quality. For example:**

- Our literature review shows that consumers find customer ratings and reviews particularly useful in helping them choose between different providers, albeit this type of information is not widely available currently in the legal services market.
- We have found that consumers value different information at different points in time when choosing and using legal services. For example, across all of our research, respondents have stated that the key pieces of information that they would have liked to help them make a decision before choosing a legal services provider was cost and quality information.
- We also found that 79% of participants of the badges trial feel more confident when purchasing services from providers with a badge and that 86% of participants would find it useful to be able to click on a "Solicitors Regulation Authority regulated" digital badge and find information on the authenticity of the website, as well as what protections are available.

Figure 6: Do you generally feel more confident when purchasing services from providers with a badge, such as the following one (see picture on the left)?



*Source: Economic Insight badges trial (N=1,899)*

- Finally, in relation to information about regulatory protections, the need for those tends to occur when the service is being delivered. Here, consumers favour information about (i) what protections they get, and (ii) how they can access them (e.g. who to contact, and under what circumstances they can make claims).

### 1.3.5 Consumers are willing and able to weigh up price and regulatory protections

**Finally, the evidence suggests that consumers are willing and able to weigh up price and regulatory protections. For example:**

- Results from our regulatory protections trial show that some consumers are willing to switch to the cheapest provider with the least protections, whereas others are not. When we provided participants with prices for the different providers, and varied the protections, 41% said they would change their ranking. That is, some participants were willing to switch to the cheapest provider with the least protections.
- This illustrates that some consumers are more sensitive to price than others, whereas others are more sensitive to the level of protections they can access. But there is no evidence that consumers “just pick the cheapest”.

### 1.4 Recommendations

With these conclusions and findings in mind, our overarching recommendations are as follows.

- Our first overarching recommendation is that the SRA takes steps to increase consumers' access to this type of information, as it is likely to help consumers make better decisions. For example, information that would be particularly useful is:
  - prices;
  - a description of the services offered; and
  - the regulatory status and protections available to consumers, for instance by using an SRA regulated logo as a digital badge.
- As part of this, our research highlights that it is important to provide the right information at the right time. For example, at the point of purchase, most consumers naturally focus on trying to gauge the cost and quality of potential providers, so it is important to have greater transparency in this area.
- With this in mind, our second overarching recommendation is that the SRA focuses on increasing the ease with which consumers can find relevant information in the event that things do go wrong. Our research suggests, for example, that consumers want practical information about the circumstances under which they can get compensation and / or redress and who to go to.

Our detailed recommendations relating to complaints and regulatory protection information are set out in chapter 8.

## 1.5 Structure of this report

The rest of this report is structured as follows.

- **Chapter 2** provides a background to and an overview of our research and sets out common methodological considerations.
- **Chapter 3** sets out the main findings from our literature review of evidence from legal services in the United Kingdom and overseas, as well as evidence from other sectors on information provision.
- **Chapter 4** summarises the method, results and conclusions from our online consumer survey of recent users of legal services.
- **Chapter 5** provides the methodology, findings and conclusions from our online complaints exercise with a nationally representative sample of consumers in England and Wales.
- **Chapter 6** sets out the method, results and conclusions from our online badges trial, also with a nationally representative sample of consumers in England and Wales.
- **Chapter 7** sets out the methodology, findings and conclusions from our online regulatory protections with a nationally representative sample of consumers in England and Wales.
- **Chapter 8** provides recommendations from our research.
- **The Annex to this report** contains copies of the online survey and equivalent information for the online trials. It also contains additional results referred to in the main body of the report, as well as a more detailed review of the literature set out in chapter 3.



## 2. Background to and overview of research

This chapter provides the background to and an overview of our research. It sets out common methodological considerations across the online survey, the complaints exercise and both trials. Details of the methodology for each are set out in the relevant chapters of this report.

- The CMA's recommendations of its market study into the provision of legal services in England and Wales, as well as the SRA's phased review of its regulatory framework provide the background to this research. Specifically:
  - The CMA found that better information will help people choose the best legal support as well as driving competition, quality and innovation. To help work out what the information should be, the CMA recommended consumer testing should be undertaken to identify how consumers make decisions in the legal services market.
- Our research included a literature review; an online survey of recent users of legal services; an online complaints exercise in the area of family law; an online badges trial in the area of conveyancing; and an online regulatory protections trial in the area of will writing.
- We chose to include an online survey, complaints exercise and trials as they complement each other.

THE CMA FOUND THAT THERE IS NOT ENOUGH INFORMATION AVAILABLE ON PRICE, QUALITY, AND SERVICE.

## 2.1 Background to our research

The CMA's market study into the provision of legal services in England and Wales concluded in December 2016 that "*the legal services sector is not working well*" because there is "*very little transparency about price, service and quality.*"<sup>4</sup>

The CMA found that better information will help people choose the best legal support as well as driving competition, quality and innovation. To help work out what the information should be, the CMA recommended **consumer testing** should be undertaken to identify how consumers make decisions in the legal services market.

It called on regulators, including the SRA, to set new **minimum standards** for price and service transparency. One of the CMA's propositions to increase consumer engagement with regulatory information was to provide more prominent messaging, for example "*through some form of badge that could develop increased consumer awareness over time in a similar form to the Financial Services Compensation Scheme badge for deposit protection.*"<sup>5</sup>

Importantly, the CMA noted that "*one size does not fit all*" and it is for the individual regulators to "*assess their own regulatory requirements and the relevance of our recommendations to the services that their regulated professionals offer.*"<sup>6</sup>

The CMA's report recommended that regulators (including the SRA) set a new minimum standard for the information published by regulated firms. The main areas of information that the CMA pointed to were:

- price;
- service (including both the services offered, and the standard of those services);
- redress; and
- regulatory status.

Based on these recommendations, the SRA consulted on how best to respond to the CMA's recommendations in its *Better information, more choice* consultation<sup>7</sup> (which closed on 20 December 2017), including mandating regulated firms to publish the following on their websites:

- prices (or provide price information on request if they do not have a website) for particular areas of law;
- a description of the services they offer;
- their regulatory status and protections available to consumers by using an SRA regulated logo as a digital badge.

The consultation further proposed that the SRA publish on its own website (and make available to re-publishers such as online comparison websites, as well as consumers directly):

<sup>4</sup> Competition and Markets Authority (2016), "Legal services market study: Final report", page 4.

<sup>5</sup> Ibid, page 247.

<sup>6</sup> Ibid.

<sup>7</sup> Solicitors Regulation Authority (2017), "Looking to the future: better information, more choice".

- data on the numbers of complaints a firm has received (including information on those that have been resolved by the firm, and those that have been referred to the Legal Ombudsman); and
- the areas of law they practice.

The SRA already conducted research into the effectiveness of first tier complaints processes<sup>8</sup> and consumer experience of the conveyancing process<sup>9</sup>.

It also completed research into firms publishing prices on their websites.<sup>10</sup> The research tested how pricing models, and the way that prices are presented to consumers on firm websites, affects their ability to make choices (within the conveyancing market) by using randomised controlled trials.

The online consumer trial found no strong preference for any pricing model. Consumers were equally likely to choose fixed fee, hourly rates or a process fee for a conveyancing transaction. However, in general consumers found it difficult to make good price-related choices, but did make better choices (defined as the most cost-effective option) when prices were readily available on the homepage of a website.

The SRA is also currently undertaking a phased review of its regulatory approach in *Looking to the future: flexibility and public protection*,<sup>11</sup> where it is:

- simplifying regulations;
- getting rid of unnecessary bureaucracy that drives up costs or restricts access to solicitors, while making sure the right public protections remain in place; and
- improving the information available to help people make better choices.

THERE WILL BE VARYING LEVELS OF PROTECTION DEPENDING ON WHO THE CONSUMER USES.

These reforms include proposals to enable solicitors to deliver non-reserved legal services by practising in an unauthorised business, and allowing individual solicitors to offer reserved activities on their own account without being authorised as a firm.<sup>12</sup> There will be varying levels of protection depending on who the consumer chooses to use. For example, whether they use an SRA regulated firm, an individually regulated solicitor, another regulated lawyer (such as a barrister), or indeed a business that does not attract legal regulation whatsoever (such as an online will writing company). These different providers attract different levels of the following protections:

- **SRA regulation.** The Solicitors Regulation Authority regulate solicitors and firms of solicitors to protect the public and support the rule of law and proper administration of justice. They do this by overseeing all education and training requirements necessary to practise as a solicitor, licensing individuals and firms to practise, setting the standards through a code of conduct and providing sanctions if these standards are not met.
- **Access to the Legal Ombudsman.** The Legal Ombudsman was set up by the Office for Legal Complaints (OLC) under the Legal Services Act 2007. It is an

<sup>8</sup> London Economics and YouGov (2017), "Research into the experiences and effectiveness of solicitors' first tier complaints handling process".

<sup>9</sup> IFF Research (2017), "Understanding the experiences of conveyancing legal services".

<sup>10</sup> Economic Insight (2017), "Price transparency in the conveyancing market".

<sup>11</sup> See: <https://www.sra.org.uk/sra/policy/future/looking-future.page>.

<sup>12</sup> The reserved legal activities are exercising rights of audience, conducting litigation, preparing certain documents relating to probate and conveyancing, acting as a notary, and administering oaths. All other legal activities are known as non-reserved legal services.

independent, impartial, “single point of entry” scheme for all consumer legal complaints, and started receiving complaints on the 6<sup>th</sup> October 2010. The Legal Ombudsman’s remit covers problems with the service provided by lawyers, whereas issues concerning conduct are dealt with by relevant regulatory bodies (e.g. the SRA).

- **Access to the Compensation Fund.** The Compensation Fund is a discretionary fund and has been operating for nearly 70 years. Individual solicitors and authorised firms pay a contribution each year to cover the cost of claims paid and other costs of operating the Compensation Fund. The SRA Compensation Fund rules set out the circumstances where money lost by people because of the dishonesty or incompetence of an individual or law firm that the SRA regulate will be replaced.
- **Professional indemnity insurance (PII).** PII is insurance which protects solicitors, their clients, and others, from the financial consequences of civil liability claims arising from work in private legal practice. These claims most commonly involve professional negligence. The SRA sets the minimum terms and conditions (MTCs) with which all firms’ insurance must comply, and these minimum terms ensure that clients – and firms – are protected.

The following table illustrates the different levels of protections that each different provider type attracts if the SRA’s reforms materialise.

Table 1: Future consumer choice between protections and provider types

Protections / Provider type	SRA regulation	Access to the Legal Ombudsman	Access to Compensation Fund	PII <sup>13</sup>
SRA regulated firm	✓	✓	✓	✓
Freelance regulated individual	✓	✓	✗	✓ <sup>14</sup>
Solicitor in unregulated firm	✓	✓	✗	✗
Unregulated firm	✗	✗	✗	✗

Source: Solicitors Regulation Authority

Finally, as part of this phased review, the SRA is currently consulting on changes to the MTCs for solicitors’ PII, as well as changes to the Compensation Fund.<sup>15</sup> This will

<sup>13</sup> Note that even if firms / individuals are not subject to the PII rules or MTCs they are likely to have arranged their own insurance.

<sup>14</sup> Only if the freelance solicitor is providing reserved legal activity they will have a specific duty to obtain adequate insurance.

<sup>15</sup> Solicitors Regulation Authority (2018), “Protecting the users of legal services: balancing cost and access to legal services”.

(potentially) affect the protections available to consumers as set out in the table above.

As such, this research explores the CMA's recommendations about regulatory status / protections and publishing complaints information, as well as exploring some of the key issues in changes in the SRA's regulatory framework, as set out above.

In the following section we provide an overview of the research methods we have used to explore these issues, as well as common methodological considerations.

THIS REPORT FOCUSES ON INFORMATION PROVISION ABOUT REGULATORY STATUS AND PROTECTIONS.

## 2.2 Overview of our research

This report sets out our research in relation to information provision about regulatory status and protections available in the supply of legal services. Specifically, it seeks to:

- investigate information provision in (a) the supply of legal services and (b) other sectors, including (i) how regulators across different sectors make information available to consumers (including whether they provide consumers with first tier complaints data); (ii) what information regulators across different sectors, as well as comparison sites, make available to consumers; and (iii) the effects of information provision on consumer behaviour;
- explore consumers' awareness and understanding of different regulatory protections, including (i) SRA regulation; (ii) access to the Legal Ombudsman; (iii) access to a Compensation Fund; and (iv) professional indemnity insurance (PII);
- examine the impact of information on consumer decision-making.

In order to do this, we have undertaken an extensive literature review, as well as four pieces of research covering different areas of law, as set out in the table below.

Table 2: Overview of our research

Research	N	Sample	Area of law covered
Literature review	80+ studies	Practitioner and academic literature	Legal services and other sectors
Online consumer survey	1,020	Recent users of legal services <sup>16</sup>	Will writing; family matters; advice and appeals about benefits or tax credits; housing, landlord or tenant problems; problems with consumer goods; conveyancing; power of attorney; accident or injury claims; debt or hire purchase problems; probate; employment disputes; neighbour disputes; any offences or criminal charges; immigration matters; other
Online complaints exercise	1,899	Nationally representative of England and Wales	Family law
Online badges trial			Conveyancing
Online regulatory protections trial	1,286		Will writing

Source: Economic Insight

<sup>16</sup> A recent user of legal services was defined as within the last year.

The following chapters set out our key findings in relation to each of the research methods listed in the table above. A more detailed appraisal of the literature can be found in the Annex to this report.

Our research covers multiple areas of law. The online consumer survey covers all areas of law, whereas the trials and the complaints exercise cover a different area of law each (conveyancing, will writing and family law, respectively). This has been undertaken for practical and external validity reasons. For example, someone who is dealing with a family law issue is unlikely to be comparing between family law and conveyancing legal services providers at the same time.

### 2.3 Common methodological considerations

There are some overarching methodological considerations, which apply across the survey, exercise<sup>17</sup> and trials we have undertaken, including:

- the reasons for undertaking the research online;
- sample selection; and
- incentives.

We set these out in turn below.

#### 2.3.1 The reasons for using an online survey, exercise and trial

Before describing the online survey, complaints exercise and trials in detail, we comment briefly here on their advantages and limitations. The methods complement each other because they help measure different things and have different strengths and weaknesses.

- The main advantage of the **online survey** is that it helps us to better understand the awareness and understanding of different regulatory protections of actual users of legal services based on their recollections of what they did and why they did it.
- The main limitations of the online survey are that it relies on accurate recall and that “behavioural biases” may lead to consumers answering questions in a way that does not reflect how they would actually behave in certain situations.
- The main advantage of the **online trials** is that they allow us to test how consumers’ decisions would change with different information in a controlled environment. We set out in more detail what a trial is overleaf and discuss the merits of this methodology at the end of this chapter.

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<sup>17</sup> Note that the complaints exercise was a form of survey, as there were no treatment and control groups.

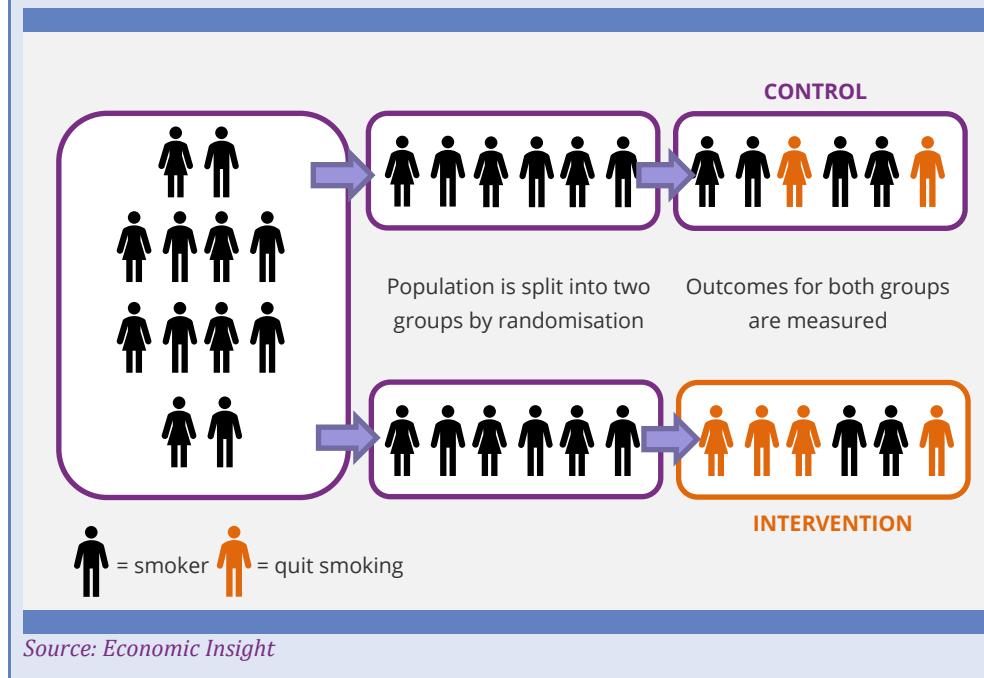
### Box 1: Randomised controlled trials

Randomised controlled trials (RCTs), used interchangeably throughout this report with “trials”, are another research method in the regulator’s toolkit. One of the main advantages of a trial is that it allows us to observe how consumers actually respond to a potential policy intervention or market change in a controlled environment.

The simplest trial is to divide a target population into two groups: the control group, who receives no intervention (i.e. no changes from the status quo) and the treatment group, who faces changes (i.e. policy intervention). The key step in trials is to ensure that the individuals in the two groups are as closely matched as possible, so that the two groups are equivalent with respect to all key factors such as socioeconomic status and gender. This is achieved by randomly allocating individuals to the control and treatment groups. After the policy has been introduced and implemented in the treatment group, the change in the outcome variable between the control and treatment group can be solely assigned to the policy intervention.

The following figure shows an example of an image of an RCT. Here, the effectiveness of a new “smoking cessation” programme, assisting people who are trying to stop smoking, is being tested. The target population is randomly divided into two groups of the same size, where the control group receives the current intervention while the treatment group is provided with the new “smoking cessation” programme. In the case presented in the figure below, policy makers could consider the new programme to be effective, as more people have quit smoking in the treatment group.

Figure 7: Example of RCT – smoking cessation programme



### 2.3.2 The reasons for selecting a nationally representative sample of England and Wales for the complaints exercise and the online trials

We selected a sample representative of England and Wales for this research, rather than a sample of consumers that had recent experience of using legal services for the following reasons:

- First, and most importantly, it eliminates a risk that the “answers” given by those with recent experience will be influenced by the choices they recently made (e.g. status quo and anchoring biases).
- Second, any change in regulation in this area is more likely to affect those consumers that have not recently experienced any of the legal issues explored in this research (a family law matter, conveyancing, and will writing).
- Third, the sample representative of England and Wales allows us to include more consumers in the complaints exercise and trials.
- Fourth, information was given to participants at the start of the complaints exercise and trials to help them understand the different legal services and profiling questions were added at the end of the trials to help understand whether different groups behave differently (e.g. those with recent experience of using legal services versus those without).

As with our online consumer survey, this sample is slightly self-selected and as such not totally representative of the population of England and Wales, but rather of the population of England and Wales that is online literate.

### 2.3.3 The reasons for not including incentives in the online trials

We considered whether and what type of incentives to provide in these trials. Incentives are given to respondents for two reasons:

- first, to help mimic the different financial and non-financial consequences that different actions have in real life; and
- second, to ensure that respondents take the task “seriously” (as opposed to randomly choosing any option to complete the survey / trial quickly).

Our view is that, as there is no clear-cut “best” answer in these trials (unlike our previous pricing trial<sup>18</sup>), it was **best not to provide an incentive** that is conditional on behaviour, in this context.

### 2.3.4 A discussion of the trial methodology

As the following sections will set out, the online trials involved real choices by participants and ensured that the effects of the different interventions / treatments were controlled for.

RCTs have been used for over 60 years to compare the effectiveness of new medicines and have recently become more commonplace in international development to

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<sup>18</sup> Economic Insight (2017), “Price transparency in the conveyancing market”.

compare the cost effectiveness of different interventions for tackling poverty.<sup>19</sup> In the UK, the Financial Conduct Authority has increasingly used trials and other methods, such as experiments, in developing interventions, and other regulators (Ofgem, SRA) have started using them, too.

One of the main appeals of this method for this research is that it overcomes limitations of survey-based approaches, as it does allow us to see how consumers' decisions would change with different information in a controlled environment.

However, in the context of these online trials, we still need to be mindful of other limitations that arise. For example, making a choice in an online trial is not the same as making a choice in real life for several reasons, including:

- the costs and benefits involved in the trial are smaller than in real life;
- the trial participant is likely to be in a different frame of mind compared to a purchaser of legal services;
- the extent to which a trial can "mimic" real life is influenced by the time and costs associated with the research.

In our view, the advantages and disadvantages of both methods mean that the results of them should inform regulatory decision-making alongside other evidence, and that for this research question – i.e. the impact of information on choice and understanding - they complement each other.

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<sup>19</sup> Haynes et al. (2012), "Test, Learn, Adapt: Developing Public Policy with Randomised Controlled Trials".

### 3. Literature review

This chapter provides a summary of our literature review. A more detailed appraisal of the literature from other sectors, as well as our academic literature review can be found in the Annex to this report. Our key findings are as follows:

- Evidence from the legal services sector shows that there is relatively low awareness and understanding of regulatory protections in legal services.
- It also shows that there is an appetite for quality related information from the consumer side across sectors. For instance, consumers often cite an interest in having information on comparative performance of providers and frequently report that customer ratings and reviews are particularly useful in helping them choose between different providers, though these are not currently prevalent in the legal services market.
- We found that when information is provided to consumers, this has led to better consumer outcomes. These outcomes can be both increases in the quality of the products / services purchased, increased competition among suppliers of products / services, or reductions in prices.
- The type of information provided needs to be tailored to the specific circumstances in order to ensure that it is effective. For example, in sectors where “quality” is more easily measurable, metrics of this quality are generally provided to consumers (e.g. trains running on time); whereas in sectors where “quality” is more difficult to capture within one single metric, consumers tend to be provided with ways of checking whether their providers meet certain minimum quality criteria (e.g. by being listed on an authorised persons register).

### 3.1 Evidence from legal services

There is a significant amount of literature about information provision of regulatory protections, and consumers' use and understanding thereof in legal services. In summary:

- Previous studies have shown that regulatory protections such as having access to an Ombudsman, the ability to claim redress, or the provider being insured are less important factors in the choice of a legal services provider than, for instance, the cost of the legal advice or the provider's expertise. To some degree, this could explain why there is low awareness and understanding of regulatory protections among consumers.
- Several studies have put forward that information provision and making it easily accessible are important in driving consumer engagement in the legal services market. For example, the SRA set out to share information to help consumers make informed choices and increase competition.
- The Legal Ombudsman was set up in 2007 as an independent, impartial, "single point of entry" scheme for all consumer legal complaints. It publishes the names of all service providers which have been involved in complaints resolved by an Ombudsman decision quarterly, on a rolling annual basis on its website to increase transparency, promote consumer protection and raise standards across the legal profession.

#### 3.1.1 Previous studies have shown that regulatory protections are seldom a choice factor in legal services

Several previous studies have shown that when choosing a legal services provider, factors such as the cost of the legal advice and the solicitors' expertise are more important to the consumer than whether they can claim money back from the regulator, whether the solicitor has insurance or there is access to an Ombudsman. This may – to some extent – explain why there is low awareness of the various different regulatory protections<sup>20</sup>.

- SRA internal analysis undertaken in 2018 with 2,012 adults in the UK, found that respondents did not think they were entitled to many protections when purchasing legal services. 10% thought that there was access to an Ombudsman, 7% thought there was insurance / redress, 3% thought they could receive compensation, 2% thought there were regulatory bodies, and 7% thought there were no protections at all.
- The Legal Services Consumer Panel's (LSCP) Tracker Survey<sup>21</sup>, of 1,625 adults who have used legal services in the last two years, found that most of the public (65%) are aware of the Legal Ombudsman, and there has been no significant shift in the levels of awareness since 2015. The proportion of dissatisfied legal service consumers who did nothing about it increased from 35% in 2016 to 49%. Just

<sup>20</sup> Please note that we define regulatory protections quite widely to include: Legal Services Act approved regulators regulation, access to an Ombudsman, access to a Compensation Fund, professional indemnity insurance, and complaints handling policy.

<sup>21</sup> LSCP Tracker Survey (July 2017).

under 30% raised their concerns with the service provider but did not make a formal complaint and under 5% complained to the Legal Ombudsman.

- The 2015 Consumer Legal Needs Survey<sup>22</sup> covers consumers' legal needs very comprehensively, from the identification of their legal needs, their strategies / actions taken (or not taken) and providers used (if any), including whether these were regulated or not. It looks across 29 types of legal issue for 8,192 respondents who experienced 16,692 issues. Specifically:
  - **9% of respondents that obtained advice** looked for **services that were regulated** when choosing their main provider. Respondents were also asked what information they wanted to help them make a decision about a provider with regards to their issue. The key information felt to be required before choosing an advisor was seen to be the **cost of the service** (cited for 34% of issues) and information about **relevant expertise** (34% of issues).
  - Respondents were asked what they were told when they first instructed their professional service provider to go ahead with the matter for each issue where advice was provided. The most common aspect explained was the likely outcome (in 46% of cases), followed by the likely cost (41%), how long the matter would take (38%) and who would be dealing with it at the organisation (29%). In fewer cases respondents were told about potential issues (19%), potential additional costs (19%), **how to complain if things go wrong** (14%), or **the Legal Ombudsman** (7%). Respondents were also asked about what they were told when they held their first meeting with a provider. The proportions for each of these categories were broadly in line with those for when they first instructed their provider.
  - **For half (48%) of issues respondents checked if their main advisor was regulated.** This was more likely for those aged 55 or over (53% of their issues).
  - Respondents who did not check whether their main advisor was regulated were asked why not. In **more than half of these issues (52%) they assumed that they would be regulated and therefore did not check**. In a **sixth of cases (17%) they did not think regulation was important**, in **8% of issues they did not know what regulation meant**, and in a further eight percent they **did not know how to find information about regulation**.
  - Among those issues where respondents did check that their provider was regulated, in 35% of cases the respondent said that it was obvious based on the provider's website or correspondence, for example logos made their status clear. In 29% of issues respondents checked the regulator's website and in a fifth (22%) the provider told them that they were regulated.
- A survey of 1,810 adults in England and Wales, undertaken by ComRes<sup>23</sup>, found that most English and Welsh adults believe solicitors should be regulated (86%). Similarly, 68% of respondents reported being more likely to trust a profession that is independently regulated and 69% said that they would feel more

<sup>22</sup> Ipsos MORI (May 2016), "Online survey of individuals' handling of legal issues in England and Wales 2015".

<sup>23</sup> ComRes (2016), "Poll on regulatory independence".

comfortable making a complaint if the regulator was fully independent of solicitors.

- Vanilla Research (2013)<sup>24</sup> for the Legal Services Board (LSB) found minimal knowledge of existing legal protections, even among those who had experience of using legal services (some of whom had substantial experience). They identified the central issue as being the difficulty of the consumer knowing when to complain and being able to judge the quality of the legal services they have received. They found that consumers feel vulnerable in the legal market and have much less confidence than when dealing with problems such as for example, faulty white goods where problems are tangible.

### 3.1.2 Previous studies have shown that information about legal services needs to be made more accessible

Several previous studies have also put forward that information provision and making it easily accessible are important enablers for consumers to make informed decisions about purchasing legal services.

- In its Risk Outlook update<sup>25</sup>, the SRA set out how its regulatory reforms are creating a more competitive legal services sector, especially improving access by – among other things – **supporting consumers by sharing information** to help them make informed choices and increase competition.
- The LSCP Tracker Survey<sup>26</sup> of 1,625 adults who have used legal services in the last two years found that **66% of respondents who shopped around for legal services** found **information on the regulation of the services easy to find** (this varied for respondents from a White British background where 72% found it easy to find, compared to 59% from a Black and Minority Ethnic (BME) background). Similarly, **59%** of respondents who shopped around easily found information on whether they could **complain to an Ombudsman in case of dissatisfaction** (with a variation of 64% for White British respondents and 53% for BME respondents), **47%** of those respondents who shopped around easily found information on **professional indemnity insurance (PII) cover**.
- In October 2016, the SRA published a discussion paper on what information it should publish, and how it would publish information, on the individuals and firms it regulates to help consumers make informed choices about legal services.<sup>27</sup> It went further than simply providing **more** information on SRA regulated individuals and firms, also proposing to provide consumers with greater choice by allowing solicitors to deliver non-reserved legal services by practising in an unauthorised organisation. This latter change follows from a position paper, which sets out the SRA's early thinking on a review of how it regulates both individuals – solicitors and others – and organisations such as law firms.<sup>28</sup>

<sup>24</sup> Vanilla Research (January 2013), "Risk and the role of regulation".

<sup>25</sup> Solicitors Regulation Authority (June 2017), "Improving access – tackling unmet legal needs: Risk Outlook update"

<sup>26</sup> LSCP Tracker Survey (November 2017).

<sup>27</sup> Solicitors Regulation Authority (October 2016), "Discussion paper: Regulatory data and consumer choice in legal services".

<sup>28</sup> Solicitors Regulation Authority (October 2016), "Looking to the future: Flexibility and public protection - a phased review of our regulatory approach".

Specifically, giving the public and business users of legal services the ability to choose and use legal services flexibly from:

- a completely unregulated business;
  - a regulated individual working in an unregulated business; or
  - a fully regulated firm.
- Economics, Policy and Competition (EPC) put forward that "*the purpose of information provision within regulation is typically to help consumers to understand the choices they have, to help them to make the best choice for themselves and therefore to cause firms to respond by improving their offering to meet consumer needs.*"<sup>29</sup> Albeit information helps educate consumers regarding the risks that they face – both in terms of bringing the risks to their attention, as well as how to mitigate those risks – its impact is subject to limitations of consumers (such as bounded rationality, information overload, etc.)<sup>30</sup>.
  - The LSB undertook research into removing barriers to accessing legal services.<sup>31</sup> It focussed on the three non-financial barriers to access, namely (i) inaccessible language and communications; (ii) lack of trust; and (iii) failure to cater for the needs of vulnerable customers. The key recommendations from looking at other sectors (financial services, healthcare and utilities) were as follows:
    - Encouraging or requiring key summary disclosure of important information by providers.
    - Using consumer research to develop guides or toolkits for providers on accessible language and communications.
    - Developing simple, plain English guides explaining regulation to consumers.
    - Developing logos or other visual representations for providers to use to denote regulation.
    - Embedding the importance of consumer vulnerability within the regulatory framework.
  - A study by Northumbria University for the Legal Ombudsman<sup>32</sup> put forward that information was an integral element of consumer empowerment, but where information alone was not enough – it should at least be tailored to the consumer.
  - Optimisa Research undertook research into consumers' engagement with Client Care Letters (CCLs) on behalf of the legal services regulators and LSCP.<sup>33</sup> CCLs are usually the first written communication a consumer receives after taking up legal advice and are often used to fulfil regulatory obligations such as providing information about the complaints process. The key findings were as follows.
    - There was confirmation that CCLs are welcomed at the beginning of the legal process.

<sup>29</sup> Economics, Policy and Competition (December 2017), "Consumer risk in legal services", page 9.

<sup>30</sup> Bounded rationality is the idea that when individuals make decisions, their rationality is limited by their cognitive abilities, and the time available to make the decision, see: Simon, Herbert (1991), "Bounded Rationality and Organizational Learning", *Organization Science*. 2 (1): 125–134.

<sup>31</sup> Legal Services Board (March 2016), "Lowering barriers to accessing services: Lessons from other sectors".

<sup>32</sup> Northumbria University (May 2013), "Redress for "Legal Services": A report for the Legal Ombudsman".

<sup>33</sup> Optimisa Research (October 2016), "Research into Client Care Letters".

- There was strong recall of receiving communications at the beginning of the legal process, but mixed levels of engagement.
- CCLs were often perceived as difficult to read, this being particularly problematic for more vulnerable consumers.
- There appeared to be a disconnect between the information provided in CCLs and information that consumers are interested in. For example, consumers were looking for personalised information, specific to their case, such as (i) confirmation of a named contact; (ii) scope of the agreed work; (iii) associated fees and charges; (iv) likely timescales; and (v) details of next steps / actions required. Whereas CCLs provide more generic information such as (i) terms of business; (ii) regulatory information; (iii) cancellation rights; and (iv) complaints procedures.
- Finally, consumers' limited attention meant that the first page of any communication is crucial to fostering engagement, with key information running the risk of being missed in lengthy documents.

### **Badges**

- In 2013, the LSB accepted an LSCP recommendation to explore the viability of a single regulatory badge that would help consumers identify all authorised persons more easily. This was based on research that found consumers falsely assume all providers of legal services are regulated, hence not understanding the implication of choosing between regulated and unregulated providers. The LSCP's rationale for this badge was that, while a plethora of regulators remain, a "catch-all" badge would help consumers to know that all regulated persons are subject to the same minimum checks and balances.<sup>34</sup>

#### Box 2: The use of badges in other sectors



### **Protected**

The use of logos to show whether a service provider is regulated is common practice in other regulated areas, for example in financial services.

The Financial Conduct Authority (FCA) and the Prudential Regulation Authority ask all the firms they regulate to tell new and existing customers that the Financial Services Compensation Scheme (FSCS) protects their deposits. The "FSCS protected" badge is displayed on materials available in branch, online and on all letters to customers. The badge is intended to increase awareness of the FSCS and to increase consumer confidence in financial services.

*Source: Competition and Markets Authority (2016), "Legal services market study".*

- In its *Looking to the future: better information, more choice* consultation<sup>35</sup>, the SRA proposed to introduce a "Regulated by the SRA" digital badge which would be mandatory for firms to display on their websites to verify that they are a regulated firm. Currently, the SRA requires firms it regulates to inform people about their regulatory status and to use the phrase "authorised and regulated by the SRA" on letterheads, websites and emails (requirement in outcome 8.5 of the current Code of Conduct). The proposed badge would help consumers understand the protections that apply to the firms that the SRA regulates.

<sup>34</sup> LSCP (March 2013), "Empowering consumers: Phase 1 report to the LSB".

<sup>35</sup> SRA (September 2017), "Looking to the future: better information, more choice - Consultation".

## Box 3: Law Society accreditations

The Law Society provides multiple logos, which demonstrate a provider has been awarded a specific accreditation. These accreditations can be awarded either to an individual, or to practices:

- **Practice accreditations:** Lexcel, conveyancing and wills and inheritance.
- **Individual accreditations:** recognise competency and expertise in specific areas of law.

Source: <http://www.lawsociety.org.uk/support-services/accreditation/> [accessed on 01.03.2018]

### 3.1.3 Legal Ombudsman

The Legal Ombudsman was set up by the Office for Legal Complaints (OLC) under the Legal Services Act 2007. It is an independent, impartial, “single point of entry” scheme for all consumer legal complaints and started receiving complaints on the 6<sup>th</sup> October 2010.

The Legal Ombudsman’s remit covers problems with the service provided by lawyers, whereas issues concerning conduct are dealt with by relevant regulatory bodies (e.g. the SRA).

The Legal Ombudsman decided, following a public consultation in September 2010, that it would publish its Ombudsman’s decision data in two categories:

- **Category 1:** Identifying service providers which have been involved in cases where there has been a pattern of complaints that have resulted in an Ombudsman decision(s) or set of individual circumstances which indicate that it is in the public interest that the Legal Ombudsman should publish a decision with a report and the service provider should be named. This information will be published immediately and included in quarterly information updates, where a full summary of the case will be published.
- **Category 2:** The names of all service providers which have been involved in complaints resolved by an Ombudsman decision will be published quarterly on a rolling annual basis. The following information will be published:
  - the name of each service provider where an Ombudsman decision has been made;
  - the total number of decisions made in relation to each service provider;
  - the date of the Ombudsman decision;
  - the area of law;
  - the Ombudsman remedy required;
  - information about each Ombudsman remedy; including
    - » the complaint type; and
    - » if evidence of poor service was found

The Legal Ombudsman concluded to publish decisions on its website in a searchable and downloadable format for category 2, where decisions would stay on the website for one year. The Legal Ombudsman never publish the name of a complainant or any information which is likely to identify them.<sup>36</sup>

The reasons for coming to this conclusion were manifold, including evidence from tracking its data, issues raised by different stakeholders during the consultation and government policy set out in the Consumer Empowerment Strategy.<sup>37</sup>

Our complaints choice exercise (set out in Chapter 5) focuses on the **category 2 data** published by the Legal Ombudsman. The Legal Ombudsman only publishes Ombudsman’s decisions and not complaints that are resolved informally, earlier in the process through negotiating with both the consumer and legal service provider.

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<sup>36</sup> Legal Ombudsman (March 2016), “Policy Statement: Publishing our Decisions”.

<sup>37</sup> Legal Ombudsman (March 2016), “Publishing our decisions: an evidence-based conclusion”.

Importantly, the Legal Ombudsman is bound by the Legal Services Act Section 150(1) LSA, on what it can or cannot publish, which limits publication beyond 'determinations' (i.e decisions). For example, in 2016/17, of the complaints resolved by the Legal Ombudsman 38% resulted in an Ombudsman's decision, 36% were resolved informally, and 26% were closed (either withdrawn or dismissed as not within the Scheme Rules).<sup>38</sup>

As part of the consultation process, and prior to it (to inform it), the Legal Ombudsman undertook some research with consumers and providers on the publication of complaints data, which we summarise below.

### ***Consumers' viewpoint***

A small-scale consumer study jointly commissioned by the Legal Ombudsman and the LSCP<sup>39</sup> indicated that consumers broadly support publishing the names of solicitors against whom a complaint has been made. Consumers felt that consideration might be given to:

- listing solicitors only when it had been established that the solicitor had been at fault in a certain number of cases in a finite period (around three cases in 12 months attracted widespread support). This approach would avoid penalising the occasional lapse and it would also be relatively less onerous on smaller firms;
- updating the list on a regular, possibly quarterly, basis so that a law firm's past failings are "spent" after a defined period; and
- not listing firms where the Legal Ombudsman found after investigation that the solicitor had done nothing wrong.

However, there were signs that consumers were likely to use the published information in a way that may be at odds with the Legal Ombudsman's reasons for publication. In particular, there was the likelihood that they would use the information as a checklist or to see the table as an inclusive rating of solicitors in their area. This would be an erroneous use and misuse of the information because those solicitors not subject to complaints would not be featured in the list. Therefore, the study concluded that it would be essential that the list should be clearly positioned as only containing the names of firms against whom complaints had been filed.

### ***High Street solicitors' viewpoint***

A further report for the Legal Ombudsman sought to explore what High Street solicitors saw as the advantages and disadvantages of the Legal Ombudsman publishing complaints information, and what impact it could have on their firm.<sup>40</sup>

The key findings from that report, which are relevant for this research, are as follows:

- 'Problem clients' were presented as a threat to the accuracy of the Legal Ombudsman complaints information.

<sup>38</sup> Complaints data 2016-17: <http://www.legalombudsman.org.uk/raising-standards/data-and-decisions/> [accessed 04/04/2018].

<sup>39</sup> Acute Insight Market Research (2011), "Identifying Law Firms Subject to Consumer Complaints to the Legal Ombudsman – Research Report".

<sup>40</sup> GfK NOP (2011), "How High Street solicitors view the publication of complaints information."

- Solicitors were generally hostile to the Legal Ombudsman publishing complaints information.
- Presenting information within context was essential for solicitors to accept publication.
- Solicitors recommended that formal and informal resolutions were published.

In terms of contextual information that was thought to be valuable to include, High Street solicitors considered that the following would be of relevance:

- **The size of the law firm.** It would be useful to know the number of solicitors employed against the number of complaints made.
- **A response from the solicitor / firm as to how their procedures/policies have changed in response to the complaint.** This would waylay some of the fears consumers might have about commissioning a firm that has had a complaint accepted by the Legal Ombudsman.
- **The role of the client in the case.** To bring balance to the presentation of the complaint, the conduct of the client as well as the solicitor should be included in the published information.
- **Explanation of remedy to understand the seriousness of the complaint.** As solicitors were surprised by the powers of the Legal Ombudsman, many felt that the final decision of the Ombudsman should be clarified in terms of significance/gravity.<sup>41</sup>

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<sup>41</sup> Note that this research was undertaken shortly after The Legal Ombudsman's inception, so awareness and understanding of its powers were limited across both legal services providers and consumers.

**Box 4: First tier complaints research**

The SRA and the Legal Ombudsman commissioned London Economics and YouGov to conduct independent research into the experience of people making complaints about solicitors' legal services.

Overall, the research found that there was some disparity between consumers' expectations and solicitors' perceptions of the key expectations of a good service. Generally, users of legal services want:

- regular communication about progress (62%);
- clear information about costs (60%); and
- information about the legal process (48%).

Yet, only 23% of firms think that consumers' key expectations include a clear explanation of the legal process.

Complaints are most frequently about work in conveyancing, family law and wills and probate, which reflect the most commonly used legal services. Other key findings from the research include:

- 98% of firms provide information about their complaints procedure at the start of the process, usually in the client care letter, however 37% of consumers say they were not told about the complaints procedure.
- Only 34% of firms provide information about the Legal Ombudsman at the end of their complaint process, despite this being a regulatory requirement.
- 48% of firms received verbal expressions of dissatisfaction, but did not record them as complaints.
- 83% of people want firms to take action, or resolve, their complaint when they express their dissatisfaction. Most commonly, people want an explanation (58%), an apology (39%) or work progressed (35%) to resolve their complaint.
- 56% of people not satisfied with the outcome took their complaint further – usually to the Legal Ombudsman, the SRA or the courts.
- 93% of firms say there are business benefits to complaints handling. The most frequently reported benefits are:
  - improving service delivery
  - understanding consumer expectations
  - providing a chance to improve consumer retention.
- 91% of the users of legal services say that having access to firms' complaints data would be helpful to them.
- 36% of firms believe publishing complaints data will demonstrate that they deliver a good service.
- Around a third of consumers and firms said they would also want to know the firm's size and the type of work they do with any published complaints data.

*Source: London Economics and YouGov (October 2017), "Research into the experiences and effectiveness of solicitors' first tier complaints handling processes".*

### 3.2 Evidence from other sectors and overseas

We reviewed information provided by 36 regulators / entities from the UK and abroad across nine different sectors, as well as six comparison sites from both the public and private sector. We further reviewed 35 studies across five different sectors and commissioned an academic review looking into the impact of information provision on consumers. A detailed version of these findings can be found in the Annex to this report. We set out the key results from our review here.

- We found that there is an appetite for quality related information from the consumer side across sectors. For instance:
  - consumers often cite an interest in having information on comparative performance of providers and frequently report that customer ratings and reviews are particularly useful in helping them choose between different providers, though these are not currently widely prevalent in the legal services market.
- We found that when information is provided to consumers, this has led to better consumer outcomes. These outcomes can be both increases in the quality of the products / services purchased, increased competition among suppliers of products / services, or reductions in prices.
- Nonetheless, the type of information provided needs to be tailored to the specific circumstances in order to ensure that it is effective. There is no “one size fits all” in terms of what type of information is “bullet-proof” in achieving better consumer outcomes. For example:
  - In sectors where “quality” is more easily measurable, metrics of this quality are generally provided to consumers (e.g. trains running on time); whereas in sectors where “quality” is more difficult to capture within one single metric, consumers tend to be provided with ways of checking whether their providers meet certain minimum quality criteria (e.g. by being listed on an authorised persons register).

#### 3.2.1 Evidence on other regulators' and industries' approaches to providing information

One of the key questions our literature review addresses is *what information other regulators and industries provide to consumers, including legal services markets internationally and the provision of first tier complaints data*.

Our key findings in relation to this question are as follows.

REGULATORS ACROSS  
VARIOUS SECTORS IN THE  
UK MAKE INFORMATION  
AVAILABLE TO  
CONSUMERS.

- Regulators across various sectors in the UK – from utilities to professional services – **make information available to consumers**. There is a clear trend of regulators increasing the information made available over recent years. For example:
  - The Private Healthcare Information Network (PHIN) – an independent, government-mandated source of information regarding private healthcare providers – provides multiple measures about providers, such as a Care and Quality Commission (CQC) ratings for each provider; the average length of

stay; patient numbers; patient satisfaction and experience; and health outcomes. It will soon publish further information, including price information per providers, as well as a variety of other metrics, such as readmissions; infections; and mortality rates.

- The Financial Conduct Authority (FCA) – the financial services regulator in the UK – provides information on whether a firm or individual is authorised by the FCA or the Prudential Regulation Authority or is exempt in the *Financial Services Register*. The SRA provides a similar function on its website, the “law firm search”<sup>42</sup>, which allows users to search for SRA regulated firms by name or ID number, as well as providing the ability to check regulatory and disciplinary decisions about a firm or individual. The Law Society further provides the ability to search for an individual, on its “find a solicitor”<sup>43</sup> page.
- The **type of information provided by different regulators varies**. For example:
  - Sectors where there are **clear measurable outcomes** that are beneficial to consumers (such as trains running on time / successful provider switches) provide said information to consumers. The Office of Rail and Road (ORR) – the independent safety and economic regulator of railways - publishes the *Public Performance Measure* (PPM), which measures the number of trains reaching their destination on time, as well as the number of trains *cancelled or significantly late* (CaSL) per operator. Ofgem – the gas and electricity regulator – provides a variety of measures about energy providers, including: average tariff prices by supplier; cheapest tariffs by payment method; complaints received by all suppliers per 100,000 customer accounts; complaints resolved by the end of the next working day; as well as links to Ofgem-accredited comparison sites.
  - Sectors where there is a **less clear-cut measure** of consumer benefit (such as accountancy, architecture) tend to provide information on the individual professionals' capabilities (e.g. through a register of authorised / licenced persons), rather than on outcomes achieved. For example, both the Institute of Chartered Accountants in England and Wales and the Association of Certified Chartered Accountants allow consumers to check whether an accountant or an accountancy firm is certified by those entities. Similarly, the Royal College of Veterinary Surgeons provides a ‘*find a vet*’ function on its website, allowing consumers to find veterinary practices near them and checking their client experience, clinical governance and practice team. As set out previously, both the SRA and the Law Society provide similar search functions on their respective websites.
- **First tier complaints data**, that is, complaints raised directly with the provider themselves, tends to be publicly available in sectors which feature undoubtedly beneficial consumer outcomes, rather than those where the assessment of consumer benefits is more balanced and case-based. Publication of **second tier complaints data** (complaints that have been unable to be resolved with the provider directly and have been escalated to someone else - for example, an Ombudsman - for resolution) **is more widespread** across all sectors. For example:

<sup>42</sup> <http://www.sra.org.uk/consumers/using-solicitor/find-solicitor.page> [accessed 23.04.2018]

<sup>43</sup> <http://solicitors.lawsociety.org.uk/> [accessed 23.04.2018]

- In the utilities sector, both first and second tier complaints data is published by either the regulator or the Ombudsman / consumer watchdog.
  - In the healthcare sector, the publication of complaints data is more varied. For instance, the 'my NHS' information portal publishes complaints metrics per provider (number of complaints per 10,000 patients) in relation to GPs, consultants, hospitals and dentists; whereas the General Pharmaceutical Council, the General Optical Council, and the General Dental Council publish determination documents from fitness to practice hearings on their respective websites.
- Across all sectors regulators tend to **provide consumers with guidance and / or information** that helps them choose a provider which meets their needs. Again, depending on the sector, this can be in the form of leaflets, information pages or accredited comparison sites.
    - The General Dental Council publishes the 'Smile' leaflet, explaining the role of the Council; what should be expected from dentists; and what to do if consumers are not happy with the service provided.
    - The British Association of Plastic Reconstructive and Aesthetic Surgeons publishes guidance on questions to ask surgeons prior to undergoing treatment on their website.
    - Ofgem provides consumers with links to Ofgem-accredited comparison sites.

Our detailed findings by sector can be found in the Annex to this report. For every sector and regulator / entity within the sector we identified:

- the information provided by the regulator / entity directly (e.g. performance metrics, determination documents, etc.);
- other information about providers in the sector (e.g. information providers themselves, or other related entities, have to make available about them);
- whether the regulator / entity publishes complaints data;
- the rationale for making the information available (where applicable); and
- whether there is a comparison site in the relevant sector.

The following table briefly summarises our key findings across sectors, specifically in relation to first and second tier complaints data publication and the availability of comparison sites, covering both sites provided by the public and private sectors. A red dot means that none of the reviewed entities provides that type of information; an amber dot means that up to 25% of reviewed entities provide that information; and a green dot means that over 25% of reviewed entities provide the relevant information.

Table 3: Overview of information provision across other sectors

	Entities reviewed	1 <sup>st</sup> tier complaints	2 <sup>nd</sup> tier complaints	Comparison sites
Legal services overseas <sup>44</sup>	4	●	●	Yes
Healthcare <sup>45</sup>	9	●	●	Yes
Professional services <sup>46</sup>	6	●	●	Yes
Financial services <sup>47</sup>	3	●	●	Yes
Consumer goods <sup>48</sup>	2	●	●	Yes
Utilities <sup>49</sup>	4	●	●	Yes
Transport <sup>50</sup>	3	●	●	Yes
Communications <sup>51</sup>	3	●	●	Yes
Other <sup>52</sup>	2	●	●	Yes
Total	36	●	●	Yes

Source: Economic Insight

#### Brief note on overseas legal services regulators

We have reviewed the information provided by overseas legal services regulators from Australia, Canada and the United States. As demonstrated in the previous tables, there is widespread publication of second tier complaints data, however publication of first tier complaints data is less widespread.

<sup>44</sup> Federation of Law Societies of Canada; Law Society Tribunal (within the Law Society of Ontario); American Law Society; and the Legal Profession Conduct Commissioner.

<sup>45</sup> Private Healthcare Information Network; Human Fertilisation and Embryology Authority; Parliamentary and Health Service Ombudsman; my NHS; General Pharmaceutical Council; General Optical Council; General Dental Council; British Association of Plastic Reconstructive and Aesthetic Surgeons; Royal College of Veterinary Surgeons.

<sup>46</sup> Architects Registration Board; Royal Institute of British Architects; Royal Institute of Chartered Surveyors; Ombudsman Services: Property; Institute of Chartered Accountants in England and Wales; Association of Chartered Certified Accountants.

<sup>47</sup> Financial Conduct Authority; Financial Ombudsman Service; Claims Management Regulator.

<sup>48</sup> Food Standards Agency; Office of Fair Trading.

<sup>49</sup> Ofgem, Ombudsman Services: Energy; Ofwat; CCWater.

<sup>50</sup> Office of Rail and Road; Transport for London; Department for Transport.

<sup>51</sup> Ofcom; Communication and Internet Services Adjudication Scheme; Ombudsman Services: Communications.

<sup>52</sup> Environmental Agency; Local Government and Social Care Ombudsman.

In terms of information provisions initiatives, we have not been able to identify any which these regulators are currently considering. As such, the SRA is a forerunner with its efforts in this space.

### 3.2.2 Evidence supporting the provision of information, and the effect of information provision on consumer behaviour

The second question our literature review explores is *what type of information provided to consumers by other regulators has been successful at changing consumer behaviour and where additional information has been provided to consumers, has this had an impact on their behaviour?*

We approached this question in a two-step approach. Firstly, we commissioned an academic review assessing the impact of information remedies on consumer behaviour from both a classical microeconomics, as well as a behavioural economics perspective. We draw on findings from it here. Secondly, we reviewed publications by other regulators testing new ways of providing information to consumers, and assessing consumers' understanding and use of different information provided.

Our key findings in relation to this question are as follows.

- There is empirical academic evidence that **disclosure has an impact on both consumer and firm behaviour**. The impacts vary by different consumer types.
- There is further academic evidence that **consumers value consumer review platforms**, however difficulties remain in designing an appropriate platform, especially where markets are complex.
- Empirical evidence on **the impact of setting minimum quality standards** is less widespread, yet the one study identified in this area finds a positive effect on overall quality.
- Consumers have cited an interest in having information regarding the **comparative performance of providers** available, where this can be effectively measured. Additionally, in sectors where consumers have a stronger ability to choose between providers, these comparative performance measures have often proved to be a significant factor in decision-making.
- Consumers have also frequently reported that **customer ratings and reviews are particularly useful to aid decision-making**. It has been shown that individuals that are familiar with, and make use of, comparison sites containing this information are generally better informed.
- Where ex-post evaluations<sup>53</sup> of information remedies have been conducted, it has been generally found that **information provision aids consumer decision-making**, and promotes both consumer engagement in markets, as well as competition between providers. However, the degree to which information remedies have an effect on consumer behaviour is heavily dependent upon the sector, with customer engagement proving more difficult to foster where the goods / services on offer are very homogenous. In such sectors integrating

<sup>53</sup> An ex-post evaluation is an impact assessment that occurs after the information remedies have been implemented.

information provision into a broader package of complementary remedies can improve its impact.

- Additionally, it has been found that the type of information, and its presentation, causes consumers to react very differently depending on the specific **context**. The way in which information is provided must therefore be tailored to each unique intervention.

In the following sections we provide more details on the evidence from our academic reviews, followed by more details on our practitioner review. A more detailed assessment of both can be found in the Annex to this report.

### ***Academic literature***

We commissioned an academic literature review (see the Annex to this report), which focussed on issues in relation to product / service quality information across five areas:

- (a) minimum quality standards;
- (b) disclosure (including certification / accreditation);
- (c) regulation of false quality claims;
- (d) consumer review platforms; and
- (e) comparison sites.

The review found that there are several empirical studies in relation to (b) – (e) above, whereas the evidence base is scarcer in relation to minimum quality standards. We discuss key findings in relation to (a) – (e) in the following sections. We note that this review covers a broad range of sectors – some more analogous with legal services than others – and recognise that some findings are more directly relevant to the SRA and the Legal Ombudsman than others. The main aim of this review is to understand the impact of information provision / disclosure *in general* and draw out potential useful lessons for the legal services market bearing in mind that each sector is different, and some results may be more directly translatable to legal services than others.

#### *Minimum quality standards (MQS)*

*'The standards have led to an increase in overall quality.'*

One empirical study by Houde and Spurlock (2015)<sup>54</sup>, analysing how energy usage standards affected product quality in the US market for electrical appliances has been identified in relation to MQS. The results suggest that the standards have led to an increase in overall quality and either a small increase in price, or even a decrease in price, such that aggregate consumer welfare is likely to have risen as a result of the standards.

#### *Disclosure (including certification and accreditation)*

There is a significant amount of academic evidence in relation to the impact of disclosure on consumer behaviour.

<sup>54</sup> Houde and Spurlock (2015), "Do Energy Efficiency Standards Improve Quality? Evidence from a Revealed Preference Approach", working paper.

*'The sorts of firms that disclose information are not always those with high quality products.'*

### *Voluntary vs. mandated disclosure*

Mathios (2000)<sup>55</sup> showed that many US producers of high-fat salad dressings only disclosed their product's fat information when policy made it mandatory to do so.

Furthermore, the sorts of firms that disclose information are not always those with high quality products. For instance, Luca and Smith (2015)<sup>56</sup> show that it is often the lower ranked business schools that display accreditation status, because the higher ranked business schools can rely on other superior forms of information to communicate their product quality.

Finally, Frondel et al (2017)<sup>57</sup> find that mandatory disclosure of energy performance certificates in the German housing market was particularly effective in increasing transparency and lowering prices relative to the previous use of voluntary disclosure.

### *Consumer response to disclosed information*

Findings suggest that consumers do respond to disclosed information. However, the responses often differ across different consumer types. For example, disclosure affects consumers more when they first interact with a market and have fewer sources of other information. Moreover, consumers' interpretation of disclosed information also varies, as demonstrated by Houde (2017)<sup>58</sup>. In response to a binary energy-saving certificate in the US, he shows that one fraction of consumers overvalue the certificate well beyond its associated level of energy savings, whereas another fraction of (often lower-income) consumers ignore all information, and another fraction of (often higher-income) consumers rely on other information sources and do not value the certificate. He concludes that it may be best for policy to use both a kitemark and a more detailed information disclosure.

### *Changes in product / service quality following disclosure*

DISCLOSURE DOES NOT  
ALWAYS LEAD TO AN  
INCREASE IN PRODUCT OR  
SERVICE QUALITY.

Evidence suggesting increases in product quality following disclosure is mixed. Mandatory disclosure has been shown to cause quality improvements in several markets, including drinking water, restaurant hygiene, and schools.<sup>59</sup>

Hui et al (2017)<sup>60</sup> show how more stringent certification measures for eBay's "Top Rated Seller" badge led to higher quality entrants and higher overall product quality. However, the evidence of quality improvements is not always clear-cut for several reasons:

<sup>55</sup> Mathios (2000), "The Impact of Mandatory Disclosure Laws on Product Choices: An Analysis of the Salad Dressing Market", *Journal of Law and Economics*, 43(2), 651-678.

<sup>56</sup> Luca and Smith (2015), "Strategic Disclosure: The Case of Business School Rankings", *Journal of Economic Behavior and Organization*, 112, 17-25.

<sup>57</sup> Frondel et al (2017), "The Power of Mandatory Quality Disclosure: Evidence from the German Housing Market", working paper.

<sup>58</sup> Houde (2017), "How Consumers Respond to Product Certification and the Value of Energy Information", working paper.

<sup>59</sup> Dranove and Jin (2010), "Quality Disclosure and Certification: Theory and Practice", *Journal of Economic Literature*, 48(4), 935-963.

<sup>60</sup> Hui et al (2017), "Certification, Reputation and Entry: An Empirical Analysis", working paper.

- (a) if only some dimensions of quality are disclosed, firms may enhance quality in these dimensions, while reducing it on other dimensions (e.g. Feng Lu, 2012)<sup>61</sup>;
- (b) firms can find ways to game the system – for instance Forbes et al (2015)<sup>62</sup> show how US airlines responded to disclosure requirements about the fraction of flights that were more than 15 minutes late by misreporting and manipulating the data; and
- (c) firms may only increase quality to the minimum required – Makofske (2017)<sup>63</sup> shows how discrete letter grading systems in US restaurants limit quality improvements, and suggests (like Houde, 2017) that rating systems may benefit from using both coarse letter systems or kitemarks, together with more detailed quality information.

#### *Impact on consumer welfare*

Houde (2014)<sup>64</sup> provides evidence that disclosure does not always increase consumer welfare. He calculates that the introduction of energy efficiency certificates in the US created large welfare gains, but most of the gains came in the form of industry profits as consumers increased their willingness to pay for certified sellers who subsequently increased their prices. This led to consumers almost being as well off in a market without certification.

#### *Regulation of false quality claims*

The academic literature mostly documents evidence of false claims and their effect on consumer behaviour. For example, Darke and Ritchie (2007)<sup>65</sup> found that false claims damage consumers' trust in advertising by *other* firms and Zinman and Zitzewitz (2016)<sup>66</sup> find that the incentives to make false claims reduce, the more verifiable they become.

#### *Consumer review platforms*

There is growing academic evidence that consumer reviews directly influence firm's revenues. For instance, Luca (2016)<sup>67</sup> finds that a one star increase in a restaurant's Yelp rating leads to a 5-9 percent increase in its revenue.

Importantly, this is the only remedy which comes directly from the buyer side of the market, and involves many practical challenges, including:

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<sup>61</sup> Feng Lu (2012), "Multitasking, Information Disclosure, and Product Quality: Evidence from Nursing Homes", *Journal of Economics and Management Strategy*, 21(3), 673-705.

<sup>62</sup> Forbes et al (2015), "Quality Disclosure Programs and Internal Organizational Practices: Evidence from Airline Flight Delays", *American Economic Journal: Microeconomics*, 7(2), 1-26.

<sup>63</sup> Makofske (2017), "Mandatory Disclosure, Letter-Grade Systems, and Corruption: The Case of Los Angeles County Restaurant Inspections", working paper.

<sup>64</sup> Houde (2014), "How Consumers Respond to Product Certification and the Value of Energy Information", working paper.

<sup>65</sup> Darke and Ritchie (2007), "The Defensive Consumer: Advertising, Deception, Defensive Processing, and Distrust", *Journal of Marketing Research*, 44, 114-127.

<sup>66</sup> Zinman and Zitzewitz (2016), "Wintertime for Deceptive Advertising?", *American Economic Journal: Applied Economics*, 8, 177-192.

<sup>67</sup> Luca (2016), "Reviews, Reputation, and Revenue: The Case of Yelp.com" working paper.

- (a) the proportion of consumers that review products / services is very small (Dai et al, 2017)<sup>68</sup>;
- (b) as such, the reviews may not be representative of the consumer population - as Li and Hitt (2008)<sup>69</sup> find, consumers with extremely positive or negative experiences are more likely to post reviews;
- (c) some reviews may be deliberately fake and written by competitors or the firm itself (e.g. Mayzlin et al, 2014; Luca and Servas, 2016);
- (d) many consumers may find it difficult to leave useful reviews, especially when markets are complex, and consumers may be unable to discern whether the product / service received is good.

There is further evidence that badges can work as powerful incentives for consumers to provide reviews on said platforms. For example, Anderson et al (2013)<sup>70</sup> found that users are willing to put in non-trivial amounts of work to achieve particular badges.

#### *Comparison sites*

Finally, the academic literature tends to focus on price comparison sites. A seminal paper by Brown and Goolsbee (2002)<sup>71</sup> used data from the life insurance market to find that the usage of price comparison sites significantly reduced prices. More recently, Ursu (2017)<sup>72</sup> shows how price comparison sites can induce strong competition between firms because being listed as the best firm can bring very large increases in consumer demand.

Yet, the competitive effects of price comparison sites have not always been as large as expected, especially as there are some concerns related to the use of product quality information. For example, if a “quality metric” exists on which consumers focus their decision-making, firms have an incentive to only address issues covered by the metric, neglecting others. Further, firms can use decoy products with high metric scores and then push consumers towards less favourable products in a ‘*bait and switch*’ tactic (Ellison and Ellison, 2009)<sup>73</sup>.

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<sup>68</sup> Dai et al (2017), “Aggregation of Consumer Ratings: An Application to Yelp.com!”, *Quantitative Marketing and Economics*, forthcoming.

<sup>69</sup> Li and Hitt (2008), “Self-Selection and Information Role of Online Product Reviews”, *Information Systems Research*, 19(4), 456-474.

<sup>70</sup> Anderson et al (2013), “Steering User Behavior with Badges”, paper presented at the International World Wide Web Conference Committee (IW3C2), May 13-17, Rio e Janeiro, Brazil.

<sup>71</sup> Brown and Goolsbee (2002), “Does the Internet Make Markets More Competitive? Evidence from the Life Insurance Industry”, *Journal of Political Economy*, 110(3), 481-507.

<sup>72</sup> Ursu (2017), “The Power of Rankings: Quantifying the Effect of Rankings on Online Consumer Search and Purchase Decisions”, *Marketing Science*, forthcoming.

<sup>73</sup> Ellison and Ellison (2017), “Search, Obfuscation, and Price Elasticities on the Internet”, *Econometrica*, 77(2), 427-452.

**Box 5: Price comparison website accreditation<sup>74</sup>**

There is a growing concern about issues of impartiality, reliability and accuracy of information provided by third parties, particularly price comparison websites (PCWs). These concerns have led to the development of accreditation schemes to certify the quality of PCWs. Examples of such schemes include the Ofgem *Confidence Code* and the Ofcom *Price Calculator*. Despite the effort, awareness of the Ofgem and Ofcom accredited comparison sites remains low.

Some of the key recommendations from the report include:

- To market the accreditation scheme such that consumers become aware of its existence and understand its value.
- To work to principles of honesty, impartiality and trustworthiness.
- To have genuine authority that means firms must act fairly towards consumers.
- That accreditation can be revoked if firms do not comply with the Code or regulations.
- To be clear how to contact the accrediting organisation when there are complaints / grievances about the firms.
- To have the potential of user-reviews if these can be shown to be impartial or even-handed.

Other useful practical recommendations, which have emerged from this report for designing an accreditation scheme include:

- **Visibility:** the on-site location and navigation, on-page placement and use of colour. In the minds of consumers, the placement of the logo on any given page is seen to be the most important factor in whether they notice it or not. In part this is because the top of the page is more visible, but also reflects the fact that most consumers are unlikely to go searching for signs of accreditation when undertaking a search.
- **Providing links for more information.** Once noticed, the ability to click to get greater detail on the scheme is valued by consumers. It serves to provide a source of reassurance on the accrediting organisation and the scheme itself. The task should be to make the link as obvious as possible and the information concise and relevant.

*'Once noticed, the ability to click to get to greater detail on the scheme is valued by consumers.'*

In addition, the report shows that despite a low level of consumer awareness and understanding of accreditation schemes, consumers appreciate the value of accreditation as a means of providing an extra level of reassurance and trust in the market.

It further shows that older respondents found it more difficult to find the logos, especially when this involved extensive scrolling down.

It also shows that there is a need for greater understanding of what accreditation means in terms of quality assurances. Consumers may have a mixed understanding of whether accreditation would be intended to address reliability of the information sourced, quality of customer services, complaint handling and redress, safety of handling personal data or some combination of these.

<sup>74</sup> eDigitalResearch for Consumer Futures (2013), "Price comparison website accreditation".

### **Practitioner literature**

Further to the academic literature review set out above, we also reviewed studies by / for other regulators assessing either the impact of information disclosure initiatives or the results of tests in relation to new information provision.

Our key findings in relation to what type of information provision has worked well across other sectors are as follows.

- Consumers have cited an interest in having information regarding the **comparative performance of providers** available, where this can be effectively measured. Additionally, in sectors where consumers have a stronger ability to choose between providers, these comparative performance measures have often proved to be a significant factor in decision-making. For example:
  - The CQC commissioned research from Opinion Matters to explore people's experiences when choosing a care home for themselves or someone they love, and the effect that knowledge of the CQC rating had on this experience. It showed that 65% knew the CQC rating and / or read the inspection report before making the decision; with 44% saying that the CQC rating / latest inspection report influenced them most when choosing a care home; and 10% reporting they used the CQC inspection findings to help them decide a particular care home was the right choice.
  - United Utilities commissioned Frontier Economics to test how comparative performance information influences customers' valuations and engagement. The study showed that although customers engaged with comparative information, other factors were the key drivers of choice (such as the size of their bill ).
- Consumers have also frequently reported that **customer ratings and reviews are particularly useful to aid decision-making**. It has been shown that individuals that are familiar with, and make use of, comparison sites containing this information are generally better informed. For instance:
  - The Nuffield Trust commissioned Ipsos Mori to conduct qualitative research to examine public views regarding the implementation for a ratings system for GPs, hospitals and care homes. The study shows that the attitudes towards, and use of, ratings systems by consumers vary by with the nature of the service being provided. For example, respondents thought that ratings for GPs would have to be broken down at individual GP level, whereas for hospitals these could be department based. Overall, respondents placed more weight on customer reviews as opposed to expert reviews.
  - Where ex-post evaluations of information remedies have been conducted, it has been generally found that **information provision aids consumer decision-making**, and promotes both consumer engagement in markets, as well as competition between providers. However, the degree to which information remedies have an effect on consumer behaviour is heavily dependent upon the sector, with customer engagement proving more difficult to foster where the goods / services on offer are very homogenous. In such sectors integrating information provision into a broader package of complementary remedies can improve its impact. The most relevant case-study for this is the OFT's / CC's intervention in the extended warranties market:

- The '*Compare Extended Warranties*' site was launched in 2013, following an almost decade long intervention in the extended warranties market, which started with the Extended Warranties Order in 2005. This Order required extended warranties providers to display the price and duration of the warranty in store, along with further information (cancellation and statutory rights) in leaflets in store, and also include the price of extended warranties on any advertisements for the goods they applied to. In 2008, the OFT commissioned LECG to assess the impact of the Order so far. The study found that more and better information was available to consumers and that there had been some improvements in consumer behaviour since the Order was implemented. A further stock-take in 2011 by the OFT on impacts on consumer behaviour was taken, which found that 25% of customers compared the extended warranty purchased with those of other suppliers, with 69% purchasing the extended warranty from the shop they bought the product from. Although the OFT concluded that further improvements had been made in the market since their prior investigation, with new providers having entered the market, a greater proportion of consumers shopping around, coupled with a fall in real prices, it still required providers to launch a comparison site as mentioned above.

THE WAY IN WHICH INFORMATION IS PROVIDED MUST BE TAILORED TO EACH UNIQUE INTERVENTION.

- Additionally, it has been found that the type of information, and its presentation, causes consumers to react very differently depending on the specific **context**. The way in which information is provided must therefore be tailored to each unique intervention. Here, examples from the FCA are most insightful:
  - For example, in a trial involving a company offering redress for a failing in its sales process, providing information as salient bullet points had a positive impact on consumer behaviour (e.g. more consumers claiming redress). In a trial in the context of general insurance renewal, providing information as bullet points had a negative impact on consumer behaviour (e.g. less consumers negotiating their new insurance premium), whereas in the context of a trial with an interest only mortgage provider, providing information as salient bullet points had no impact on consumer behaviour.
- Surveys and questionnaires have been the most frequently used consumer testing methods. However, the use of randomised controlled trials (RCTs) is becoming increasingly commonplace.
  - For example, Ofgem's digital trial on the '*Check your Energy Deal*' digital service has shown that social media is effective at increasing consumer awareness of the service.

The following table summarises our cross-sector review of studies on the impact of information provision on consumer behaviour.

As can be seen, most of reviewed studies are within the financial services and utilities sectors. This is because both the FCA, and more recently Ofgem, have introduced consumer testing and trialling programmes for new interventions in those sectors. Nonetheless, we further identified other studies across other sectors, where the effectiveness of information provision initiatives has been tested ex-post.

As such, a green dot in the table overleaf indicates that the information provided had a positive impact on consumer behaviour. For example, rating systems in the

healthcare sector have generally been found to have a positive impact on consumer decision-making. Amber dots signal that the information provided had an ambiguous impact on consumer behaviour, being very context specific. For example, salient bullets in financial services have been found to have positive, none, and negative impacts on consumer behaviour, depending in which context the salient bullets were being tested. Finally, a red dot indicates that the information provided had a negative impact on consumer behaviour. For instance, explaining a performance measure to consumers in the context of rail travel decreased consumers' trust in the sector.

Table 4: Overview of impact of information provision on consumers

	Studies	Rating systems	Leaflets	Salient bullets	Explanation of process	Comparative information	Friendly style	Reminders	Authority
Healthcare	2	●							
Financial services	15		●	●	●	●	●	●	●
Consumer goods	3	●	●						
Utilities	14					●			
Transport	1	●							
Total	35	●	●	●	●	●	●	●	●

*Source: Economic Insight*

More details on each intervention and its impacts on consumers can be found in the Annex to this report.

### 3.2.3 Evidence on comparison sites

Finally, we reviewed six comparison sites from both the public and private sectors, covering multiple services. We sought to assess:

- the information and context provided by them;
- whether the information provided is vetted / checked; and
- which sectors are covered.

Our key findings in relation to the above are as follows.

- The comparison sites we reviewed contain a **significant amount of information across sectors, in a variety of metrics**. This includes: ratings by both customers and the comparison site; guides; recommendations; and customer reviews.
  - For example, private sector comparison sites provide customer reviews and scores out of five stars. They also provide contextual information, such as the total number of reviews for a service provider and / or the total number of reviews written by the reviewing customer.
  - One comparison site allows consumers to obtain price quotes from five providers simultaneously by filling out a form.
- Most commonly, **private sector** comparison sites provide **customer reviews and ratings** about the providers, while **public sector** sites provide **guides and recommendations** about how to choose providers. Nonetheless, some public sector sites also link to registers of authorised providers (e.g. financial advisers).
  - All private sector comparison sites provide customer reviews and ratings. Public sector sites do not publish this demand-side information, but where applicable link to the provision of registered suppliers.
- It is not always clear how the comparison sites obtain the data used or check for its accuracy. Additionally, there is little information regarding the **relationship between the comparison sites and companies listed**, and whether these relationships affect comparison site rankings and recommendations.

Finally, the CMA, in its final report examining digital comparison tools (DCTs)<sup>75</sup> found that:

- Sectors in which more information is available about providers allow for the creation of more effective comparison sites. Those with little information run the risk of fostering comparison sites whose focus is too heavily centred on price. As such, the CMA recommended regulators make more data available, for digital comparison sites to operate effectively.

A more detailed assessment of both the comparison sites reviewed and key recommendations from the CMA's DCTs final report can be found in the Annex to this report.

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<sup>75</sup> Competition and Markets Authority (2017), "Digital comparison tools market study: Final report".

### 3.3 Conclusions and implications

The implications of our literature review for the SRA and the Legal Ombudsman are manifold, which we set out in the bullets below.

- Firstly, there is evidence from both the academic and practitioner<sup>76</sup> literature that information provision generally has positive effects on consumers. There is an overarching finding that better informed consumers experience better outcomes, even though what type of information works best at informing them varies across sectors and types of consumers.
- Secondly, there is a continued case for the Legal Ombudsman publishing their Ombudsman's decision data. Our review of other sectors and industries shows that publication of such data is widespread across sectors. It also shows that where data is not published in the same or similar format, other types of information are provided, such as decisions of fitness to practice hearings by the General Pharmaceutical Council, the General Optical Council, and the General Dental Council.
- Thirdly, evidence supports consumers' appetite for regulatory protections and making these salient, e.g. through logos or badges. As such, the "SRA regulated" badge has in principle theoretical and empirical grounding (albeit in different sectors). Our online badges trial results, set out in chapter 6, support these findings, too.

Figure 8: SRA regulated badge mock up design<sup>77</sup>



Source: Solicitors Regulation Authority

- Fourthly, the reviewed literature further supports the SRA's and the Legal Ombudsman's case for providing more information about what different regulatory protections mean for consumers in practice. For example, the

<sup>76</sup> Practitioner literature is produced by and for individuals working in the field (rather than from full-time academics).

<sup>77</sup> This badge was a hypothetical design used for the purposes of the research exercise only.

evidence shows that consumers tend to value protections. However, it also demonstrates that there is a lack of understanding of what such things mean to them but where they do, they tend to value them.

- Finally, our review of practitioner literature shows that changing consumer behaviour and designing an effective information remedy can be a challenging process. This can span over decades and involve both a combination of more traditional consumer testing techniques, such as focus groups / workshops, to gather feedback on potential “information remedy interventions” and then refining them with the use of more robust consumer testing techniques, such as randomised controlled trials (RCTs).



## 4. Online survey of recent users of legal services

This chapter sets out our methodology and findings for the online survey of recent users of legal services in England and Wales, as well as our conclusions in relation to this research.

- The **online survey** involved 1,020 people in England and Wales who had used legal services in the last twelve months. The field work was undertaken between 2-12 March 2018. We asked respondents about their awareness and understanding of different regulatory protections.
- We have found that 85% of respondents want information before making a decision, usually relating to price and quality.
- 57% of respondents thought that all legal services providers are regulated.
- 41% of respondents using a regulated provider were aware of the Legal Ombudsman, 24% of those respondents were aware of a Compensation Fund and 36% were aware of professional indemnity insurance (PII).
- In choosing their provider of legal services, most respondents said that regulatory protections were less of an important choice factor compared to price and quality.
- Where respondents want more information on regulatory protections, this tends to be more around process related questions for the Compensation Fund and PII, e.g. how to access a Compensation Fund (57%) rather than exactly how it works. The type of additional information sought about SRA regulation and the Legal Ombudsman tends to be more around what protections consumers get, e.g. the protections they get from SRA regulation (60%) and what issues an Ombudsman can investigate (63%).

#### 4.1 Methodology

We undertook an online survey on consumers' awareness and understanding of different regulatory protections, which followed their search and shopping journey for legal services.

The survey focussed on individuals who had used a legal services provider in the last year and comprised of eight sections: ***profiling / consumer needs; searching and comparing; choosing; outcome; reflections; sources of information other sectors; awareness of regulations in other sectors; and demographics***, as illustrated in the following figure.

Figure 9: Survey sections

<b>Profiling / consumer needs</b>	Have respondents had a legal need in the last 12 months and used a legal services provider?
<b>Searching and comparing</b>	How did respondents search for providers, were they aware of the risks and protections in place and what information did they use? Did they understand the information?
<b>Choosing</b>	What influenced choice of provider? Were regulations and protections important choice factors?
<b>Outcome</b>	Is legal need resolved?
<b>Reflections</b>	Would respondents do anything differently next time and what information would they like?
<b>Sources of information</b>	What sources of information do respondents use in other sectors?
<b>Awareness and understanding of regulation</b>	Are respondents generally aware of regulation and do they understand it?
<b>Demographics</b>	Who are the respondents?

*Source: Economic Insight*

The survey was in the field from 2-12 March 2018 and we achieved a sample of 1,020 respondents who used a legal services provider in the last twelve months. The full questionnaire can be found at the Annex to this report.

In the following, we set out the results of the survey across respondents':

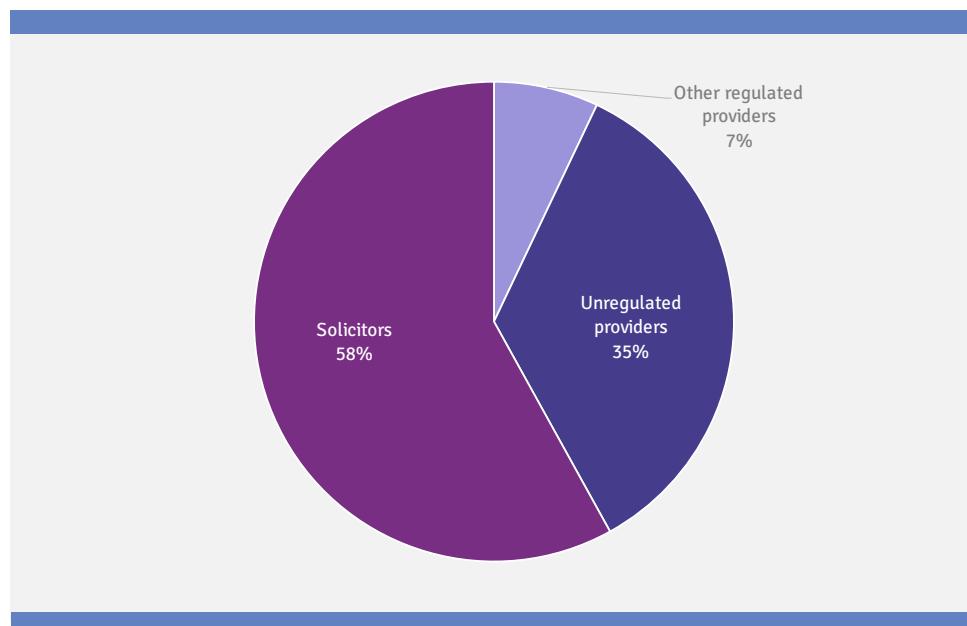
- choices;
- understanding and awareness of different regulatory protections; and
- their reflections on the choices made.

## 4.2 Results relating to choices made

### 4.2.1 Respondents' choice

The results from our online consumer survey show that over half (58%) of respondents used a solicitor to resolve their most recent legal need. Just over a third (35%) of respondents purchased the services of an unregulated provider.<sup>78</sup> This is illustrated in the following chart.

Figure 10: Provider type used



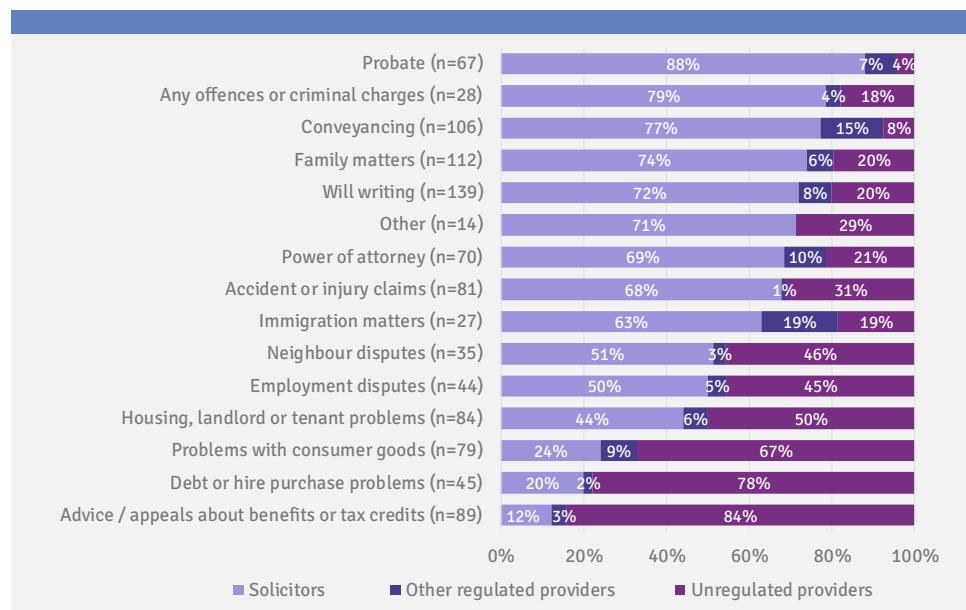
Source: Economic Insight consumer survey (N=1,020)

Respondents' choice of provider varied by both the legal service required, as well as by the age of the respondents themselves. The chart overleaf sets out the type of provider used for each type of legal issue. Respondents requiring probate services most frequently used a solicitor, while 84% of those requiring advice and appeals about benefits or tax credits used an unregulated provider. In 57% of cases respondents with this legal issue used the Citizens Advice Bureau.

<sup>78</sup> Unregulated providers includes any providers that are not covered by the LSA 2007, namely: (i) other legal advice business; (ii) an accountant / financial adviser; (iii) a bank / building society; (iv) an internet based business; (v) Citizens Advice Bureau; (vi) insurance company; (vii) Council Advice Services; (viii) Trade Union / professional body; (ix) national or local charity; and (x) other.

Other regulated providers includes any of the following: (i) barrister; (ii) licensed conveyancer; (iii) notary; (iv) Trade Mark Attorney; (v) Patent Attorney; and (vi) Law Cost Draftsman.

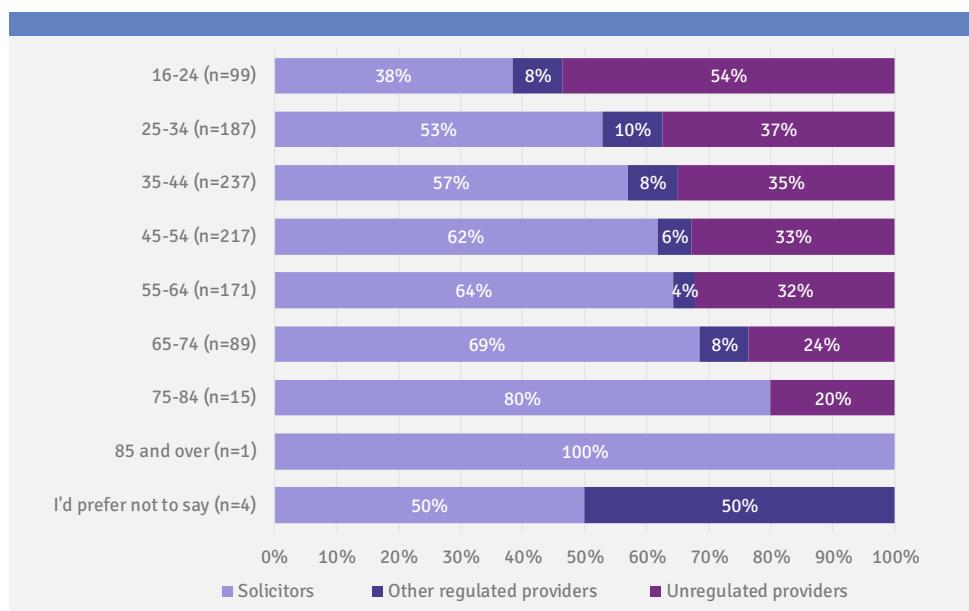
Figure 11: Provider used, by type of legal issue



Source: Economic Insight consumer survey (N=1,020)

The chart below shows the variation in respondents' choice of provider with their age. As can be seen, younger respondents purchased the services of unregulated providers more readily than older generations. The Annex to this report further sets out how the most recent legal issue experienced by the respondents varied by age. For example, it shows that a higher proportion of older respondents faced will writing or probate issues, compared to younger ones.

Figure 12: Choice of provider, by age



Source: Economic Insight consumer survey (N=1,020)

The following table illustrates the number of legal issues faced by each respondent in the last year. As can be seen, 55% of respondents faced one legal issue.

Table 5: Number of legal issues faced by respondents in the last year

Number of legal issues	%	N
1	55%	558
2	24%	243
3	11%	108
4	6%	63
5 or more	5%	48

*Source: Economic Insight consumer survey (N=1,020)*

The following table illustrates the legal issues that respondents most commonly experienced together. As can be seen, 13% of respondents who experienced more than one legal issue in the last year needed advice on benefits and tax credits, as well as advice on housing, landlord or tenant problems.

Table 6: Most commonly experienced multiple legal issues

Legal issue 1	Legal issue 2	%	N
Advice and appeals about benefits or tax credits	Housing, landlord or tenant problems	13%	58
Advice and appeals about benefits or tax credits	Problems with consumer goods	12%	54
Power of attorney	Will writing	11%	52
Advice and appeals about benefits or tax credits	Debt or hire purchase problems	11%	49
Advice and appeals about benefits or tax credits	Family matters	10%	48
Problems with consumer goods	Housing, landlord or tenant problems	10%	48
Problems with consumer goods	Family matters	10%	45

*Source: Economic Insight consumer survey (N=462)*

### Regression analysis

As part of our sensitivity analysis, we undertook a regression analysis, details of which are set out in the Annex to this report.

A regression analysis is useful because it helps to disentangle the effect of one factor (such as age) on the likelihood of engaging a regulated provider from another factor that it may be correlated with (such as income).

The results of the regression analysis are consistent with the summary statistics set out above. Namely, it shows that:

- the legal issue faced by the respondent has a statistically significant relationship with likelihood of engaging a regulated provider;
- the gender, age, region, and ethnicity of respondents do not have a statistically significant relationship with the likelihood of engaging a regulated provider;
- respondents with a higher income are, other things equal, more likely to engage a regulated provider;
- respondents with further or higher education are, other things equal, more likely to engage a regulated provider than other respondents; and
- respondents that frequently read and/or write reviews when purchasing goods or services are more likely to engage a regulated provider than those respondents that do not.

The tables below help illustrate the relative importance of income, education and reviewing activity on the likelihood of engaging a regulated provider. For example, it shows that, other things equal, those with further or higher education qualifications will engage a regulated provider with a 75% probability, which is 24 percentage points higher than those without qualifications (75% versus 51%).

Table 7: Probability of engaging a regulated provider at different qualification levels, all other characteristics held constant at the sample average

	<b>Probability of engaging a regulated provider</b>
Further or higher education qualifications (such as A-levels and/or degrees)	75%
Other qualifications (such as O-levels or GCSEs)	67%
No qualifications	51%

*Source: Economic Insight*

Table 8: Probability of engaging a regulated provider at different reviewing activity levels, all other characteristics held constant at the sample average

	<b>Probability of engaging a regulated provider</b>
Does frequently read or write reviews	79%
Does <u>not</u> frequently read or write reviews	68%

*Source: Economic Insight*

Table 9: Probability of engaging a regulated provider at different income levels, all other characteristics held constant at the sample average

	Probability of engaging a regulated provider
Annual income at £20,000	66%
Annual income at £40,000	72%
Annual income at £60,000	76%

*Source: Economic Insight*

#### 4.2.2 The reasons given for the choices made

The following table shows the most common reasons for respondents' choice of legal services provider. It illustrates that personal recommendations are an important factor in choice, whereas factors relating to regulation are mentioned less frequently.

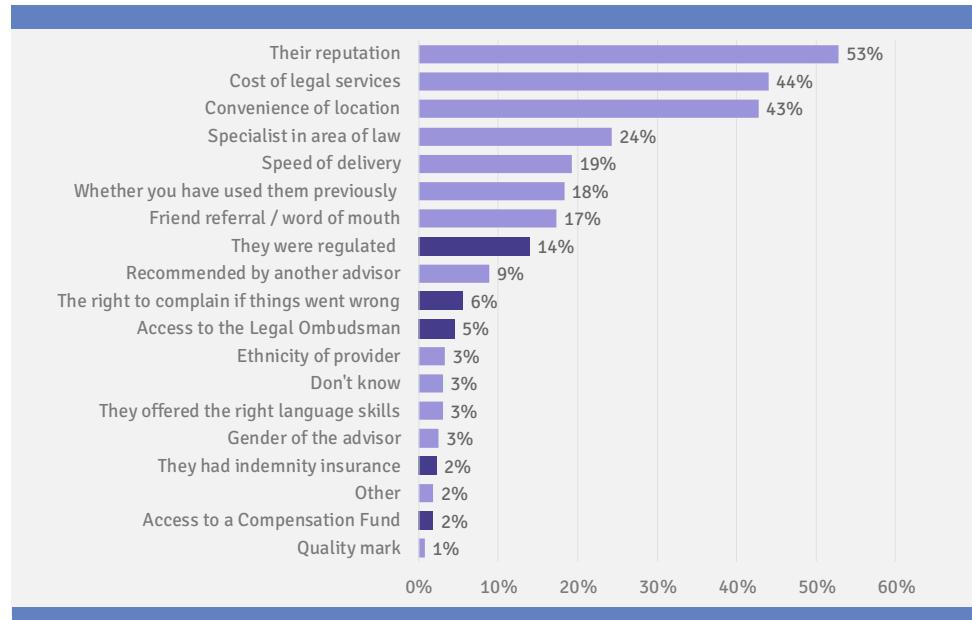
Table 10: Respondents' reasons for choosing their provider, multiple choice

Reason for choice	%	N
Followed family member / friend / colleague recommendation	44%	452
Followed another advisor's recommendation	18%	188
Had previous experience of using the provider	18%	184
Had most expertise in the area of law	11%	108
Most conveniently located	10%	107
Followed a business's recommendation	9%	95
Was the cheapest	9%	92
Was regulated	7%	68
Don't know / can't remember	6%	61
Had access to the Legal Ombudsman	4%	41
Offered the quickest delivery	4%	40
Other	4%	36
Had professional indemnity insurance	2%	20
Had access to a Compensation Fund	1%	15

Source: Economic Insight consumer survey (N=1,020)

When asked about important factors in their choice of legal services provider, respondents were given the option to select up to five important factors in their choice. The following chart illustrates the factors that were picked either as first, second, third, fourth or fifth most important factors in their choice of a legal services provider.

**Figure 13: Proportion of respondents listing the following in their top 5 most important factors in choosing a legal services provider**



*Source: Economic Insight consumer survey (N=1,020)*

As can be seen, reputation, cost and convenience were frequently one of the top 5 most important factors in respondents' choices, while the provider being regulated was included by 14% of respondents as one of the top five factors in choice.

#### 4.3 Results relating to awareness and understanding of different regulatory protections

Here we set out consumers' level of awareness of the regulation of legal services providers, and the protections this gives them.

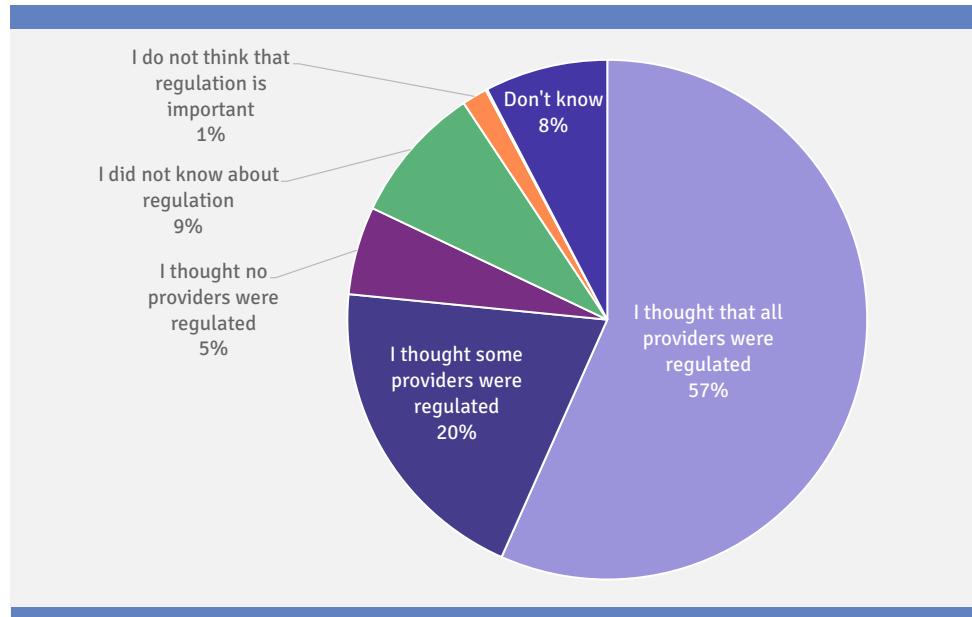
Specifically, we look at consumers' awareness of:

- the scope of regulation in the legal services sector generally;
- whether their most recently used legal services provider was regulated;
- whether their provider was covered by access to the Legal Ombudsman;
- whether their provider was covered by a Compensation Fund; and
- whether their provider had professional indemnity insurance (PII).

##### 4.3.1 Awareness of regulatory protections

As shown by the chart overleaf, 57% of respondents thought that *all* legal service providers are regulated and 20% thought that some providers are regulated.

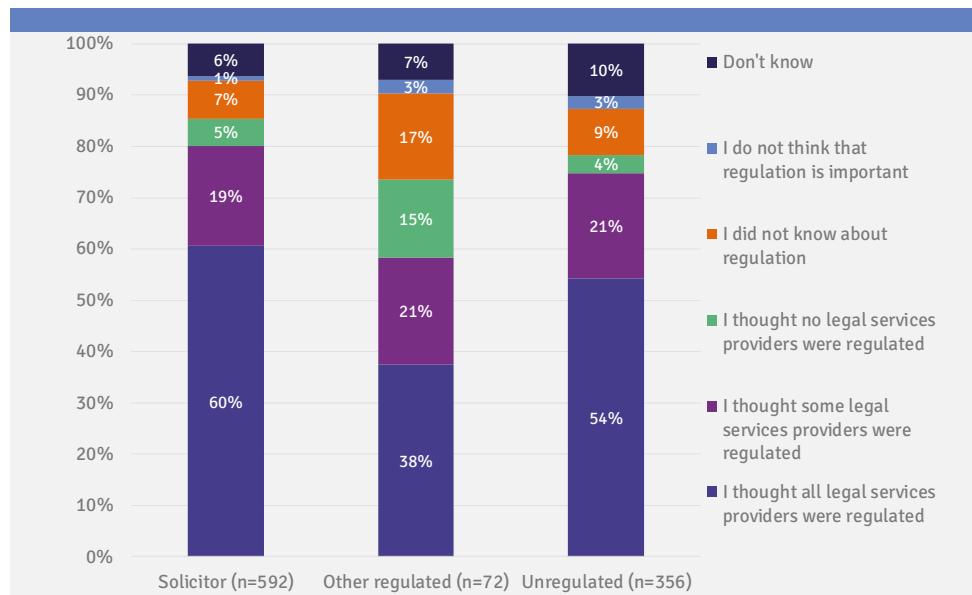
**Figure 14: Respondents' awareness of the scope of regulation in the legal services sector**



*Source: Economic Insight consumer survey (N=1,020)*

There was some variation in relation to awareness of the scope of regulation by type of provider used, as illustrated in the chart below. For example, 60% of respondents using a solicitor thought that all legal services providers were regulated, compared to 54% of those who used an unregulated provider.

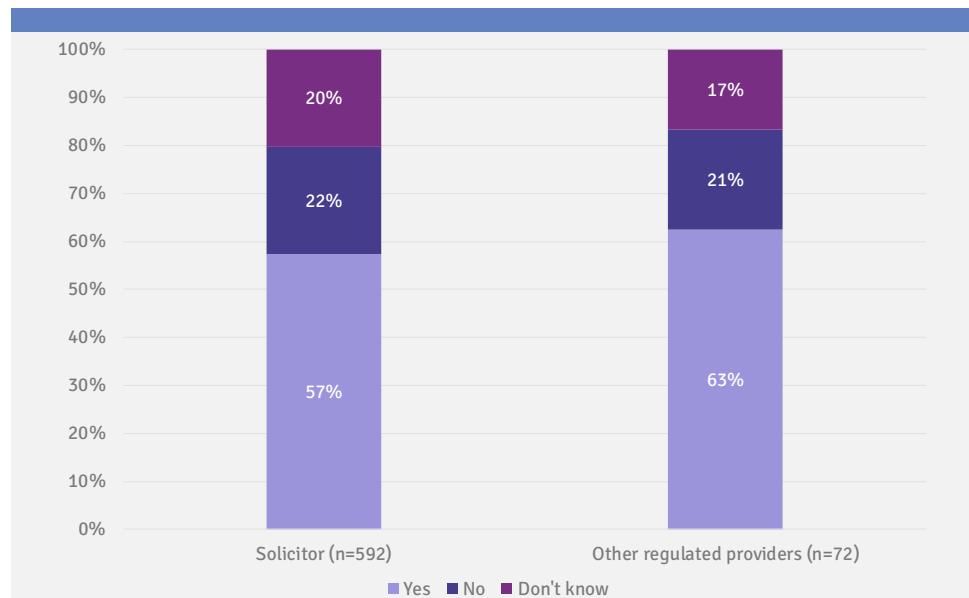
**Figure 15: Respondents' awareness of the scope of regulation in the legal services sector, by provider used**



*Source: Economic Insight consumer survey (N=1,020)*

58% of respondents who had most recently purchased legal services from a regulated provider were aware that their provider was regulated. This awareness was similar for both solicitors and other regulated providers, as illustrated by the chart overleaf.

**Figure 16: Did you know whether your legal services provider was regulated?, by type of regulated provider used**



*Source: Economic Insight consumer survey (N=664)*

Awareness of the different protections provided by regulation was varied. 41% of respondents who used a regulated provider were aware of having access to the Legal Ombudsman. Just over a third of respondents (36%) were aware that their provider had professional indemnity insurance, and 24% of respondents who had purchased services from a solicitor (and therefore had access to a Compensation Fund) were aware that they had access to a Compensation Fund. A more detailed breakdown of awareness of these protections is included in the table below.

**Table 11: Respondents' awareness of their providers' regulatory protections**

	Aware	Not aware	Don't know	N
Regulation	58%	22%	20%	664
Access to the Legal Ombudsman	41%	24%	35%	664
Professional indemnity insurance coverage	36%	26%	38%	664
Access to a Compensation Fund	24%	32%	44%	592 <sup>79</sup>

*Source: Economic Insight consumer survey*

#### 4.3.2 How information about regulatory protections was found

Once we had established whether respondents were aware of the different regulatory protections, we asked them how they found out about them. This is set out in the

<sup>79</sup> Note that this question only got asked to those who had used a solicitor as their legal services provider.

following tables. Additionally, the reasons why respondents were unaware are also explored.

#### ***How consumers found out about regulation***

The table below shows how respondents found out that their provider was regulated. 26% of respondents checked the regulators' website or were told directly by their provider.

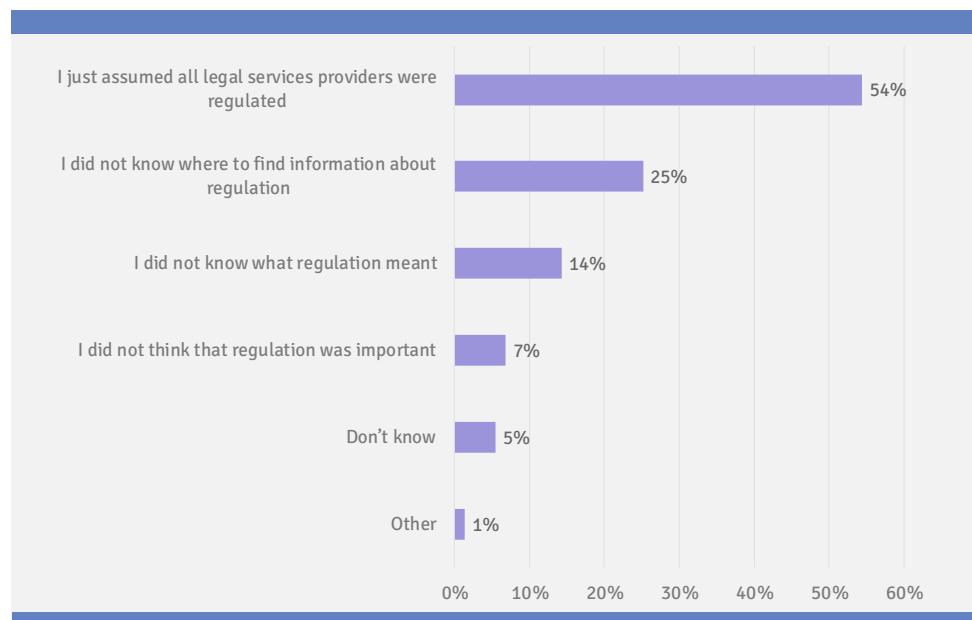
**Table 12: How did you know that your main legal services provider was regulated?, multiple choice**

	%	N
I checked on the regulator's website	26%	102
My provider told me they were regulated	26%	100
It was obvious from the provider's website or correspondence	22%	86
I checked on the Law Society's website	22%	83
I asked my provider	21%	80
I phoned the regulator	12%	45
Don't know	2%	9

*Source: Economic Insight consumer survey, all that were aware of regulation (N=385)*

Of those that did not know their provider was regulated, over half (54%) thought that all legal services providers were regulated, while a quarter (25%) stated that they did not know where to find the information. This is illustrated in the chart overleaf.

**Figure 17: Why respondents did not know whether their provider was regulated, multiple choice**



*Source: Economic Insight consumer survey, all that were not aware of regulation (N=147)*

#### **How consumers found out about the Legal Ombudsman**

The table below sets out how respondents knew of their providers' coverage by the Legal Ombudsman. Again, respondents were generally made aware of their ability to access the Legal Ombudsman through communications with their legal services provider directly, and through the internet.

**Table 13: How did you know that your main legal services provider was covered by the Legal Ombudsman?, multiple choice**

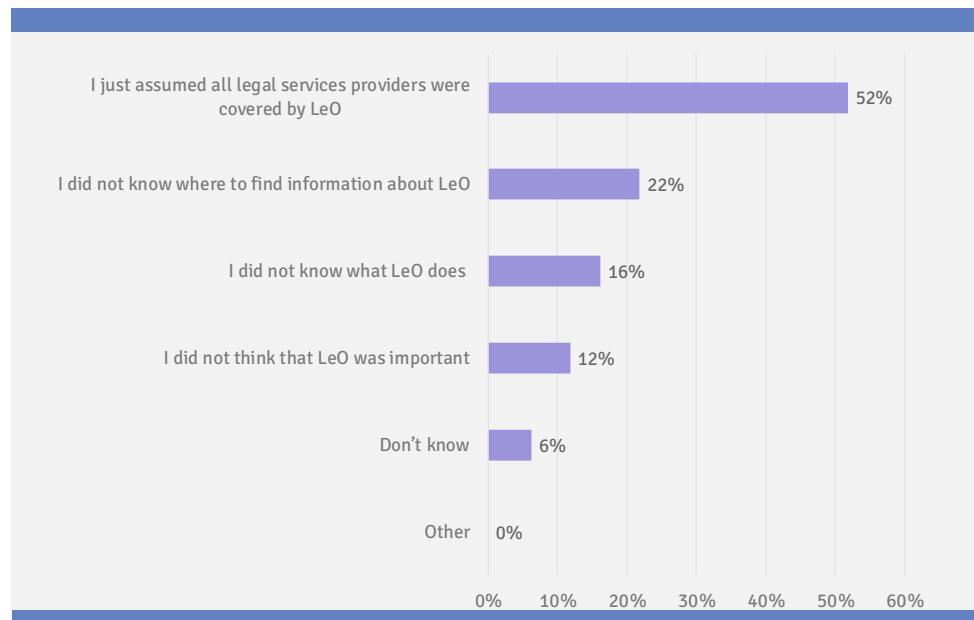
	%	N
I asked my provider	31%	84
I checked on the Legal Ombudsman's website	29%	79
My provider told me they were covered by the Legal Ombudsman	28%	75
It was obvious from the provider's website or correspondence	26%	71
I phoned the Legal Ombudsman	13%	34
Other	3%	9
Don't know	2%	6

*Source: Economic Insight consumer survey, all that were aware of the Legal Ombudsman (N=270)*

Of those unaware that their provider was covered by the Legal Ombudsman, more than half (52%) assumed all providers were covered. Just over a fifth (22%) did not know where to find the information, while 16% did not know what the Legal

Ombudsman does, with 12% thinking that the Legal Ombudsman was not important, as illustrated in the following chart.

**Figure 18: Why respondents did not know whether their provider was covered by the Legal Ombudsman, multiple choice**



*Source: Economic Insight consumer survey, all that were not aware of the Legal Ombudsman (N=160)*

#### **How consumers found out about a Compensation Fund**

The following table shows that 40% of respondents that were aware they had access to a Compensation Fund found this information by actively searching for it themselves, compared to 18% being told or 14% noticing the information included in communications with their provider.

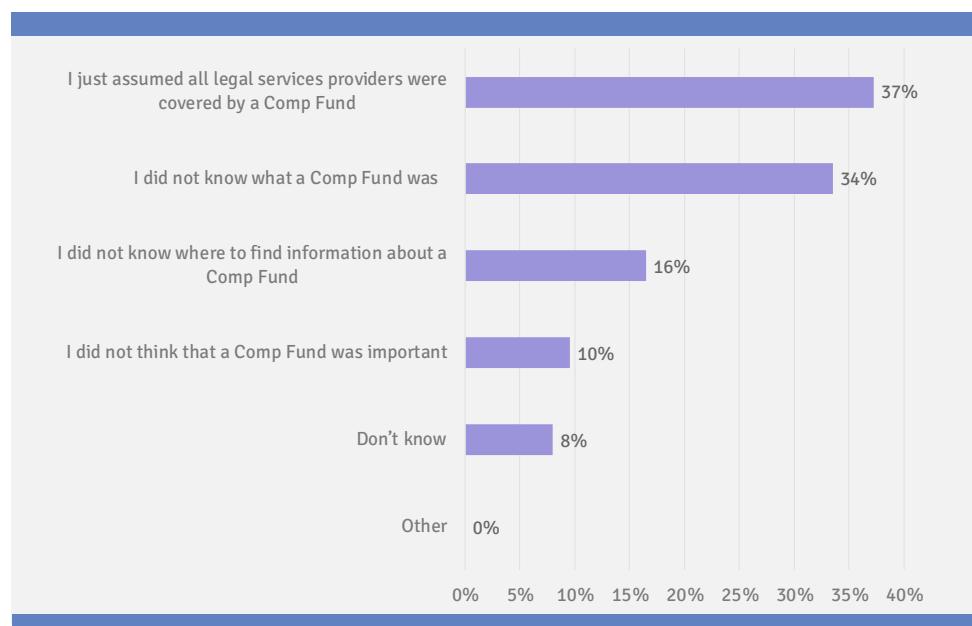
**Table 14: How did you know that your main legal services provider was covered by a Compensation Fund?, multiple choice**

	%	N
I asked my provider	40%	56
I checked on the SRA's website	38%	54
I phoned the SRA	23%	33
My provider told me they had access to a Compensation Fund	18%	26
It was obvious from the provider's website or correspondence	14%	20
Other	4%	5
Don't know	1%	1

*Source: Economic Insight consumer survey, all that were aware of a Compensation Fund (N=141)*

Of those unaware of whether their provider was covered by a Compensation Fund, 37% did not know due to either assuming all legal services providers were covered, or not knowing what a Compensation Fund is (34%). 16% of respondents did not know where to find the information, while 10% did not think it was important, as illustrated in the chart below.

**Figure 19: Why respondents did not know whether their provider was covered by a Compensation Fund, multiple choice**



*Source: Economic Insight consumer survey, all that were not aware of a Compensation Fund (N=188)*

#### **How consumers found out about professional indemnity insurance (PII)**

The table below sets out how respondents found out about their provider's PII. 38% of respondents checked their provider's website.

**Table 15: How did you know that your legal services provider had professional indemnity insurance?, multiple choice**

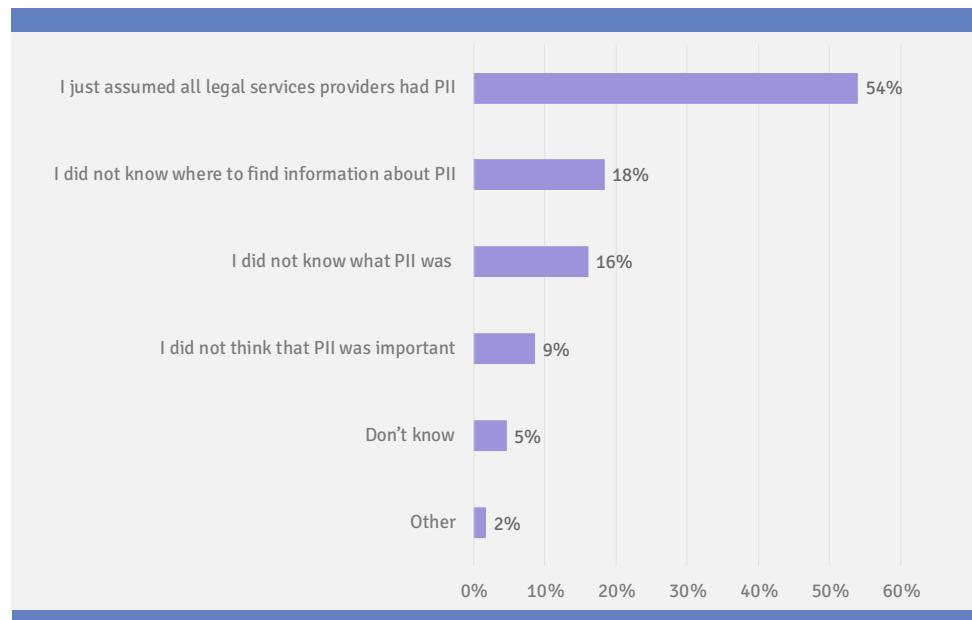
	%	N
I checked on the legal service provider's website	38%	90
My provider told me they had PII	33%	79
I asked my provider	32%	76
It was obvious from the provider's website or correspondence	23%	55
Other	3%	6
Don't know	0%	1

*Source: Economic Insight consumer survey, all that were aware of PII (N= 236)*

Of those that did not know whether their provider had PII, 54% assumed all legal services providers had PII, while 18% did not know where to find this information.

Other reasons why respondents were not aware of this are summarised in the chart below.

**Figure 20: Why respondents did not know whether their provider had PII, multiple choice**

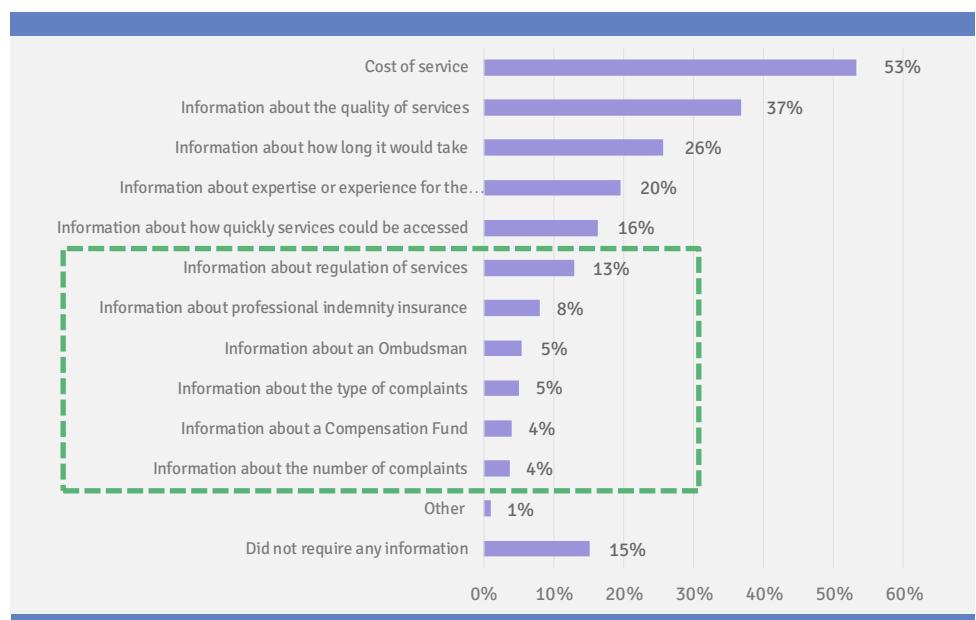


*Source: Economic Insight consumer survey, all that were not aware of PII (N=174)*

#### **Information wanted by consumers prior to choosing their provider**

85% of respondents wanted some form of information to help them decide which provider they would use, as the following chart illustrates.

**Figure 21: Information consumers wanted prior to choosing their provider, multiple choice**



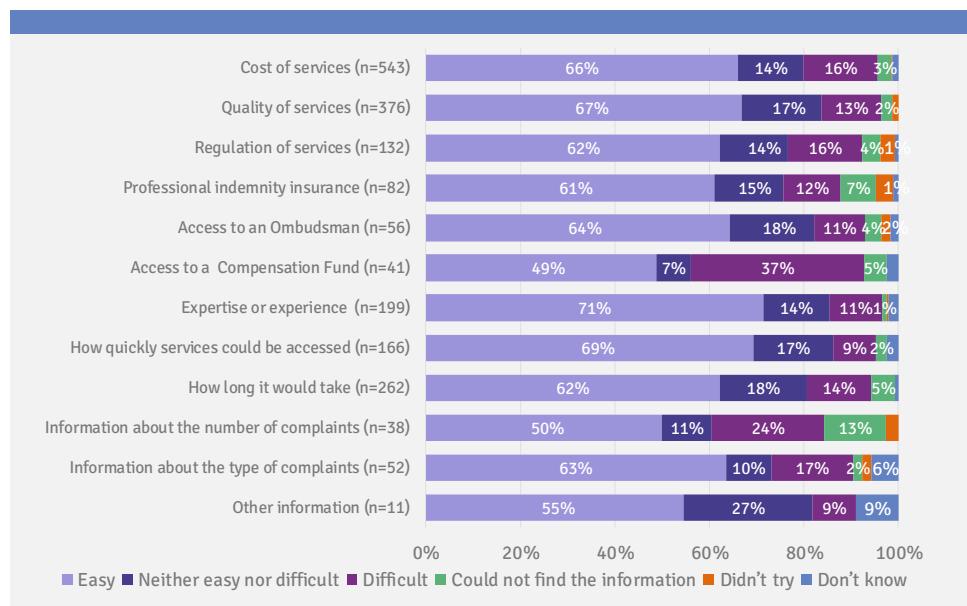
*Source: Economic Insight consumer survey (N=1,020)*

53% of respondents wanted some information on costs of the service, 37% on quality, while 27% of respondents wanted some information regarding regulatory protections (highlighted in the chart above).

Around 15% of respondents did not require any information prior to choosing their provider. These tended to be older respondents, and those that followed someone else's recommendation. A more detailed breakdown of this question is provided in the Annex to this report.

The following chart sets out the level of difficulty experienced in finding the information desired prior to choosing a provider. 42% of respondents who wanted information about a Compensation Fund state that it was difficult to find, or that they were simply unable to find it. 71% of respondents state that information about the expertise or experience of the provider was easy to find.

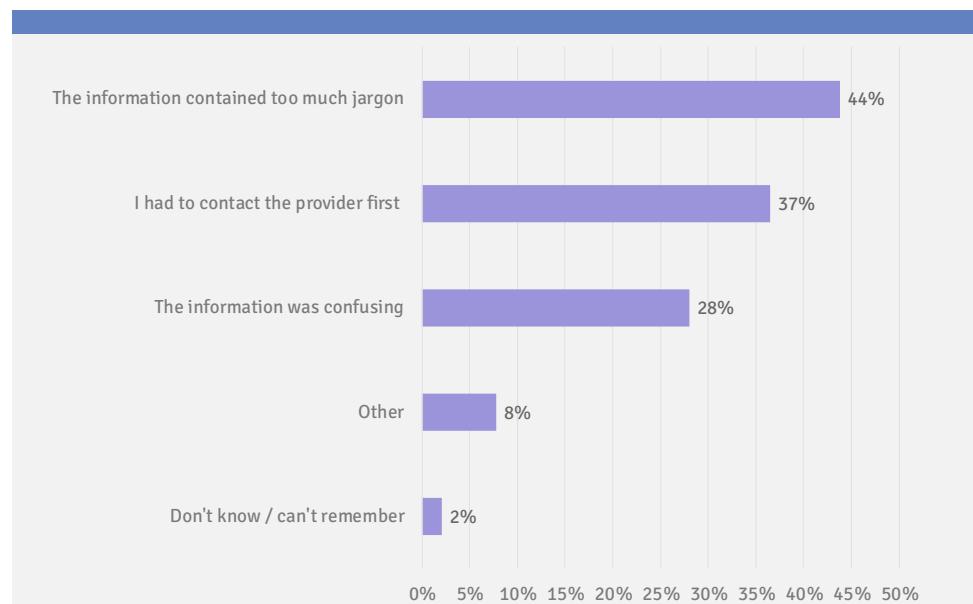
Figure 22: Ease of finding information



*Source: Economic Insight consumer survey (N=865)*

The chart overleaf summarises why respondents found information regarding regulatory protections difficult to find.

Figure 23: Reasons given for the information being hard to find, multiple choice



Source: Economic Insight consumer survey (N=107)

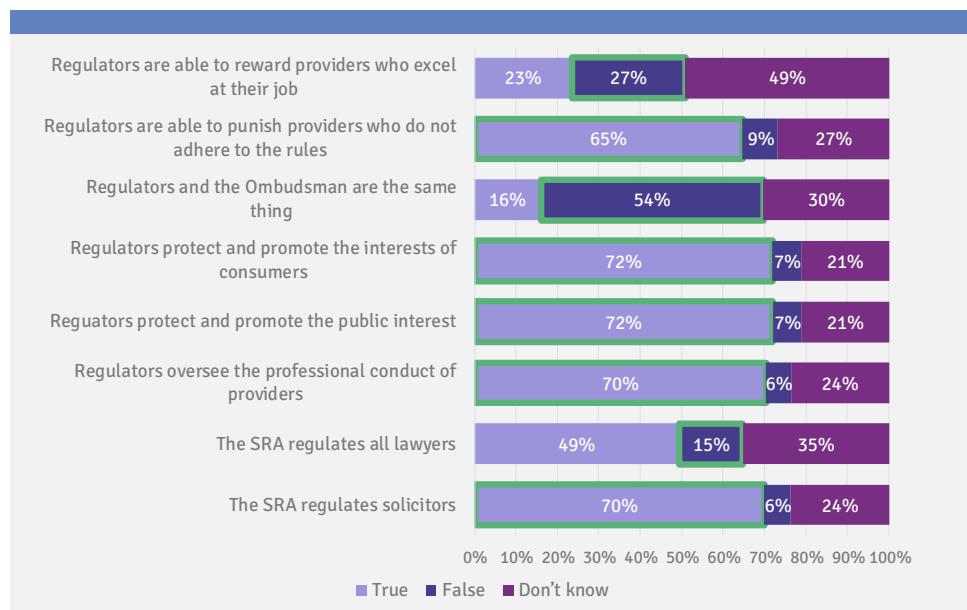
#### 4.3.3 Understanding of regulatory protections

Respondents of the consumer survey were asked both multiple choice, and true or false questions relating to regulation in general, as well as each type of regulatory protection, to establish the level of understanding of these protections. Answers to these questions are not only interesting from the point of view of understanding, but also as a benchmark for what kind of protections consumers *expect* legal services regulation to provide.

##### ***Understanding of general legal services regulation***

The following figure illustrates what consumers believe to be true and false about legal services regulation in general. The correct answer to each question is outlined in green. This question was asked to all respondents of the survey.

Figure 24: Understanding of legal services regulation, true or false questions



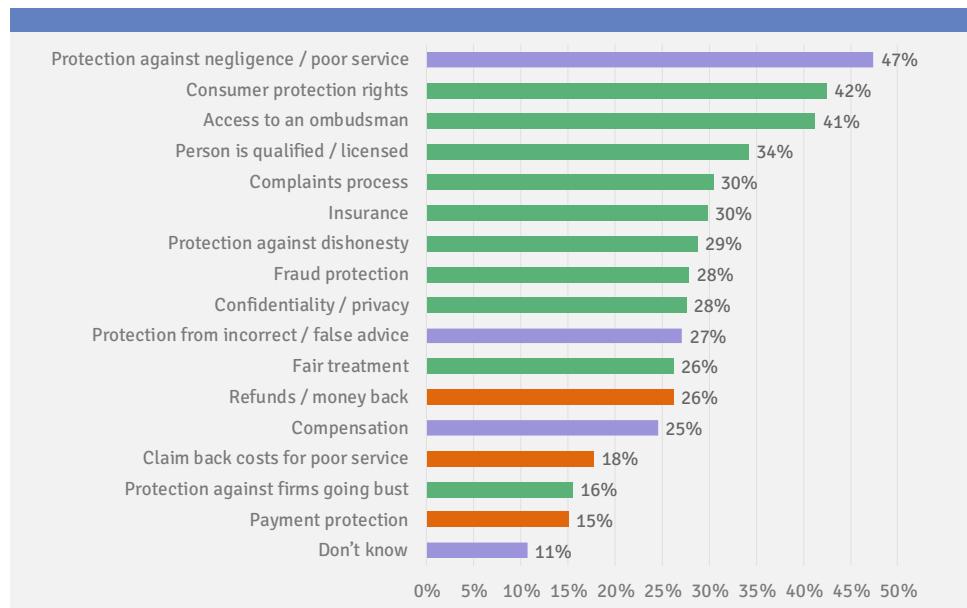
*Source: Economic Insight consumer survey (N=1,020)*

Most respondents answered each question correctly. However, just under half (49%) of respondents falsely believe that the SRA's regulatory powers extend to all lawyers, such as barristers and notaries. Half of respondents are also unsure as to the ability of regulators to reward outperforming providers.

The following chart sets out the protections that respondents think legal services regulation provides. This question was asked to those respondents that had most recently purchased the services of a regulated legal services provider. Bars highlighted in green demonstrate answers that reflect a correct understanding of regulatory protections, whereas orange bars reflect a misunderstanding of regulatory protections. Purple bars reflect some ambiguous answer options, which are neither necessarily right or wrong.<sup>80</sup> For example, the SRA provides the means to deal with poor service, e.g. with access to the Legal Ombudsman, but it does not provide advice on negligence and it does not deal with poor service complaints directly.

<sup>80</sup> We note that protection against negligence or poor service are quite distinct, as for example the Legal Ombudsman provides protection against the latter, but not the former. In the subsequent complaints exercise and online regulatory protections we have separated these answer options, however for the online consumer survey they were group together, and hence the ambiguous effect.

Figure 25: The protections that respondents think regulation provides, multiple choice



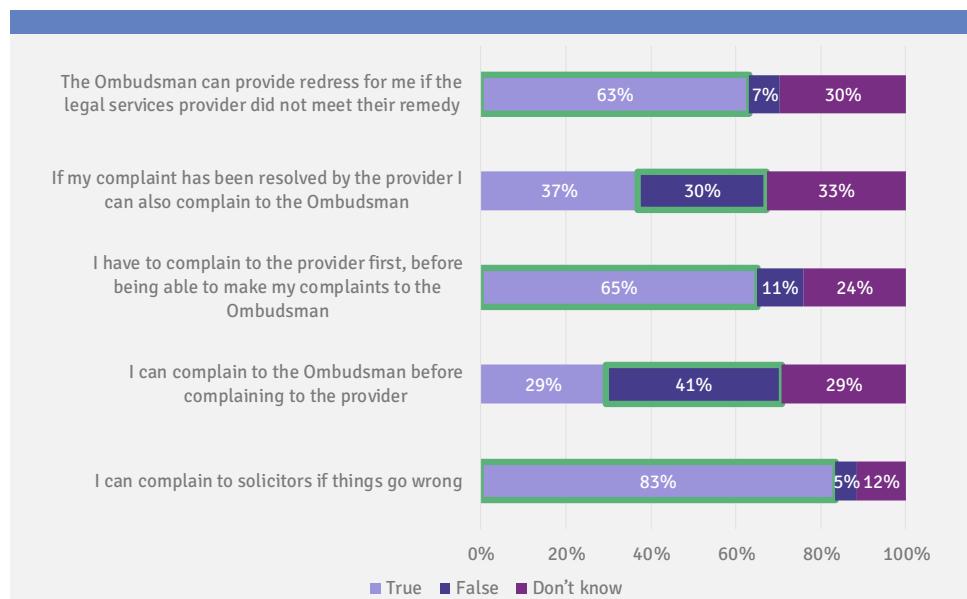
Source: Economic Insight consumer survey (N=664)

This chart illustrates that respondents have a mixed understanding of what regulatory protections provide. 47% of respondents thought that regulation protects against negligence or poor service. As set out previously, although understanding may be mixed, these responses indicate consumers' expectations regarding regulation – in this particular case, that it protects them from both negligence and poor service. Relatedly, as set out above, these expectations are not necessarily "wrong", as the SRA provides the means to deal with poor service, for example with access to the Legal Ombudsman, however it does not provide for that specific protection itself.

#### ***Understanding of the Legal Ombudsman***

As can be seen from the chart overleaf, 83% of respondents correctly identified that they can complain to solicitors if things go wrong. Over a third (37%) of respondents believe that they can also complain to the Ombudsman if their complaint has been resolved by the provider. If a complainant has already accepted a remedy from the legal services provider, the Legal Ombudsman is unable to help. The Legal Ombudsman is also unable to sort out any issues that have already been looked at by the courts.

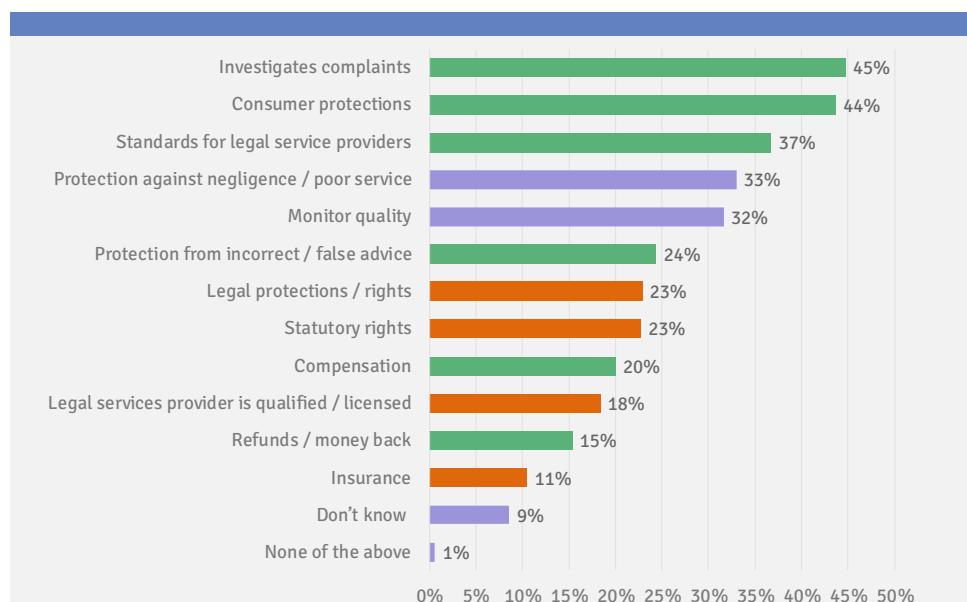
Figure 26: Understanding of the Legal Ombudsman, true or false questions



*Source: Economic Insight consumer survey (N,1020)*

The following chart sets out what respondents who used a regulated legal services provider think the Legal Ombudsman does. As set out previously, bars highlighted in green demonstrate answers that reflect a correct understanding of what the Legal Ombudsman does, whereas orange reflect a misunderstanding of what the Legal Ombudsman does. Purple bars reflect some ambiguous answer options, which are neither necessarily right or wrong. For example, the Legal Ombudsman protects against a providers' poor service, but not negligence.

Figure 27: What respondents think the Legal Ombudsman does, multiple choice



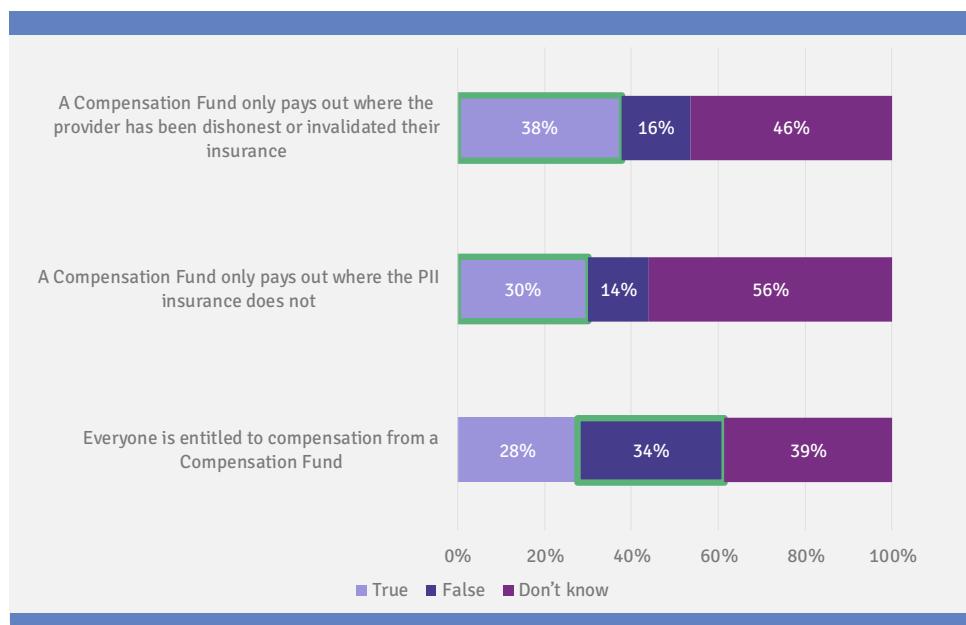
*Source: Economic Insight consumer survey (N=664)*

This chart shows that 45% of respondents who had most recently purchased the services of a regulated legal services provider correctly identified that the Legal Ombudsman investigates complaints.

### ***Understanding of the Compensation Fund***

As can be seen from the chart below, understanding of the Compensation Fund is relatively low. Respondents most frequently stated that they did not know the answer to each question.

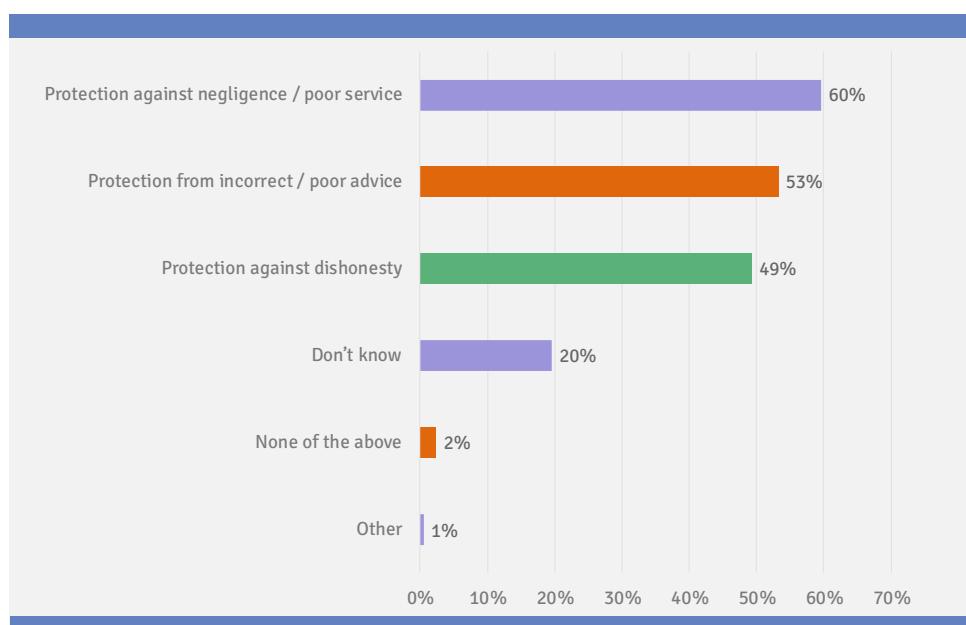
**Figure 28: Understanding of the Compensation Fund, true or false questions**



*Source: Economic Insight consumer survey (N=1,020)*

Similarly, the answers to the multiple-choice question reinforce the lack of clarity consumers have in relation to what a Compensation Fund covers. As set out previously, green bars highlight correct responses, orange bars highlight incorrect ones, and purple ones highlight answer options which could be right under some circumstances.

**Figure 29: What respondents think a Compensation Fund covers, multiple choice**

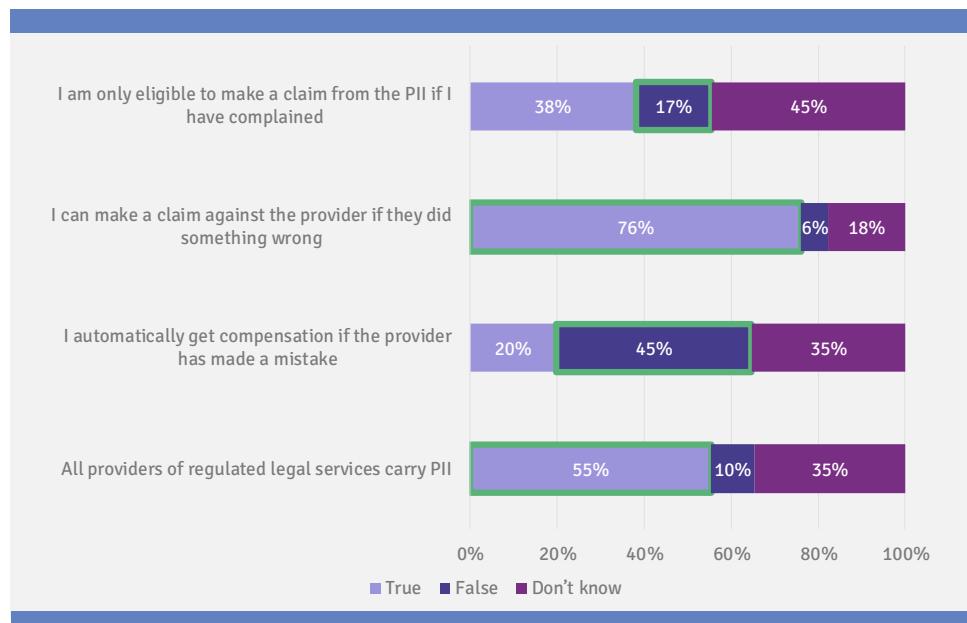


*Source: Economic Insight consumer survey (N=592)*

### ***Understanding of professional indemnity insurance (PII)***

The chart below illustrates that three quarters of respondents understand that they can claim against the provider if they do something wrong. 17% of respondents are correctly aware that they do not need to have complained in order to make a claim from the insurer.

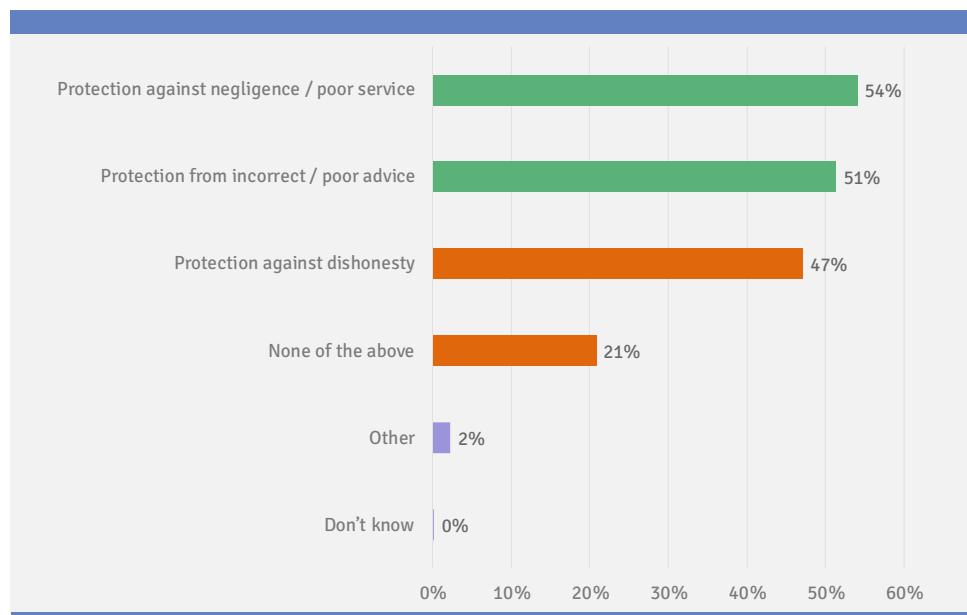
Figure 30: Understanding of professional indemnity insurance, true or false questions



*Source: Economic Insight consumer survey (N=1,020)*

The following chart illustrates that 47% of respondents that have most recently purchased the services of a regulated provider incorrectly believe that PII provides protection against dishonesty. As set out previously, green bars highlight correct responses, orange bars highlight incorrect ones, and purple ones highlight answer options which could be right under some circumstances.

Figure 31: What respondents think PII covers, multiple choice



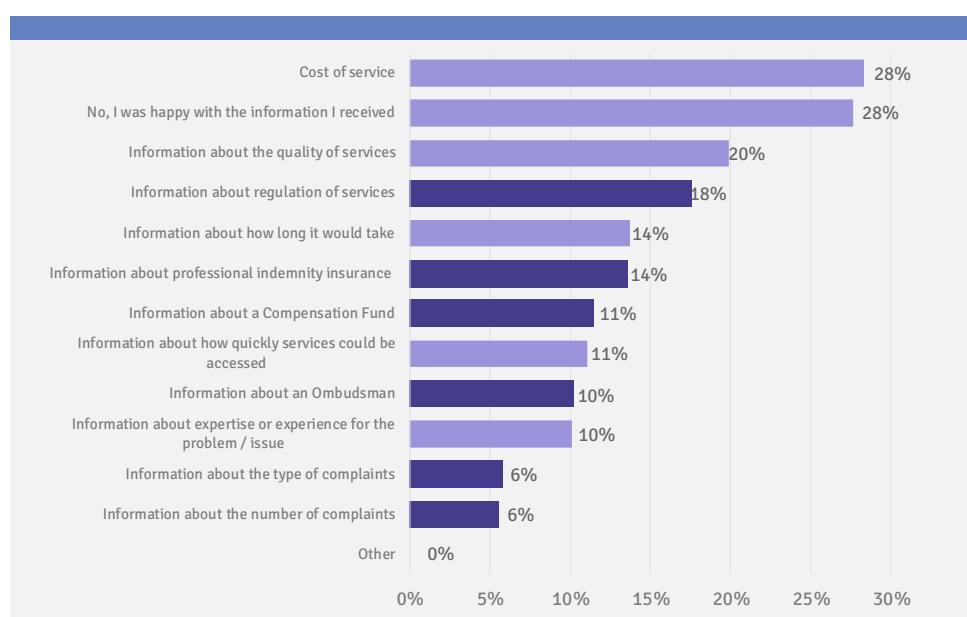
Source: Economic Insight consumer survey (N=664)

#### 4.3.4 Additional information participants would have liked to have

85% of respondents stated that they would have liked additional information. This section examines the information respondents would have liked more of, and what in particular they would have liked to know about regulatory protections.

The following chart shows the additional information that respondents would have liked to have to help them choose their legal services provider.

Figure 32: Additional information respondents would have liked, multiple choice



Source: Economic Insight consumer survey (N=865)

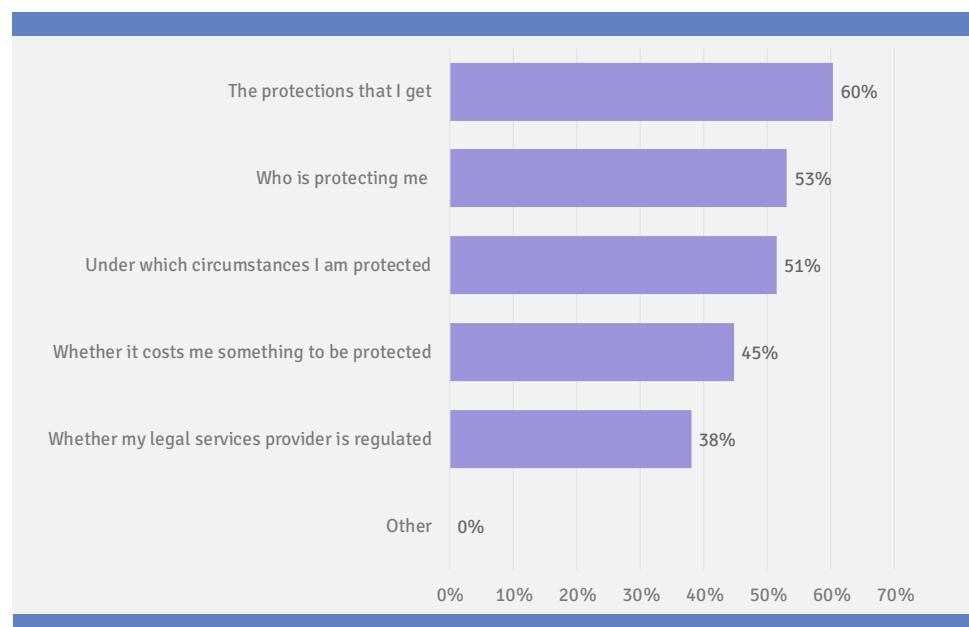
28% of respondents wanted more information regarding the cost of the service. A fifth (20%) of respondents stated they would have liked more information on quality,

however the availability of “quality indicators” in the legal services market is not very widespread. There was also an appetite for additional information about regulation in the legal services market. This is explored in more depth below.

### ***Regulation of legal services***

The chart below shows that 60% of respondents that would have liked additional information about regulation were interested in understanding what protections regulation provides. More than half (53%) of respondents to this question wanted to know who they were protected by, and when they would be protected.

**Figure 33: Additional information respondents would have liked about regulation, multiple choice**

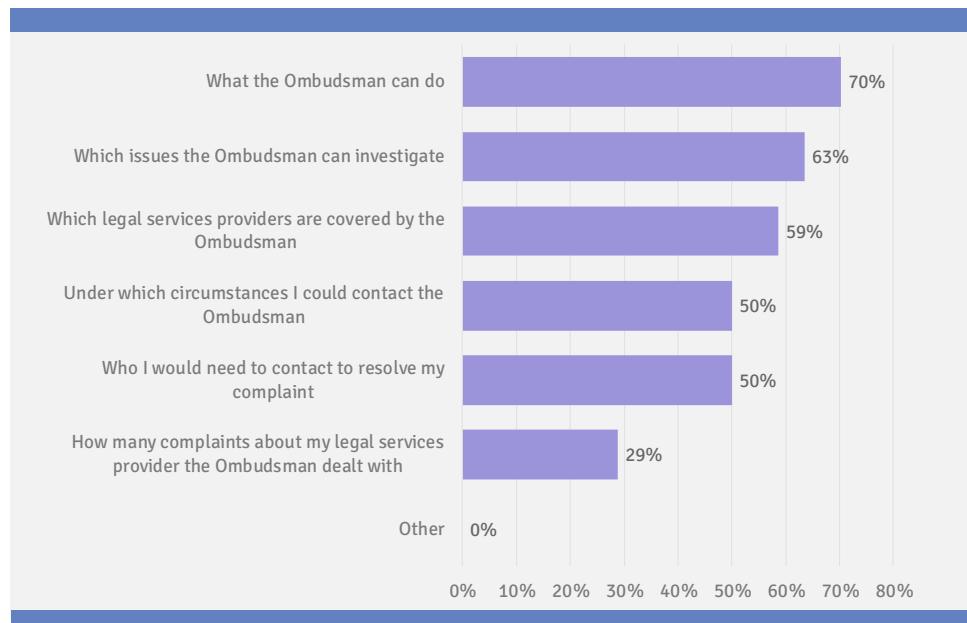


*Source: Economic Insight consumer survey (N=179)*

### ***Access to an Ombudsman***

70% of those interested in additional information about an Ombudsman wanted to know what it is that the Ombudsman could do, and 63% wanted to know the kinds of issues that it can investigate. Additionally, more than half (59%) of respondents to this question wanted more information about which providers are covered by an Ombudsman. This is illustrated in the chart overleaf.

**Figure 34: Additional information respondents would have liked about the Legal Ombudsman, multiple choice**

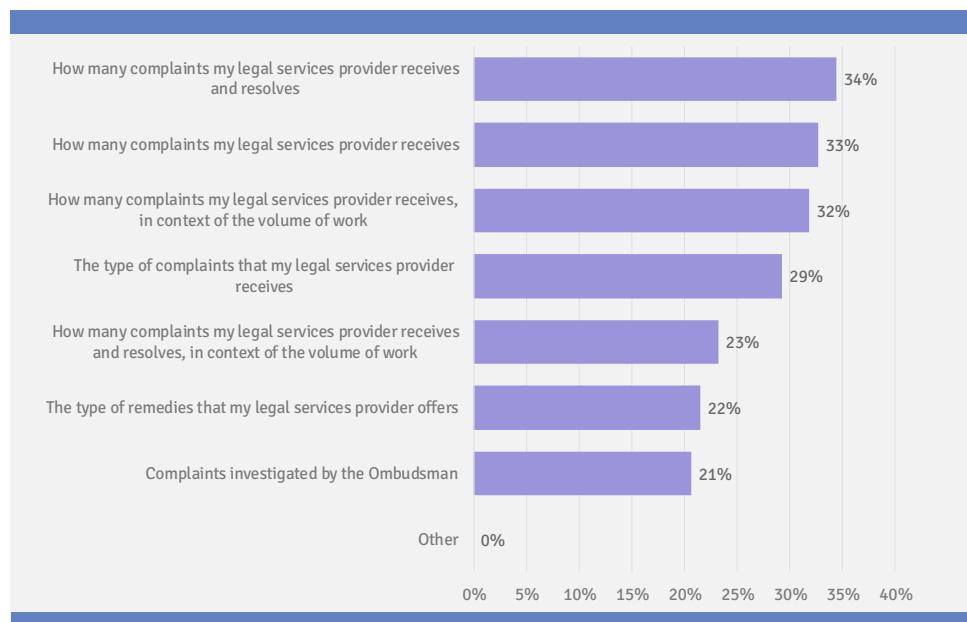


*Source: Economic Insight consumer survey (N=104)*

#### **The type / number of complaints received**

34% of respondents seeking additional information about complaints to the service provider wanted to understand how many complaints are received and resolved by their provider. This is shown in the chart below.

**Figure 35: Additional information respondents would have liked about complaints, multiple choice**



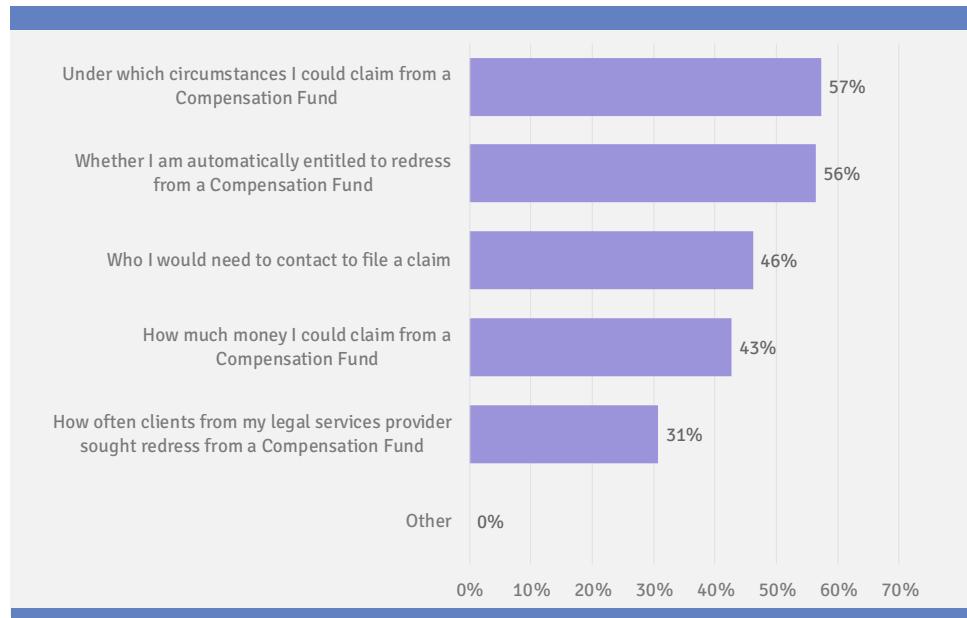
*Source: Economic Insight consumer survey (N=116)*

#### **Access to a Compensation Fund**

More than half (57%) of respondents who would have liked more information about a Compensation Fund were interested to know under which circumstances they can

make a claim, and whether they are entitled to redress from a Compensation Fund. Details of who they would need to contact in order to claim was also requested by 46% of respondents.

**Figure 36: Additional information respondents would have liked about a Compensation Fund, multiple choice**

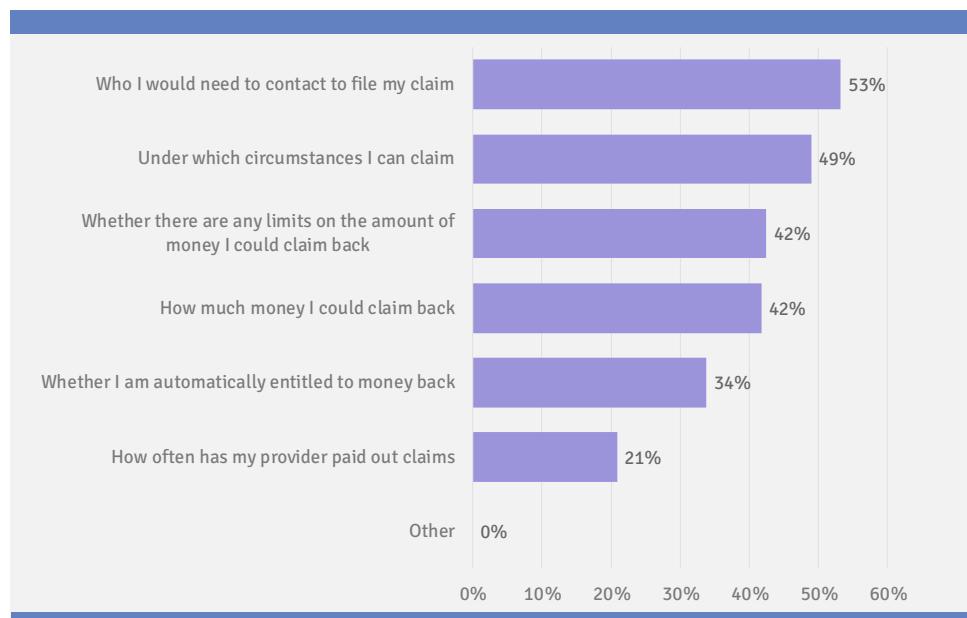


*Source: Economic Insight consumer survey (N=117)*

#### **Professional indemnity insurance (PII)**

Respondents were interested in similar information regarding professional indemnity insurance. 53% wanted to know who they would need to contact in order to make a claim and 49% wanted to know under which circumstances they would be able to claim, illustrated in the chart below.

**Figure 37: Additional information respondents would have liked about professional indemnity insurance, multiple choice**



*Source: Economic Insight consumer survey (N=139)*

#### 4.4 Conclusions

We suggest that the consumer survey results set out above point to the following conclusions:

- Consumers value information before making a purchasing decision. The two most commonly desired pieces of information are around the price and the quality of the legal services.
- Consumers have a limited understanding about which legal services providers are regulated and which ones are not, with 57% of respondents thinking all legal services providers are regulated.
- At the point of making a purchase decision, consumers value process information, rather than general educational information. For example, rather than knowing what PII is or does, more helpful information would be who to contact to make a claim, or under which circumstances claims can be made.

## 5. Online complaints choice exercise

This chapter sets out our methodology and findings for the online complaints choice exercise involving a sample representative of England and Wales, as well as our conclusions in relation to this exercise.

- The **online complaints exercise** involved 1,899 people, representative of the population in England and Wales. The field work was undertaken between 26 March – 5 April 2018. We asked respondents to rank between three to four providers based on Ombudsman's decisions data published by the Legal Ombudsman. This was to understand both whether respondents use and whether they understand the information provided by the Legal Ombudsman.
- Across both levels of analysis, respondents took account of complaints information when ranking the providers. That is, providers with lower numbers of Ombudsman remedies required and without poor service were ranked first more frequently.
- However, reasons given for the rankings suggests that respondents did not fully understand the information, even though they ranked the providers sensibly. This suggests that there may be scope to simplify the information for a consumer audience and/or explain it differently.
- Finally, the most commonly sought after additional piece of information across both analysis levels was one of context, namely the number of legal cases handled by each provider.

## 5.1 Methodology

### 5.1.1 Objectives of complaints choice exercise

Our online complaints exercise starts from the “status quo”, namely what information the Legal Ombudsman currently provides on its website.

As per the background set out in Chapter 2, the Legal Ombudsman provides an explanation of what the data shows, as well as giving consumers the option to filter the results by area of law or searching for a specific service provider by name. It further allows them to vary the number of entries shown by page from 10 per page to 100 per page and shows the total number of firms and decisions (by area of law). This is illustrated in the figure below.

Figure 38: Screenshot of the Legal Ombudsman’s decision data

We publish this data to maintain transparency around our decision making and to encourage and support improved complaints handling by service providers.

The table below includes data covering the period **1 January 2017 to 30 December 2017**

The table shows:

- The name of each firm or lawyer where an ombudsman's decision has been made
- The total number of decisions made in relation to each firm or lawyer
- The ombudsman remedy required
- With effect from 1 April 2016 our data will indicate if the ombudsman has found poor service or not when making their decision.

Information about each ombudsman remedy and the complaint reason can be found by clicking on the relevant name.

**Please note:** in cases where there is no ombudsman remedy required this indicates that the ombudsman was satisfied that the customer service provided was adequate and/or that any remedy offered by the service provider was reasonable.

To fully understand this data in context you will need to find out how many cases the firm or lawyer deals with each year. This information is not held by the Legal Ombudsman.

#### Filter results by area of law

All	Wills and Probate	Personal Injury	Litigation	Family Law	Social Welfare	Immigration and Asylum	Commercial Conveyancing
Residential Conveyancing	Property	Employment Law	Finances	Crime	Commercial law	Other	1 0

Number of firms: 1772 Number of decisions: 2227

Show **10** entries

Search service provider:

*Source: <http://www.legalombudsman.org.uk/ombudsman-decision-data/> [accessed 26.02.2018]*

The Legal Ombudsman publishes the following under “Ombudsman decision data”, which can also be downloaded as an Excel file:

- **Level 1 data:** name of provider; number of decisions; and Ombudsman remedy required. This is shown without having to click on the provider's name.
- **Level 2 data:** name of provider; area of law; reference number; date of decision; number of decisions, including: complaint reason (e.g. excessive costs); and poor service (yes/no); and Ombudsman remedy required, including: remedy type (e.g. to pay compensation for emotional impact and / or disruption caused); and remedy amount. The more detailed data is only shown when the consumer clicks on the provider's name (whereas the whole data is available in this format if downloaded with Excel).

The following figure illustrates how this looks in practice for the consumer on the Legal Ombudsman's website.

Figure 39: Screenshot of the Legal Ombudsman's decisions data (anonymised)

NAME	NUMBER OF DECISIONS	OMBUDSMAN REMEDY REQUIRED				
[redacted]	18	9				
[redacted]	8	6				
[redacted]	6	6				
[redacted]	13	5				
[redacted]	6	4				
[redacted]	4	4				
[redacted]	5	4				
[redacted]	4	4				
[redacted]	7	4				
Area of law	Reference	Date of decision	Remedy	Remedy Amount	Complaint Reasons	Poor Service Y/N
Personal Injury	167855	12/01/2017	To pay compensation for emotional impact and/or disruption caused	£1 - 299	Failure to advise	Yes
Personal Injury	140901	02/03/2017	To waive unpaid fees	£5,000 - £9,999	Costs information deficient	Yes
Personal Injury	171108	09/03/2017	N/A	N/A	N/A	Yes
Personal Injury	170430	02/06/2017	To pay compensation for emotional impact and/or disruption caused	£1 - 299	Delay, Failure to progress	Yes
Personal Injury	177024	21/09/2017	N/A	N/A	N/A	No

Source: <http://www.legalombudsman.org.uk/ombudsman-decision-data/> [accessed 04.04.2018]

We undertook a detailed analysis based on the Ombudsman decisions data covering the period 1 October 2016 to 30 September 2017 (see the Annex to this report) to arrive at a view of the different combinations of the Legal Ombudsman data to test in our method below. Our key results are as follows.

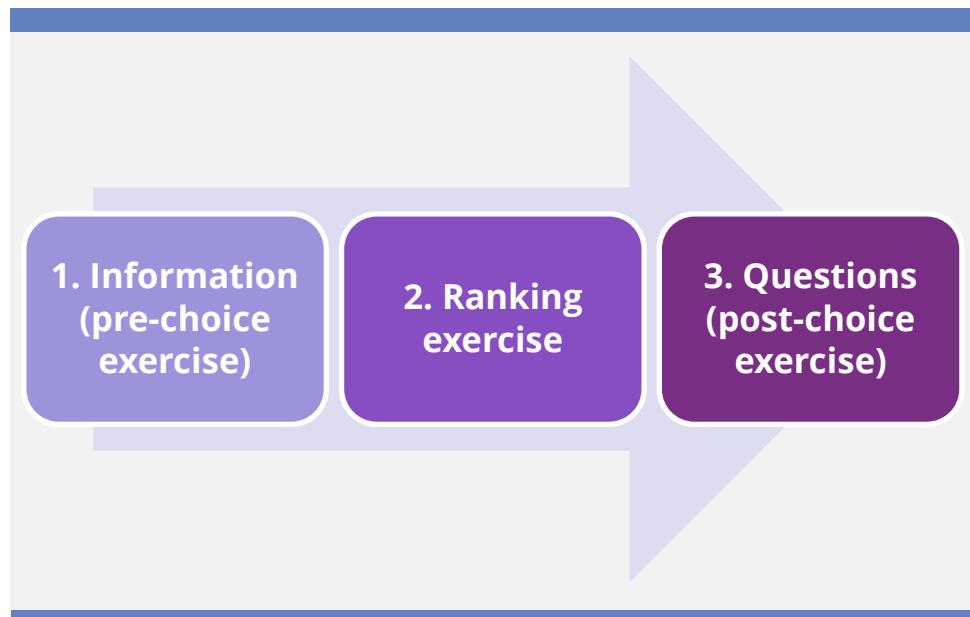
- We found that 15.1% of Ombudsman decisions were in the area of family law. Residential conveyancing was the area of law with most Ombudsman decisions (18.8%). As our badges trial was in the area of conveyancing, we have focussed on family law here.
- Most family law providers only had one Ombudsman decision, with no Ombudsman remedies required (66.3% of family providers), that is, the Ombudsman was satisfied that the remedy offered by the provider was sufficient and / or the Ombudsman was satisfied that the customer service provided was adequate, followed by one Ombudsman decision and one Ombudsman remedy required (20.3%).
- 75.1% of family law decisions required no additional remedies (e.g. they had an "N/A" against them, that is, the Ombudsman was satisfied that the remedy offered by the provider was sufficient and / or the Ombudsman was satisfied that the customer service provided was adequate. As such, there were no additional remedy types or amounts, or complaint reasons provided for that percentage of family law decisions.

- For the remaining 24.9% of decisions where the Ombudsman required additional remedies:
  - 9.1% of family law decisions required a remedy amount of between £1-£299; 6.7% required a remedy amount between £300-£749; 4.4% required a remedy amount between £1,000-£4,999.
  - 11.1% of family law decisions required the provider to pay compensation for emotional impact and/or disruption caused; 4.1% of family law decisions required the provider to waive unpaid fees; and 1.8% of family law decisions required the provider to pay both compensation for emotional impact and/or disruption caused and to refund fees already paid.
  - 5.0% of family law decisions originated from deficient cost information; 2.3% originated from the provider's failure to follow instructions or their failure to investigate the complaint internally at first tier; and 1.5% originated from the provider's failure to advise.

### 5.1.2 Activities undertaken by respondents before, during, and after the exercise

The complaints exercise was administered online between 26 March - 5 April 2018, and framed as a ranking exercise, in conjunction with the badges trial. Respondents were randomly asked to either complete the complaints exercise or the badges trial first, to avoid ordering effects. There were three main stages to the complaints exercise, illustrated in the figure below (and set out in more detail subsequently).

Figure 40: Main features of our methodology – the complaints exercise



*Source: Economic Insight*

#### **Information (pre-choice exercise)**

At the beginning of the complaints exercise, each respondent was given contextual information about **what family law is**, as well as **what the Legal Ombudsman does**. This was necessary because some respondents may not have been familiar with these services, if they had not had family law or general legal issues previously.

Respondents were also given information about a **family law scenario they should imagine they were in** (i.e. an uncontested divorce), for the purpose of the exercise. This was necessary to contextualise the information that respondents would be asked to rank.

### **Ranking exercise**

For each exercise, respondents were shown the Ombudsman's explanatory text about what each table shows. Respondents were asked to undertake two ranking exercises, set out below.

- **Exercise 1:** respondents were asked to rank four providers, where the only thing that varied between them was the number of decisions against them and the number of Ombudsman remedies required (level 1 analysis).

Figure 41: Example for ranking exercise 1

<b>Exercise 1</b>		
NAME	NUMBER OF DECISIONS	OMBUDSMAN REMEDY REQUIRED
A	1	0
B	1	1
C	2	0
D	2	2

*Source: Economic Insight*

- **Exercise 2:** respondents were asked to rank three providers, where the things that varied were the remedy type and amount, the complaint reason and whether there was poor service or not (level 2 analysis).

Figure 42: Example for ranking exercise 2

<b>Exercise 2</b>				
Provider name	Remedy	Remedy Amount	Complaint Reasons	Poor Service Y/N
A	N/A	N/A	N/A	No
B	N/A	N/A	N/A	Yes
C	To pay compensation for emotional impact and / or disruption caused	£1 - 299	Costs information deficient	Yes

*Source: Economic Insight*

- The order in which respondents saw the different providers was randomised across both ranking exercises, to avoid ordering effects.

### ***Questions (post-choice exercise)***

Finally, once the respondent completed the main ranking task, we followed up with questions about:

- the reasons for the ranking order made;
- their interpretation of the decision data;
- extra information they may have wanted; and
- demographic information, along with whether they had recently had a legal issue and / or complained to a legal services provider / the Legal Ombudsman.

## **5.2 Results relating to level 1 analysis**

### **5.2.1 Respondents' rankings**

We asked 1,899 respondents to rank the following four providers in order of preference.

Table 16: Complaints exercise 1 - providers to be ranked by respondents (level 1 analysis)

Provider	Number of decisions	Ombudsman remedy required
A	1	0
B	1	1
C	2	0
D	2	2

*Source: Economic Insight*

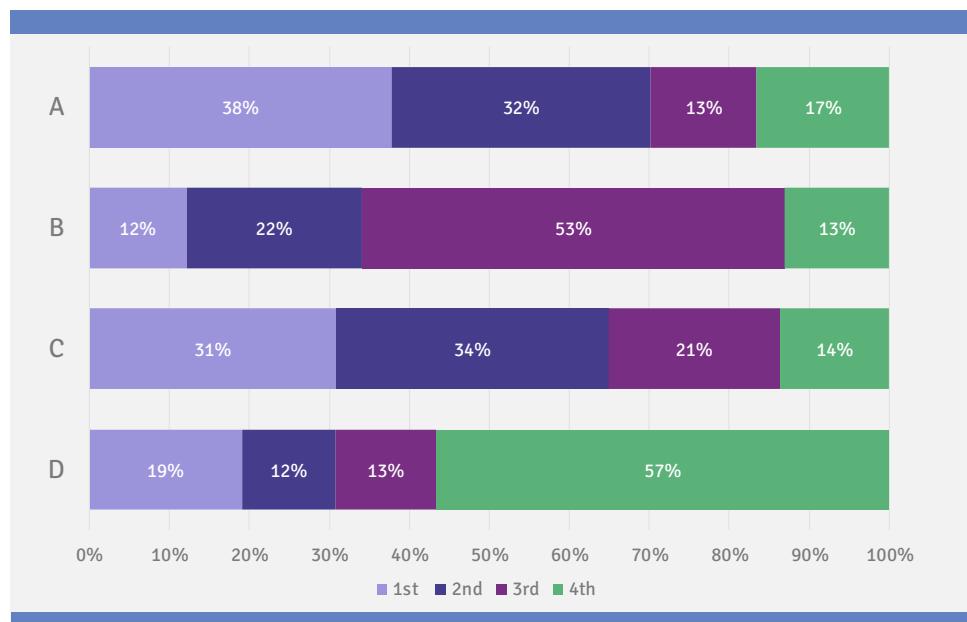
This was to test the following hypotheses:

- Majority ranking provider A first.** Respondents take account of both the number of decisions and the number of remedies required.
- Majority ranking providers A and C first.** Respondents take account of the number of remedies required.
- Majority ranking providers A and B first.** Respondents take account of the number of decisions.
- Majority ranking provider D first.** Respondents pick the “highest numbers”.
- Majority ranking providers B and D first.** Respondents pick the “100% remedy rate”.

- **Equal spread across ranking providers A – D first.** Likely, respondents are choosing randomly.

The following chart illustrates that respondents appear to take account of the number of remedies required. The first bar shows the number of respondents ranking provider A as their first (38%), second (32%), third (13%), and fourth (17%) choice, followed by the rankings for providers B, C, and D.

Figure 43: Level 1 analysis ranking results



*Source: Economic Insight complaints exercise (N=1,899)*

As can be seen, a similar spread of respondents picked both providers A and C as their first choice, with provider B being chosen by over half (53%) of respondents as their third choice. Finally, provider D appears to be the least preferred one, with over half (57%) of respondents ranking them last.

This is in line with our second hypothesis, namely that respondents take account of the number of remedies when choosing a provider.

### 5.2.2 Reasons for ranking preferred provider

After having ranked the four providers, we asked respondents about the reason for ranking their preferred provider. This is illustrated in the table below.

Table 17: Reason for ranking provider first, level 1 analysis

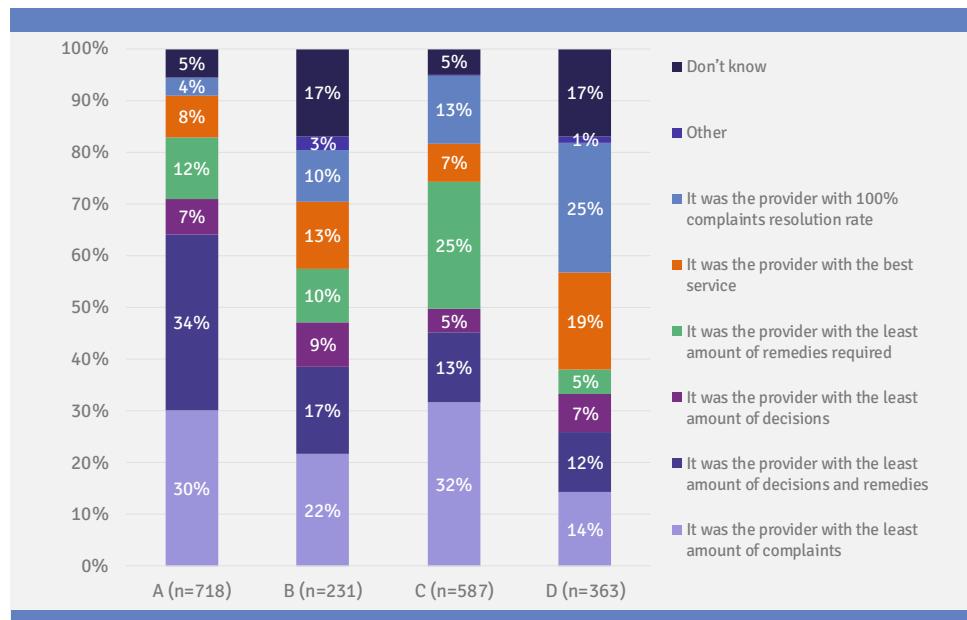
Reason	%	N
It was the provider with the least amount of complaints	27%	504
It was the provider with the least amount of decisions and remedies	21%	405
It was the provider with the least amount of remedies required	14%	270
It was the provider with 100% complaints resolution rate	11%	217
It was the provider with the best service	11%	200
Don't know	9%	168
It was the provider with the least amount of decisions	6%	123
Other	1%	12

*Source: Economic Insight complaints exercise (N=1,899)*

As can be seen, 14% of respondents selected a reason consistent with our hypothesis above. 27% of respondents said they ranked their preferred provider because they had the least amount of complaints, followed by them having the least amount of decisions and remedies (21%).

The following chart illustrates the reason for ranking the preferred provider, by provider ranked first. For example, 34% of respondents ranked provider A first because they had the least amount of decisions and remedies, whereas 25% of respondents ranked provider D first because they had a 100% complaints resolution rate.

Figure 44: Reason for ranking provider first, level 1 analysis, by provider ranked first

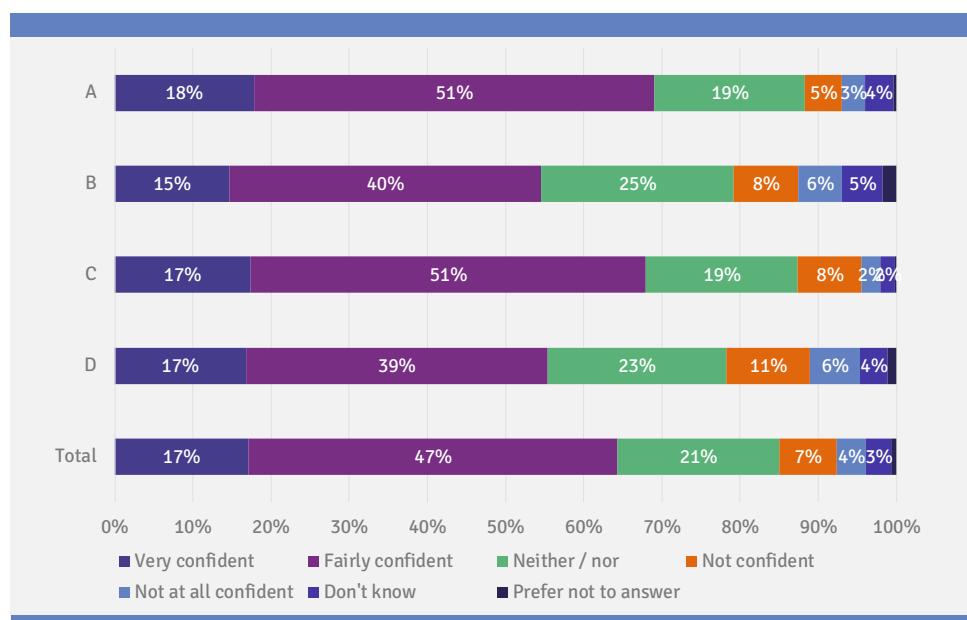


Source: Economic Insight complaints exercise (N=1,899)

### 5.2.3 Confidence in ranking

We further asked respondents about their level of confidence in their ranking, given the example scenario they were in (an uncontested divorce). The following chart illustrates the reported levels of confidence for those ranking provider A, B, C, and D first, as well as the overall level of confidence in the rankings, regardless of which provider the respondents ranked first.

Figure 45: Confidence in rankings, level 1 analysis, by preferred provider



Source: Economic Insight complaints exercise (N=1,899)

As can be seen from the chart above, reported levels of confidence are generally high across all rankings with over 64% of respondents being confident that their ranking was appropriate for their scenario. The reported levels of confidence for those

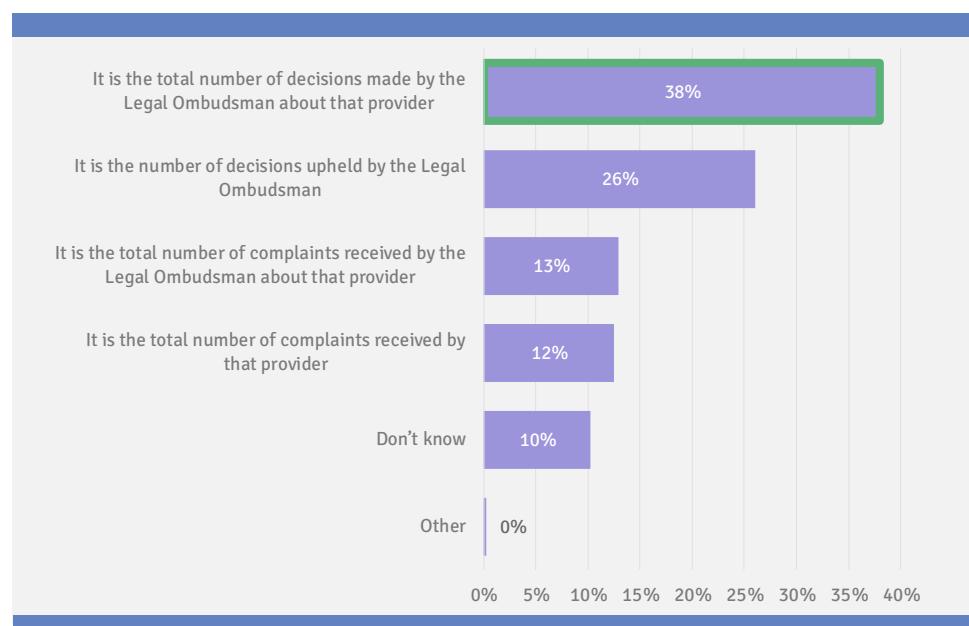
ranking providers A and C first were slightly higher than those ranking B and D first, but this was only marginal.

#### 5.2.4 Understanding of the Legal Ombudsman's decision data

Once respondents had ranked the four providers, stated the reasons for their rankings and reported the levels of confidence in their rankings, we asked them what they thought both the Ombudsman decisions and Ombudsman remedies required meant. As the following charts illustrate, some respondents interpreted both these things correctly, although there was still some misperception about what each of them meant.

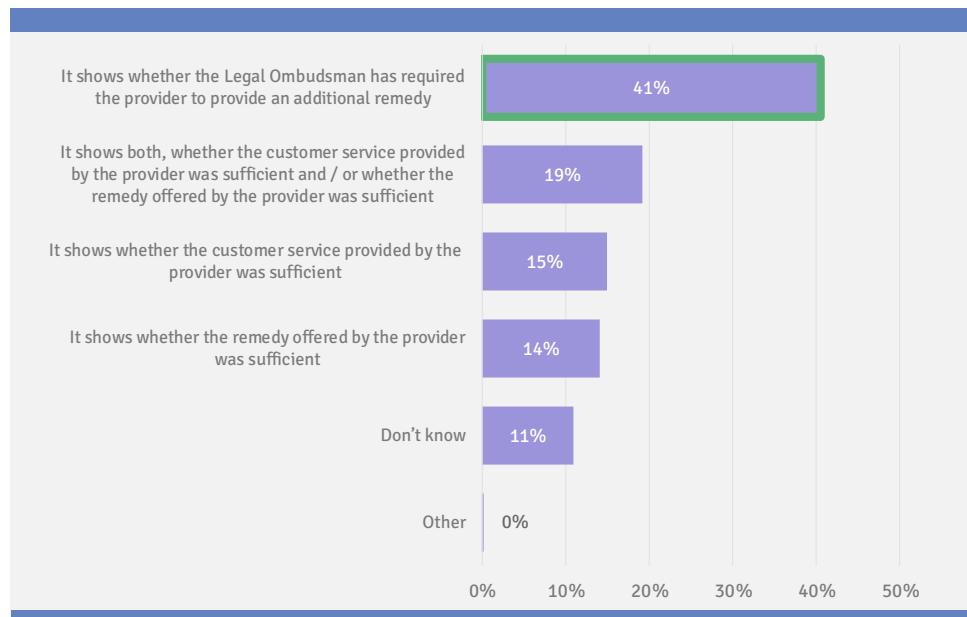
The following chart shows that 38% of respondents knew what "Ombudsman decisions" meant. Just over a quarter (26%) of respondents incorrectly thought that it was the number of decisions upheld by the Legal Ombudsman.

Figure 46: Understanding of Ombudsman decisions



*Source: Economic Insight complaints exercise (N=1,899)*

41% of respondents knew what "Ombudsman remedy required" meant, as illustrated in the chart overleaf.

**Figure 47: Understanding of Ombudsman remedy required**

*Source: Economic Insight complaints exercise (N=1,899)*

### 5.2.5 Additional information wanted

Finally, we asked respondents what additional information they would have found helpful to rank the four providers. The table overleaf sets out respondents' answers to this question.

Table 18: Additional information wanted, level 1 analysis, multiple choice

Additional information wanted	%	N
Information about the number of legal cases handled by each provider	29%	554
Information about the type of complaint	28%	541
Information about the number of complaints received and resolved at first instance by the provider	25%	478
Information about the type of remedy required	24%	463
Information about the number of complaints received at first instance by the provider	24%	455
Information about the number of complaints resolved at first instance by the provider	21%	396
I had all the information that I needed to make my decision	16%	298
Information about the amount of compensation ordered by the Ombudsman	12%	226
Don't know	11%	205
Information about the number of employees of each provider	11%	202
Information about the provider's turnover	9%	178
Other	0%	6

Source: Economic Insight complaints exercise (N=1,899)

As can be seen, 29% of respondents would have liked some contextual information, such as the number of cases handled by each provider. Respondents also showed interest in level 2 data that the Legal Ombudsman provides, as 28% of respondents wanted information about the type of complaint, 24% of respondents wanted information about the type of remedy required and 12% wanted information about the amount of compensation ordered by the Legal Ombudsman. Over a fifth of respondents expressed an interest in first tier complaints data: 25% of respondents wanted information about the number of first tier complaints received and resolved; 24% wanted information about the number of first tier complaints received; and 21% wanted information about the number of resolved first tier complaints. 16% of respondents were happy that they had all the information they needed to make their decision.

### 5.3 Results relating to level 2 analysis

#### 5.3.1 Respondents' rankings

We asked 1,899 respondents to rank the following three providers in order of preference. As set out in our method section (section 5.1), respondents were given the explanatory text provided on the Legal Ombudsman's website, which states the following:

*"Please note: In cases where there is no Ombudsman remedy required this indicates that the Ombudsman was satisfied that the customer service provided was adequate and / or that any remedy offered by the service provider was reasonable."*

Table 19: Complaints exercise 2 - providers to be ranked by respondents (level 2 analysis)

Provider name	Remedy	Remedy Amount	Complaint Reasons	Poor Service Y/N
A	N/A	N/A	N/A	No
B	N/A	N/A	N/A	Yes
C	To pay compensation for emotional impact and / or disruption caused	£1 - 299	Costs information deficient	Yes

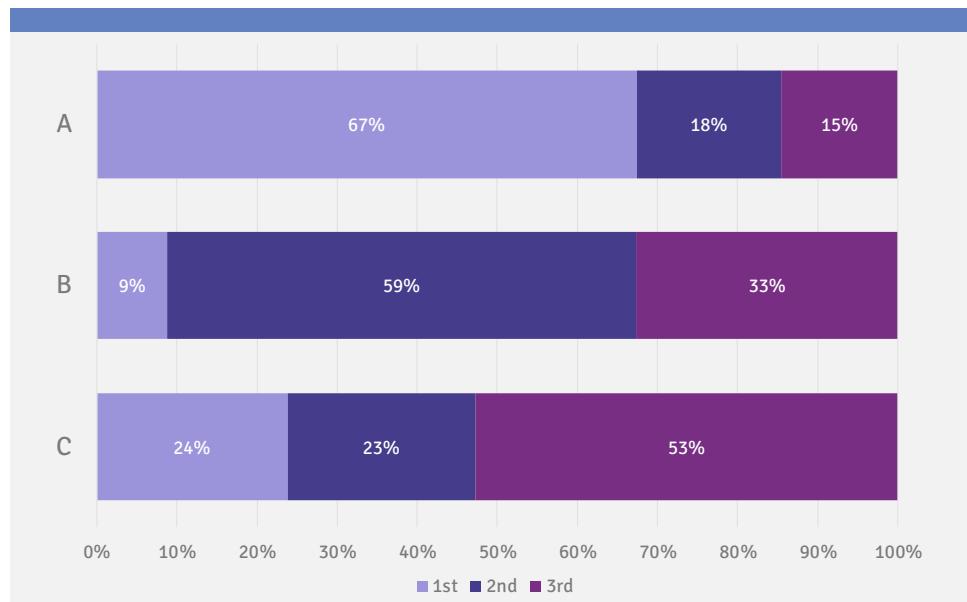
Source: Economic Insight

Here, we tested the following hypotheses:

- **Majority ranking provider A first.** Respondents choose providers with no poor service.
- **Majority ranking provider B first.** Respondents misinterpret what "yes" means against poor service.
- **Majority ranking provider C first.** Respondents choose providers with more information.
- **Equal spread across ranking providers A – C first.** Likely, respondents are choosing randomly.

The following chart illustrates that respondents appear to prefer providers with no poor service, as well as preferring those with "N/A" s in the remedy, remedy amount and complaint reason fields to those with other information in those fields.

Figure 48: Level 2 analysis ranking results



*Source: Economic Insight complaints exercise (N=1,899)*

As can be seen, 67% of respondents ranked provider A first, with over half (59%) of respondents ranking provider B second, and over half (53%) of respondents ranking provider C last.

### 5.3.2 Reasons for ranking preferred provider

Similarly to the level 1 analysis set out previously, we asked respondents about the reason for ranking their preferred provider. The following table illustrates this and demonstrates that, although most respondents tended to rank provider A first, their reasons for doing so do not always align with a full understanding of the data.

Table 20: Reasons for ranking provider first, level 2 analysis

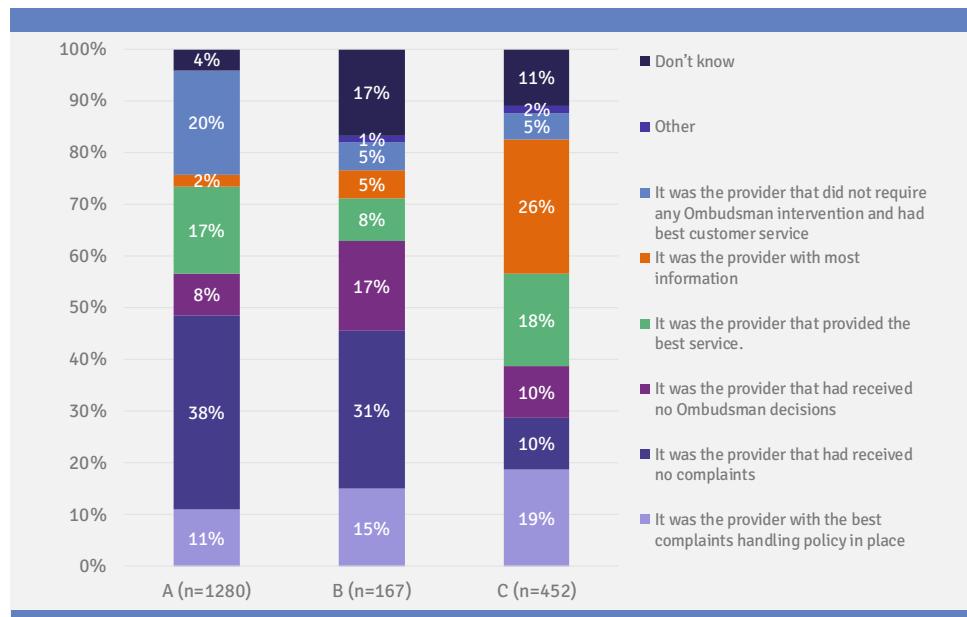
Reason	%	N
It was the provider that had received no complaints	30%	576
It was the provider that provided the best service	16%	312
It was the provider that did not require any Ombudsman intervention and had best customer service	15%	292
It was the provider with the best complaints handling policy in place	13%	251
It was the provider that had received no Ombudsman decisions	9%	177
It was the provider with most information	8%	154
Don't know	7%	128
Other	0%	9

*Source: Economic Insight complaints exercise (N=1,899)*

30% of respondents stated they ranked their preferred provider because they had received no complaints, which shows a misunderstanding of what the data shows. Nonetheless, 16% respondents picked a reason that aligns with our hypothesis above – “it was the provider that provided the best service”.

The following chart illustrates the reason for ranking a provider first, by provider ranked first. That is, 20% of respondents who ranked provider A first did so because that provider did not require any Ombudsman intervention and had best customer service, whereas 26% of respondents who ranked provider C first did so because it had the “most information”.

Figure 49: Reason for ranking provider first, level 2 analysis by provider ranked first

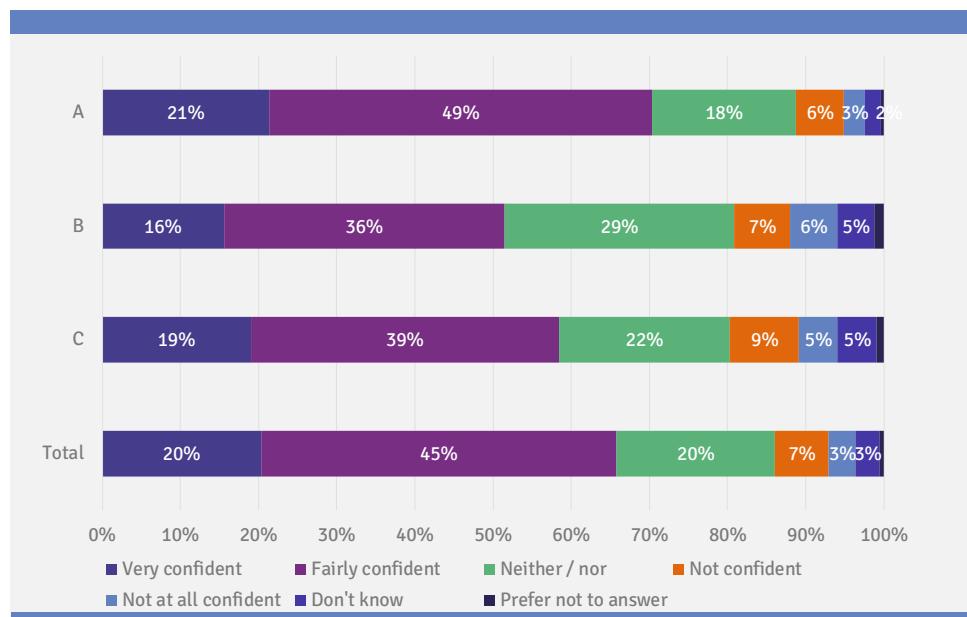


Source: Economic Insight complaints exercise (N=1,899)

### 5.3.3 Confidence in ranking

We also asked respondents who had ranked these three providers about their levels of confidence in their rankings. The following chart shows the reported levels of confidence for those ranking provider A, B, and C first, as well as the overall levels of confidence, regardless of which provider was ranked first by the respondent.

Figure 50: Confidence in rankings, level 2 analysis, by preferred provider



Source: Economic Insight complaints exercise (N=1,899)

Overall 65% of respondents were confident in their rankings. Levels of confidence for those ranking provider A first were slightly higher than those ranking providers B and C first, as illustrated in the chart above.

### 5.3.4 Understanding of the Legal Ombudsman's decision data

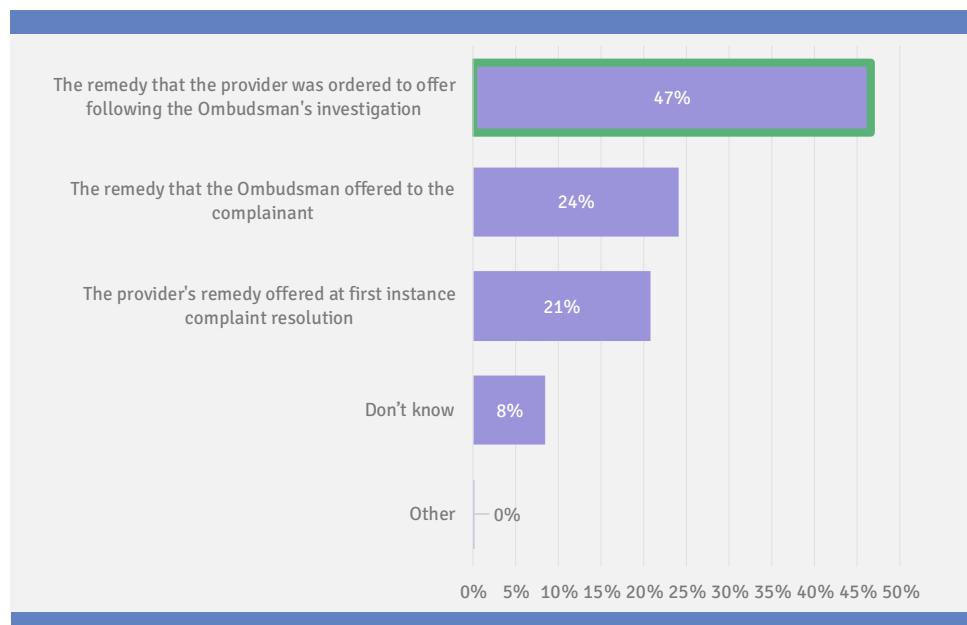
Similarly to the level 1 analysis, we further sought to establish respondents' understanding of what the following elements of the Legal Ombudsman's decision data mean:

- remedy;
- remedy amount;
- complaint reason;
- poor service Y/N; and
- N/As.

As the following charts illustrate, there was generally a good understanding of what these mean, however occasionally there were some misperceptions of some elements. We set out respondents' understanding of these elements in turn below.

Almost half of respondents (47%) correctly thought that an Ombudsman remedy was a remedy that a provider was ordered to offer following an Ombudsman's investigation. The most common misperception about this element of the Legal Ombudsman's decision data was that it was a remedy that the Ombudsman themselves offered to the complainant, as illustrated in the chart below.

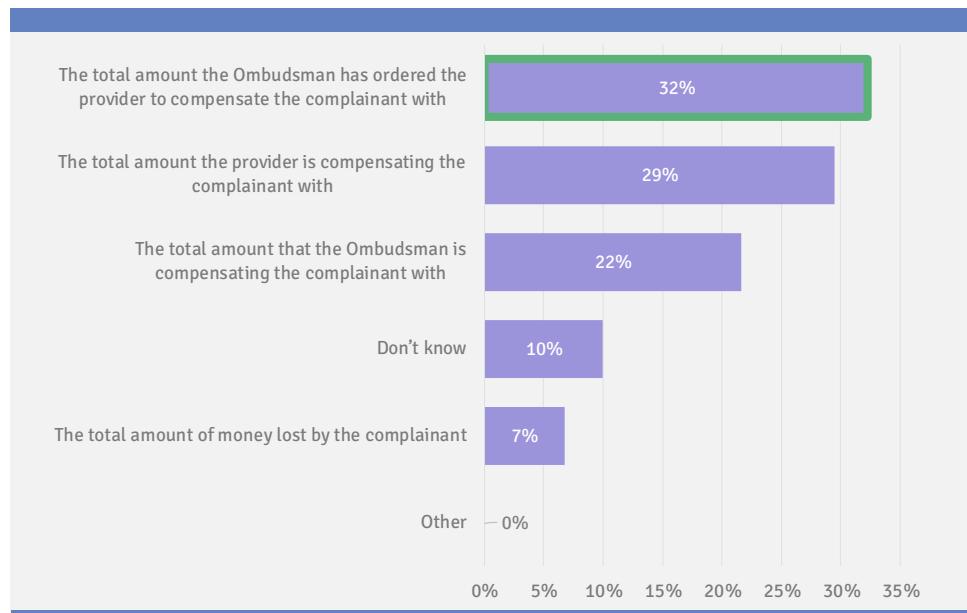
**Figure 51: Understanding of "remedy"**



*Source: Economic Insight complaints exercise (N=1,899)*

32% of respondents correctly identified that the remedy amount was the total amount the Ombudsman ordered the provider to compensate the complainant with, and 29% thought it was the total amount the provider was compensating the complainant with.

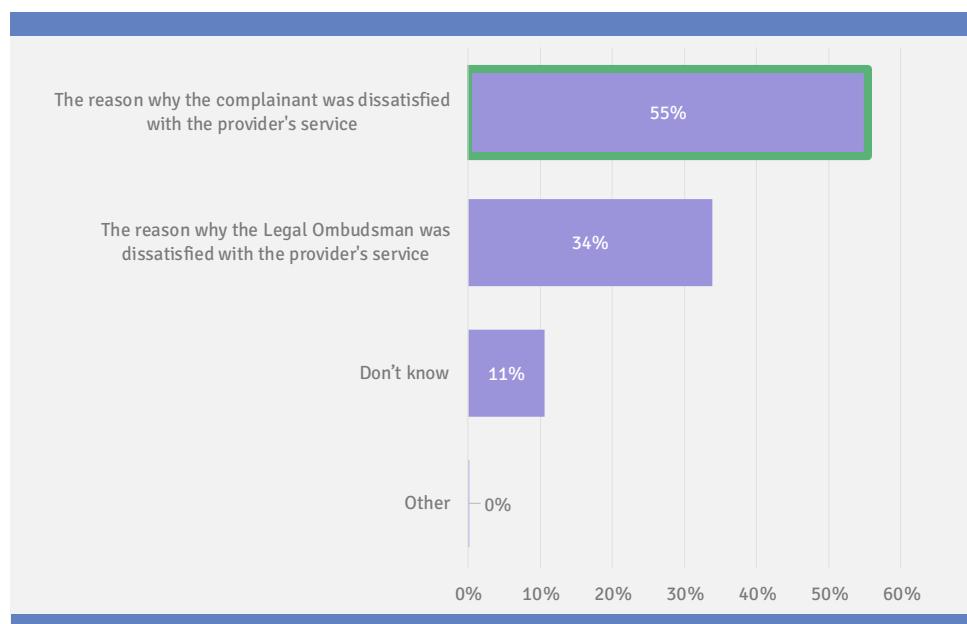
Figure 52: Understanding of “remedy amount”



*Source: Economic Insight complaints exercise (N=1,899)*

“Complaint reason” was the element of the Legal Ombudsman’s decision data that was most widely understood, with over half (55%) of respondents correctly identifying what this meant.

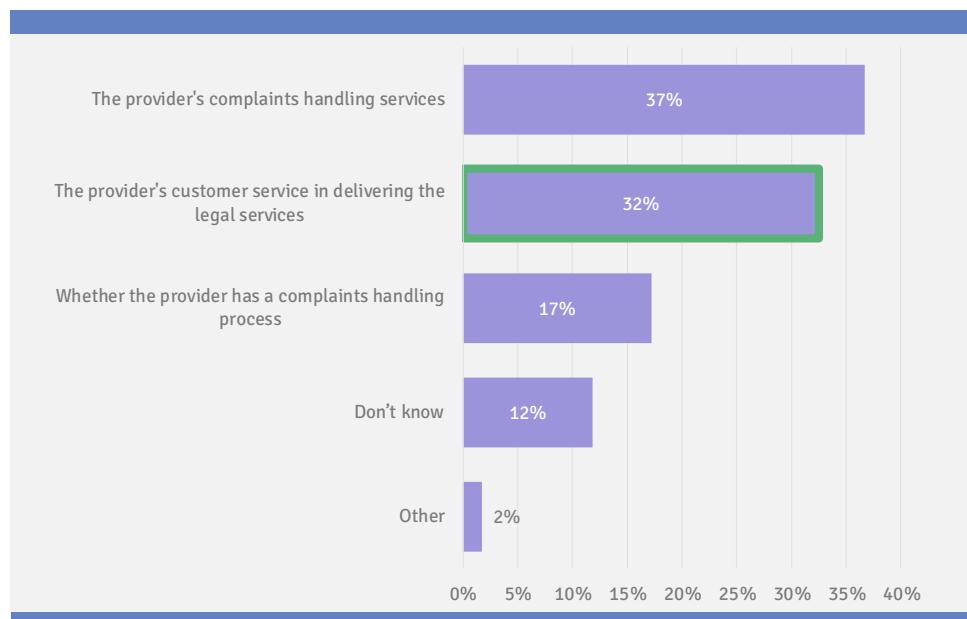
Figure 53: Understanding of “complaint reason”



*Source: Economic Insight complaints exercise (N=1,899)*

In relation to poor service, 37% of respondents thought that this related to the provider’s complaints handling service, and 32% thought that it was the provider’s customer service in delivering the legal services, as illustrated in the chart overleaf.

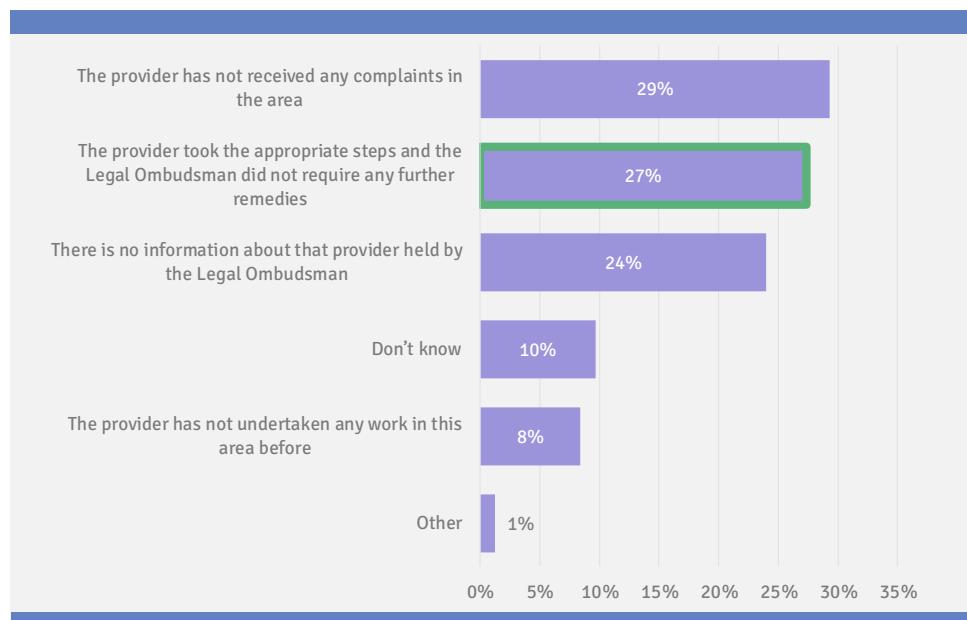
Figure 54: Understanding of “poor service Y/N”



*Source: Economic Insight complaints exercise (N=1,899)*

Finally, 29% of respondents thought that “N/As” meant the provider had not received any complaints in this area, as opposed to the provider having taken the appropriate steps and the Legal Ombudsman not requiring any further remedies (27%). This is illustrated in the chart below.

Figure 55: Understanding of “N/As”



*Source: Economic Insight complaints exercise (N=1,899)*

### 5.3.5 Additional information wanted

Finally, we also asked respondents what additional information they would have found helpful in making their decisions. The table overleaf illustrates respondents' answers and is consistent with the responses given for level 1 analysis.

28% of respondents would find information on the number of legal cases handled by each provider helpful, whereas a quarter of respondents would like to have information about first tier complaints by providers. Just under a quarter of respondents would find information about why the Ombudsman made their decision helpful (24%), as well as information about how poor service is measured (24%).

Table 21: Additional information wanted, level 2 analysis, multiple choice

Additional information wanted	%	N
Information about the number of cases handled by each provider	28%	530
Information about the number of complaints resolved at first instance by the provider	25%	481
Information about why the Ombudsman made its decisions	24%	458
Information about how poor service is measured	24%	456
I had all the information that I needed to make my decision	21%	400
Information about what N/A stands for	17%	328
Don't know	14%	258
Information about the number of employees of each provider	9%	166
Information about the provider's turnover	7%	141
Other	0%	4

Source: Economic Insight complaints exercise (N=1,899)

#### 5.4 Conclusions

Both the level 1 and level 2 analysis results set out above suggest that the complaints exercise points to the following conclusions:

- Consumers engage with the data provided by the Legal Ombudsman and that they tend to choose providers with a low number of remedies and / or without poor service. For example, across both ranking exercises, it appears that respondents did not rank providers randomly.
- Respondents do choose providers with the characteristics set out above, without a deep understanding of what the data shows. For example, across both ranking exercises, ca. 30% of respondents stated that they ranked their preferred provider because that provider had received no / the least amount of complaints. This cannot be inferred from the data provided by the Legal Ombudsman and

although the end-outcome is consistent with a good understanding of the data, this is not in fact the case.

- Overall there is a desire for contextual information, such as the number of legal cases handled by each provider, and the Legal Ombudsman already provides some of the data that consumers would generally find helpful under the level 2 data, such as the complaint reason. 25% of respondents would like first tier complaints data.

## 6. Online badges trial

This chapter sets out our methodology, findings and conclusions for the online badges trial involving a sample of consumers representative of England and Wales.

- The **online badges trial** involved 1,899 people, representative of England and Wales. The field work was undertaken between 26 March – 5 April 2018. We asked participants to review fictional homepages of two conveyancing firms – “Legal & Co.” and “Law & More” – and choose which option would best meet their needs, given an example scenario (i.e. the purchase of a house worth £235k). Some options had a mock up “Solicitors Regulation Authority regulated” digital badge, whereas others did not. All options had the “authorised and regulated by the Solicitors Regulation Authority” text at the bottom of the homepage, along with a fictional SRA ID number. This design allowed us to test whether the badge had an impact on consumer choice.
- Our online badges trial shows that awareness of regulation is high among all treatment groups, with 61% of participants knowing that their chosen provider was regulated. 78% of participants feel more confident purchasing services from a website with a badge.
- It also shows that a regulatory badge has a statistically significant impact on consumer choice, as, on average, 14% more participants chose a provider with a badge (compared to a provider without a badge):
  - When the Law & More homepage had a regulatory badge, there was a 7% increase in participants choosing that firm compared to the control group.
  - When the Legal & Co. homepage had a regulatory badge, there was a 22% increase in participants who chose that firm, compared to the control where none of the homepages had a regulatory badge.
- Finally, 86% of participants would find it useful to be able to click on a “Solicitors Regulation Authority regulated” digital badge and find information on the authenticity of the website, as well as what protections are available.

## 6.1 Methodology

### 6.1.1 Objectives of the trial

Our badges trial was designed to mimic a search and shopping experience that most consumers are familiar with: comparing different suppliers' homepages.

It was designed to find out whether a "Solicitors Regulation Authority regulated" badge is used by consumers, i.e. whether it affects the choices they make. Relatedly, it also explored whether a "Solicitors Regulation Authority regulated" badge could give rise to greater trust and confidence and / or more informed choices.

Our trial had two treatments, set out in the table below.

Table 22: Summary of trial treatments – badges trial

Treatments	Description
<b>Text only</b>	Here, the homepages only show the text "authorised and regulated by the SRA", as firms are required to publish in real life.
<b>Text + badge</b>	Here, the homepage shows the text "authorised and regulated by the SRA", as firms are required to publish in real life and the "SRA regulated" digital badge.

*Source: Economic Insight*

The different treatment groups allowed us to test the following hypothesis:

- **Hypothesis 1:** Consumers will notice and be drawn to homepages with a badge.

### 6.1.2 Key features of the trial design

The key features of the trial design were as follows:

- Respondents in each treatment group saw one version of the "Legal & Co" homepage and one version of the "Law & More" homepage, as per the following table.

Table 23: Summary of badges trial

Treatment groups	Legal & Co	Law & More	N
<b>Control</b>	text only	text only	600
<b>Treatment 1</b>	text only	text + badge	600
<b>Treatment 2</b>	text + badge	text only	600

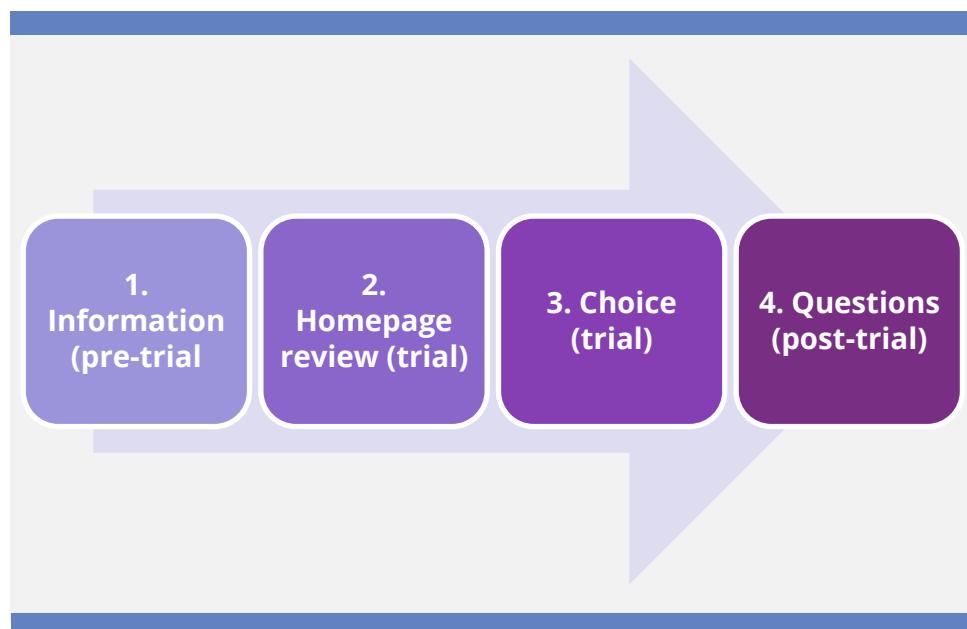
*Source: Economic Insight*

- The respondent saw the same content for both homepages . Whether they saw a homepage with or without a badge depended on the treatment group they were randomly assigned to.
  - Respondents were randomly assigned to either the control, treatment 1 or treatment 2 groups.
  - The order in which respondents in a treatment group saw the different homepages was also randomised, to avoid ordering effects.

#### 6.1.3 Activities undertaken by participants before, during, and after the trial

The badges trial was administered online between 26 March – 4 April 2018 and was framed as an online searching and shopping exercise, in conjunction with the complaints exercise. Respondents were randomly asked to either complete the complaints exercise or the badges trial first, to avoid ordering effects. The following figure illustrates the main activities undertaken by participants before, during, and after the trial.

Figure 56: Main features of our methodology – badges trial



##### **Information (pre-trial)**

At the beginning of the badges trial, each respondent was given information about **what conveyancing is**. This was necessary because some respondents may not have been familiar with this service, if they had not bought or sold a property.

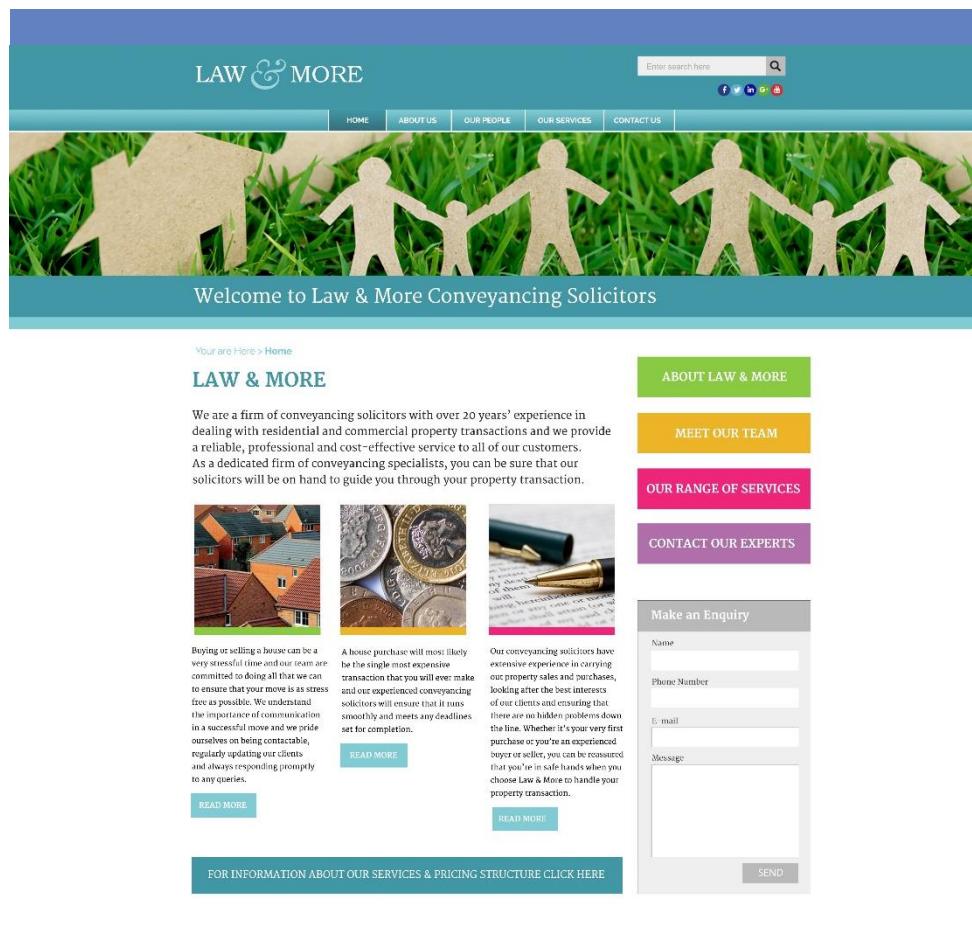
Participants were also given information about the **conveyancing scenario they are in** (i.e. the purchase of a house worth £235k, which is the average house price in England and Wales) for the purpose of the trial. This information was necessary to contextualise the homepages that participants were asked to pick between.

### **Homepage review (trial)**

Participants in each treatment group reviewed two websites that “mimicked” solicitors’ homepages. One homepage was under the “Legal & Co” brand and another under the “Law & More” brand.

We used our “Legal & Co” homepage design, which we had used in our previous research for the SRA<sup>81</sup>, and commissioned *Into the White* to design another homepage under the “Law & More” brand. Both homepages shared exactly the same content, apart from the branding.

Figure 57: Illustration of the “Law & More” homepage, no badge



*Source: Economic Insight*

Amongst the two websites there was either no badge across both, or one homepage with a badge, and the other without.

- In the control group, both “Legal & Co” and “Law & More” only showed the text “authorised and regulated by the Solicitors Regulation Authority”.
- In treatment group 1 the “Law & More” homepage showed the badge alongside the text, whereas the “Legal & Co” one only showed the text.

<sup>81</sup> *Economic Insight (October 2017), “Price transparency in the conveyancing market.”*

- In treatment group 2 the “Legal & Co” homepage showed the badge alongside the text, whereas the “Law & More” one only showed the text.

Figure 58: Illustration of “Legal & Co” homepage, badge

**WELCOME TO LEGAL & CO.**

We are a firm of conveyancing solicitors with over 20 years' experience in dealing with residential and commercial property transactions and we provide a reliable, professional and cost-effective service to all of our customers. As a dedicated firm of conveyancing specialists, you can be sure that our solicitors will be on hand to guide you through your property transaction.

Buying or selling a house can be a very stressful time and our team are committed to doing all that we can to ensure that your move is as stress free as possible. We understand the importance of communication in a successful move and we pride ourselves on being contactable, regularly updating our clients and always responding promptly to any queries.

A house purchase will most likely be the single most expensive transaction that you will ever make and our experienced conveyancing solicitors will ensure that it runs smoothly and meets any deadlines set for completion.

Our conveyancing solicitors have extensive experience in carrying out property sales and purchases, looking after the best interests of our clients and ensuring that there are no hidden problems down the line. Whether it's your very first purchase or you're an experienced buyer or seller, you can be reassured that you're in safe hands when you choose Legal & Co to handle your property transaction.

FOR INFORMATION ABOUT OUR SERVICES & PRICING STRUCTURE CLICK HERE

Legal & Co | Authorised and Regulated by the Solicitors Regulation Authority - SRA No 654123

*Source: Economic Insight*

### ***Choice (trial)***

Once the participants in each treatment group reviewed both homepages, they were asked to pick the homepage they thought would best meet their needs, given the conveyancing scenario they were in.

### ***Questions (post-trial)***

Finally, once the participant had completed the main decision task, we followed up with questions about:

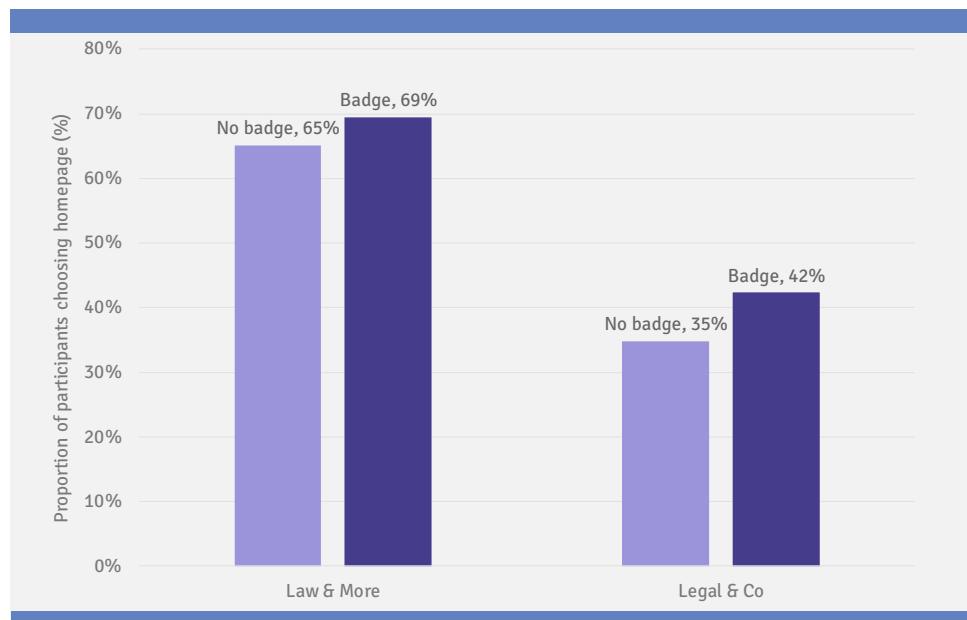
- the reasons for the choice made;
- extra information they may have wanted;
- awareness and understanding of SRA regulation;
- confidence in and interpretations of the badge; and
- demographic information, along with whether they had recently purchased a house.

## 6.2 Results relating to choices made

### 6.2.1 The impact of a regulatory badge on choice

As set out in the methodology above, participants were randomly assigned to either the control, treatment 1 or treatment 2 groups and asked to pick one of the two homepages. The following chart illustrates the impact of the “Solicitor Regulation Authority regulated” badge on each homepage, compared to the control group (no badge).<sup>82</sup>

Figure 59: Choices made



Source: Economic Insight badges trial (N=1,899)

As can be seen, there is a general preference for the Law & More homepage, all else equal, as participants' choices in the control group show, with 65% of participants choosing the Law & More homepage compared to 35% choosing the Legal & Co one. The Law & More homepage was the more colourful of the two, whereas the Legal & Co had a “sleeker”, more minimalistic design.

It further shows that a “Solicitors Regulation Authority regulated” badge has a statistically significant impact on choice. Where the Law & More homepage has a regulatory badge (treatment 1), 4 percentage points ( $p=0.1$ ) more participants chose that homepage, compared to the control group, which is equal to a 7% increase in

<sup>82</sup> Note that the homepages in the control group included the text “authorised and regulated by the Solicitors Regulation Authority” and the SRA ID number on the webpage footers. As such, the effect we see here is of making the regulatory status of the provider more salient with a badge, rather than testing consumers preferences for regulated / unregulated providers.

participants picking the homepage with the badge. It appears to have most impact for the generally least preferred homepage, increasing the proportion of participants picking Legal & Co when it has a regulatory badge (treatment 2) by eight percentage points ( $p=0.01$ ), compared to the control, which is a 22% increase in participants choosing a homepage with a badge. The following table illustrates these percentage point and percentage increases, compared to the control.

Table 24: Percentage point and percentage increase compared to control

	Overall	Law & More (treatment 1)	Legal & Co (treatment 2)
% point increase compared to control	6%	4%	8%
% increase compared to control	14%	7%	22%

*Source: Economic Insight badges trial (N=1,899)*

Overall, across both treatment groups having a badge increased the number of participants picking that provider by six percentage points, all else equal, and over and above having the “authorised and regulated by the Solicitors Regulation Authority” as well as SRA ID number on the webpage footer. This indicates that if firms / solicitors would display a “Solicitors Regulation Authority regulated” badge on their homepages they would increase the chances of potential customers choosing their services (if being compared to another provider without a badge, and all else equal).

### 6.2.2 The reasons given for the choices made

#### ***Reasons for the choices made across all treatment groups***

Following their homepage choice, we asked participants about the reasons for their choice. 63% of participants chose one homepage over the other because they liked the look of it most. A quarter of respondents stated that they picked one website over the other because it was regulated by the SRA. This is illustrated in the table overleaf.

Table 25: Reasons for choices made across all treatment groups, multiple choice

Reasons	%	N
I liked the look of the website the most	63%	1,187
The information about conveyancing services was presented clearly	39%	747
The solicitors appeared to be better quality	34%	641
The firm was regulated by the SRA	25%	475
The price for the legal advice was cheapest	8%	146
Don't know	4%	76
Other	4%	68

*Source: Economic Insight badges trial (N=1,899)*

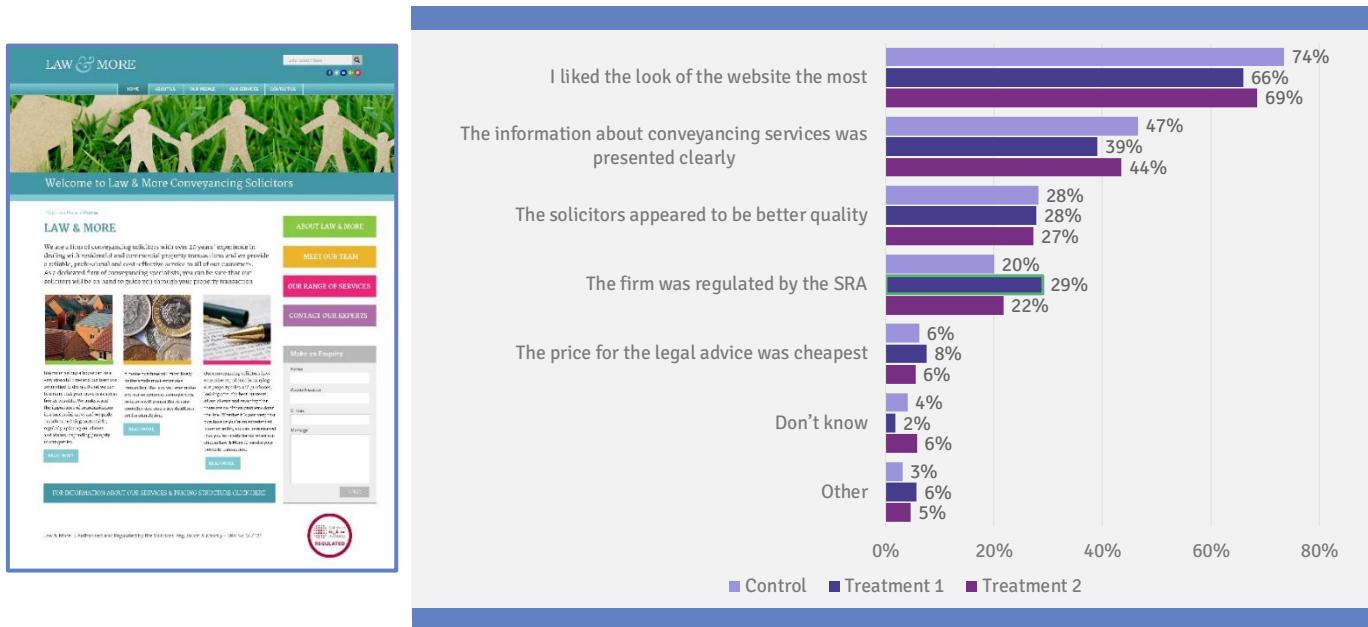
#### **Reasons for the choices made by treatment group**

The following charts break down the reasons for the choices made by treatment group and by homepage chosen.

As can be seen in

Figure 60 below, participants who chose the Law & More homepage in the different treatment groups generally provided consistent responses across groups. For those in treatment group 1 (where the Law & More homepage had the regulatory badge), a higher proportion (29%) stated that they chose that provider because it was regulated by the SRA, compared to 20% in the control group and 22% in the treatment 2 group (where the Legal & Co homepages had the regulatory badge).

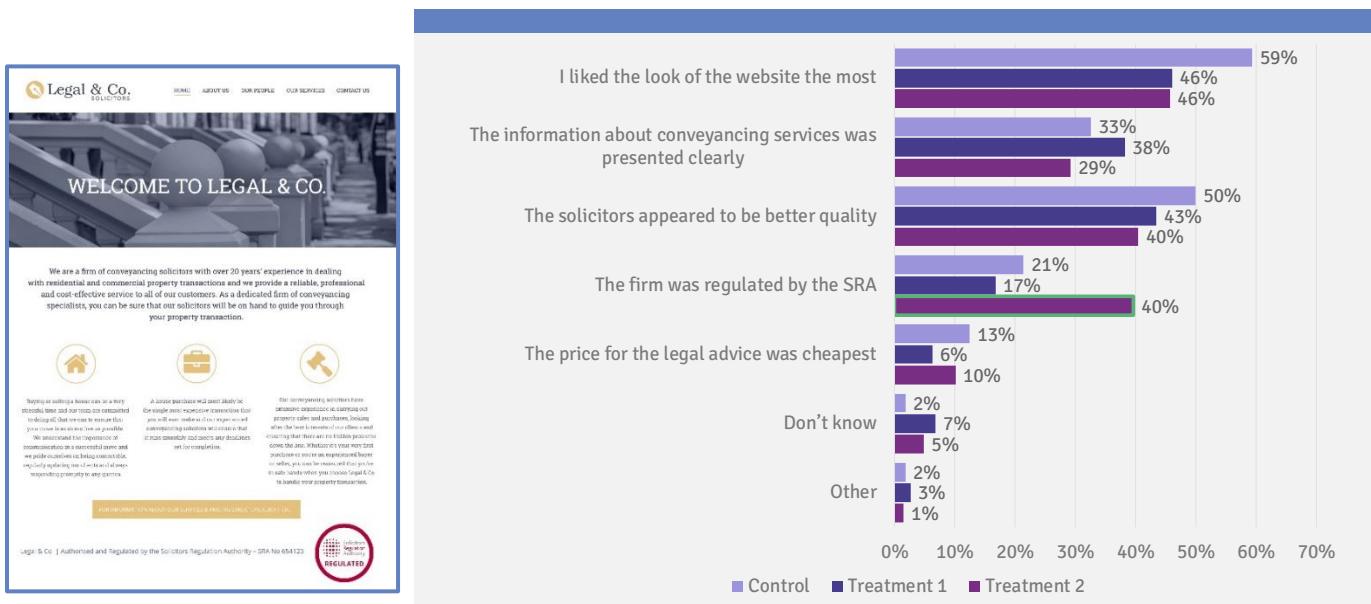
Figure 60: Reasons for choosing Law &amp; More, by treatment group, multiple choice



Source: Economic Insight badges trial (N=1,899)

Participants' reasons for choosing the Legal & Co homepage were also consistent across treatment groups, with the outlier being the firm being regulated by the SRA. 40% of participants in treatment group 2 (where Legal & Co had the regulatory badge) stated this as reason for their choice, compared to 21% of participants in the control group and 17% of respondents in the treatment 1 group.

Figure 61: Reasons for choosing Legal &amp; Co, by treatment group, multiple choice



Source: Economic Insight badges trial (N=1,899)

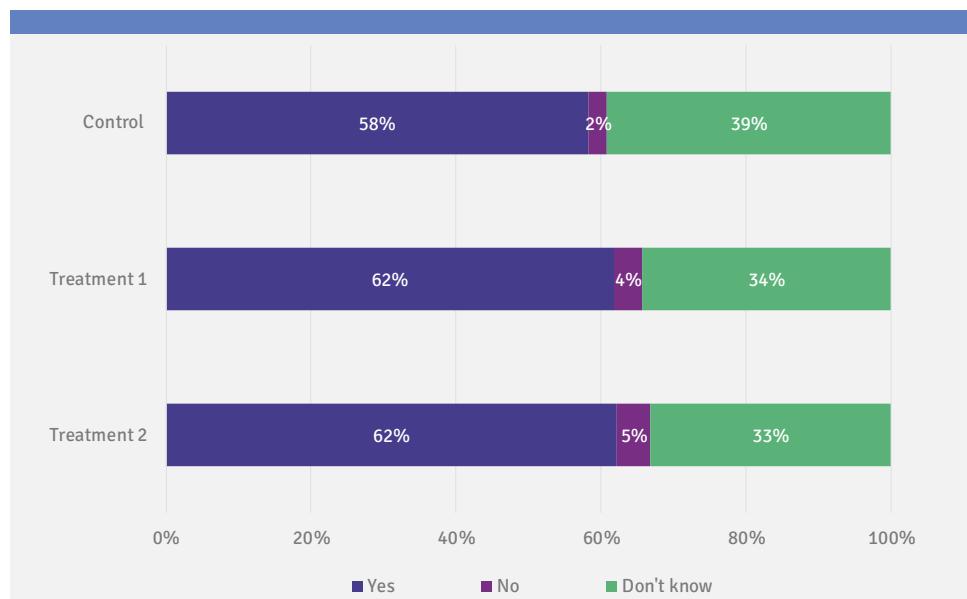
### 6.3 Results relating to awareness and understanding of regulation

#### 6.3.1 Awareness of regulation and regulatory badge

##### *Awareness of regulation*

Following participants' choice of provider, we asked them whether the provider they chose was regulated. The chart below shows participants' responses by treatment group. Across all treatment groups, 61% of participants thought that the firm they chose was regulated, whereas 4% thought it was not and a remaining 36% were unsure.

Figure 62: Was the firm you chose regulated?, by treatment group



*Source: Economic Insight badges trial (N=1,899)*

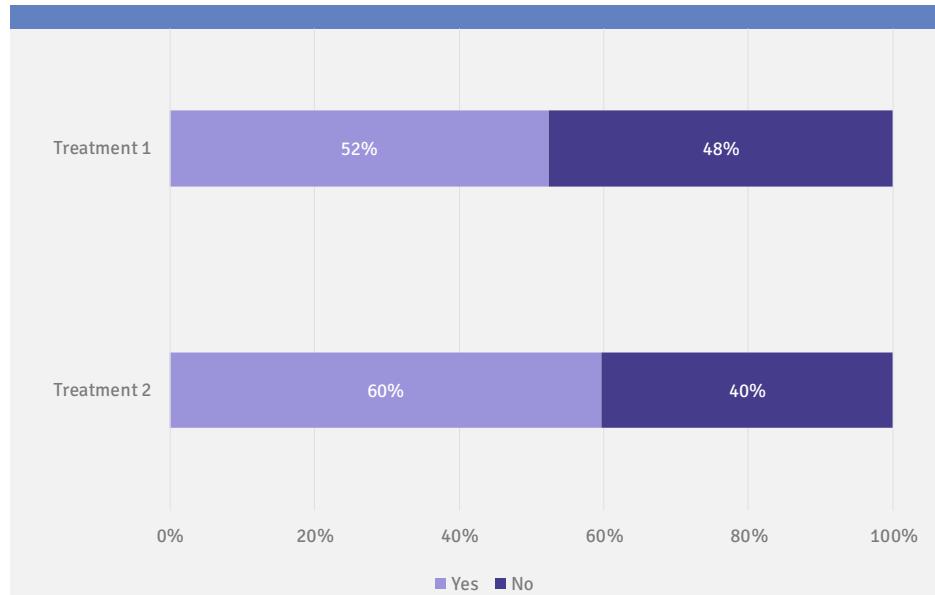
As can be seen from the chart above, generally participants' awareness of regulation is similar across all treatments groups, being slightly higher in those that had a regulatory badge (treatment 1 and treatment 2).

##### *Awareness of regulatory badge*

We further asked participants in treatment groups 1 and 2 whether they had (i) noticed the "Solicitors Regulation Authority regulated" badge on either of the homepages; and (ii) whether they had noticed the picture of the badge on either of the homepages (here we showed participants a picture of the badge, as some participants may not understand what we mean under (i) above).

The following chart illustrates whether participants noticed the "Solicitors Regulation Authority regulated" badge by treatment group. Across both treatments, 56% of participants stated that they noticed the badge, whereas 44% stated they did not notice it.

Figure 63: Did participants notice the “Solicitors Regulation Authority regulated” badge on one of the homepages?

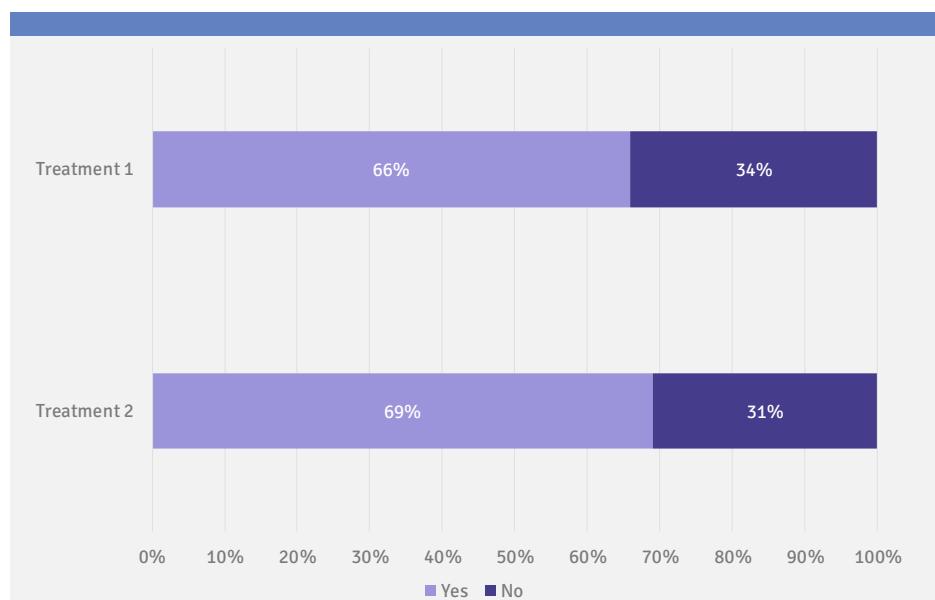


*Source: Economic Insight badges trial (N=1,899)*

The finding above was broadly consistent across both treatments, with participants in treatment group 2 being slightly more receptive to the regulatory badge than those in treatment group 1.

When we showed participants the picture of the regulatory badge, awareness thereof increased slightly across treatment groups, with 68% of participants stating they had noticed the picture on one of the homepages (and 32% not having noticed it). Again, this was broadly consistent across treatment groups, as illustrated below.

Figure 64: Did participants notice the “Solicitors Regulation Authority regulated” badge picture on one of the homepages?

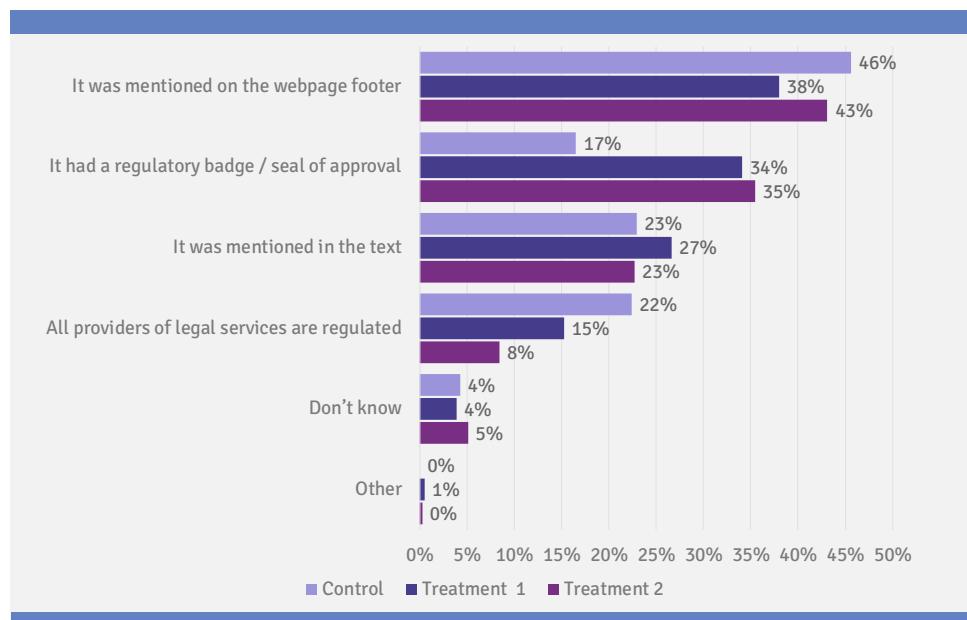


*Source: Economic Insight badges trial (N=1,899)*

### 6.3.2 How information about regulation was found

In order to understand how participants established whether the provider they chose was regulated or not, we asked them how they found out about regulation. The figure below shows participants' responses to this question.

Figure 65: How did you know that the firm you chose was regulated?, multiple choice



*Source: Economic Insight badges trial (N=1,154)*

42% of respondents across all treatment groups established whether the firm was regulated by the webpage footer. This was slightly higher for those in the control group (compared to the treatment groups), as that was the only way participants could establish regulatory status.

Over a third of participants in treatment groups 1 and 2 reported having established their provider's regulatory status through a regulatory badge / seal of approval compared to the control group (who did not have a regulatory badge on either of the provider homepages). Still, 17% of participants in the control group mentioned that their chosen firm had a regulatory badge / seal of approval. It is possible that consumers perceive the mandatory "authorised and regulated by the Solicitors Regulation Authority" text, as well as the SRA ID number as a "regulatory badge" and / or a "seal of approval".

### 6.3.3 Understanding of regulatory badge

When asked about what participants thought the SRA regulated badge meant, their responses chimed well with what protections they expect to receive from regulators (as set out in the subsequent chapter). This is set out in Table 26 overleaf.

Table 26: What do you think the SRA regulated badge means?, multiple choice

	%	N
The SRA set standards for providers (e.g. through a mandatory code of conduct)	28%	530
The SRA investigate reports of poor practice	16%	303
The SRA investigate reports of misconduct	16%	299
The SRA sanction for poor practice (e.g. strike them off the register, limit what work they can do, give them a warning)	12%	230
The SRA sanction for misconduct (e.g. strike them off the register, limit what work they can do, give them a warning)	12%	224
The SRA monitor quality	11%	215
The SRA set minimum levels of professional indemnity insurance	10%	196
The SRA checked the prices of the services are fair	10%	194
The SRA control how services are delivered	9%	171
The SRA resolve disputes between a consumer and provider	8%	152
The SRA provide access to an Ombudsman	8%	152
The SRA can ban certain kinds of services	7%	137
The SRA set providers' prices	7%	128
The SRA provide impartial legal advice	5%	98
The SRA correct poor work from a provider	4%	82
Don't know	4%	80
The SRA are able to give compensation to people that have lost money	4%	78
The SRA educate and train providers at point of entry	4%	69
The SRA recommend a provider	3%	52
Other	0%	2

Source: Economic Insight badges trial (N=1,256)

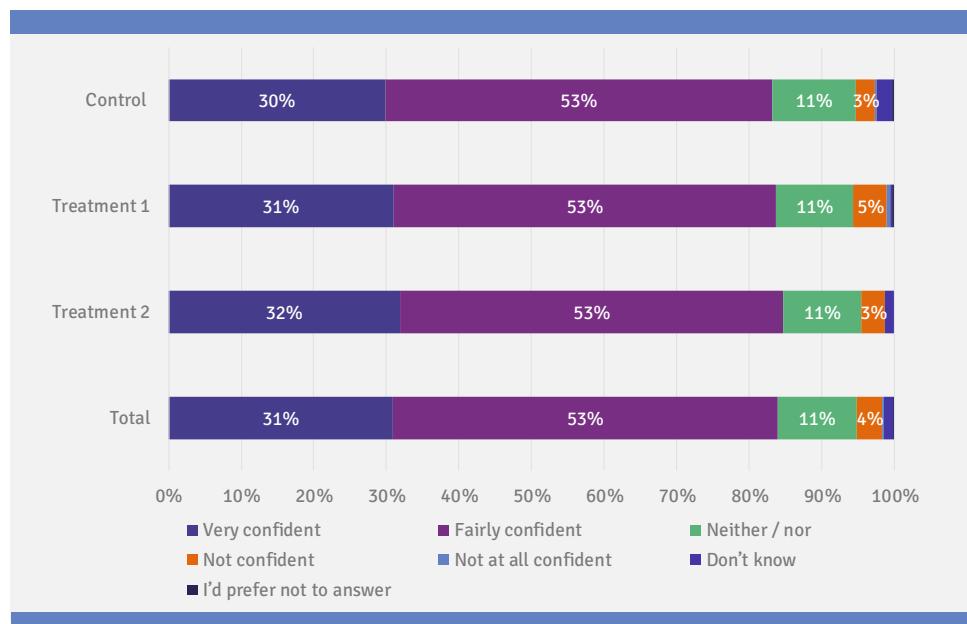
## 6.4 Results relating to reflections on choices made

### 6.4.1 Participants' confidence in choices made

#### ***Confidence in SRA regulation***

We further asked participants who said they knew that the firm they chose was regulated how confident they were that the provider they chose was regulated by the SRA. The following chart illustrates that across treatments, participants were generally confident that the firm they chose was regulated by the SRA.

Figure 66: Confidence in SRA regulation



Source: Economic Insight badges trial (N=1,154)

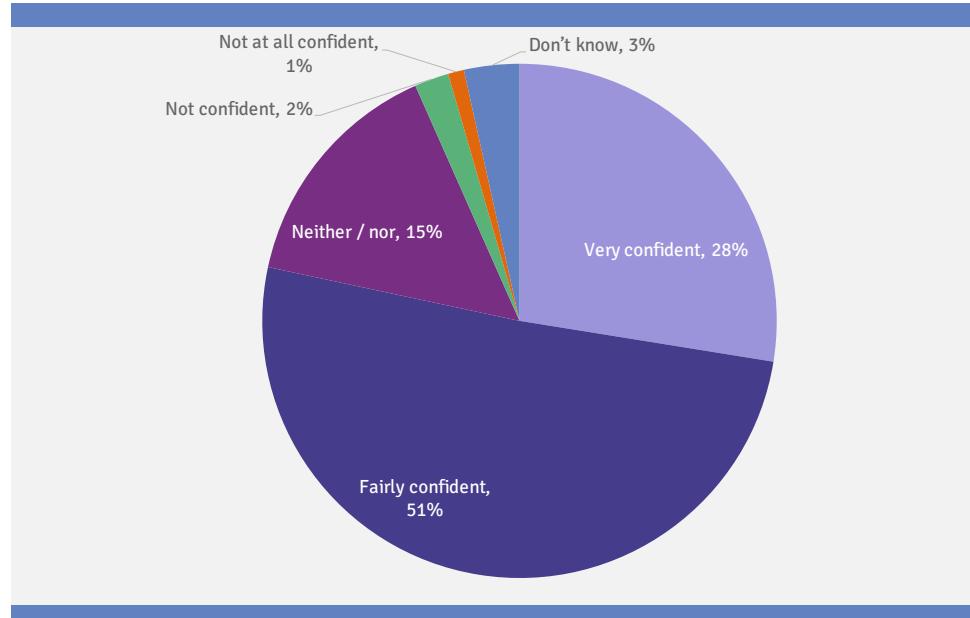
As can be seen from the chart, there was little variation in reported levels of confidence by treatment groups, with 84% of participants across all treatment groups being confident that their chosen firm was regulated by the SRA.

#### ***Confidence in the regulatory badge***

The finding above indicates that, even though treatment groups 1 and 2 had a regulatory badge, this did not increase the levels of confidence across participants. When we asked participants whether they generally felt more confident purchasing services from websites with badges, 79% stated they did, as illustrated in the chart overleaf.



Figure 67: Do you generally feel more confident when purchasing services from providers with a badge (see figure on the left)?



Source: Economic Insight badges trial (N=1,899)

#### 6.4.2 Additional information participants would have liked to have

Finally, we asked participants whether they would have liked any additional information to help them choose between the two providers. The table overleaf illustrates the results.

Table 27: Additional information participants wanted, multiple choice

Additional information wanted	%	N
More information on prices	47%	896
I had all the information that I needed to make my decision	20%	384
More information on regulation	14%	262
More information on who would be undertaking the conveyancing work	14%	261
I would have liked to go into the provider's office to speak personally to someone about this	13%	250
I would have liked to speak to someone on the phone to clarify some issues	11%	218
More information on professional indemnity insurance	10%	193
Don't know	9%	173
More information on the complaints handling process	9%	169
I would have like to have the opportunity to clarify some issues over email	9%	169
More information on a Compensation Fund	8%	156
More information on my access to the Legal Ombudsman	7%	130
There was more information than I needed to make my decision	5%	99
Other	1%	17

Source: Economic Insight badges trial (N=1,899)

As can be seen, 47% of participants would have liked to have information on the costs of the services. A fifth of participants (20%) stated that they had all the information they needed to make their decision.

#### ***Additional information – badge***

In the context of this trial, participants were only able to see the regulatory badge as a static logo (see Figure 8). They were not able to click on it / hover over it to obtain additional information on what SRA regulation entails for them. As such, we asked participants whether they would find it useful to be able to click on the “Solicitors Regulation Authority regulated” badge and find the following information, set out in the table overleaf.

86% OF PARTICIPANTS  
WOULD FIND IT USEFUL  
TO BE ABLE TO CLICK ON A  
“SRA REGULATED” BADGE.

Table 28: Would you find it useful to be able to click on the “Solicitors Regulation Authority regulated” badge displayed on a providers’ website and find information on any of the following? multiple choice

Additional information	%	N
The authenticity of the website (to ensure that you are looking at a website of a firm that is regulated by the SRA)	59%	1113
Further information about the protections available by using the provider	56%	1066
Date of authorisation	33%	625
Don’t know	9%	170
I don’t think it would be useful to be able to click on the SRA regulated badge	5%	87

*Source: Economic Insight badges trial (N=1,899)*

As can be seen from the table above, 86% of participants would find it useful to be able to click on a “Solicitors Regulation Authority regulated” badge.

59% of participants would find it useful to be able to click on the regulatory badge and find information on the authenticity of the website, as well as further information about the protections available when using that provider (56%).

## 6.5 Conclusions

The results set out in this chapter point to the following conclusions:

- A “Solicitors Regulation Authority regulated” badge has an impact on consumer behaviour. This effect is more marked for homepages that consumers find generally less appealing, than those that they feel more naturally drawn to. All else equal, the overall impact of a digital badge is a six percentage point increase in consumers choosing a homepage with a badge, compared to one without.
- A badge increases awareness of regulation by the SRA (although not necessarily the protections that this includes).
- Consumers tend to trust websites with badges and would generally find it helpful to be able to click on a digital badge to establish the provider’s authenticity and protections available to them.

## 7. Online regulatory protections trial

This chapter sets out our methodology and findings for the online regulatory protections trial involving a sample representative of England and Wales. It includes our conclusions and recommendations in relation to this trial.

- The **online regulatory protections trial** involved 1,286 people, representative of England and Wales. The field work was undertaken between 27 March – 3 April 2018. We asked participants to review four fictional versions of a will writing company homepage – “Wills & Co.” - and choose which option would best meet their needs (e.g. selecting a provider to draw up a simple will). Participants were randomly allocated to different treatment groups, which varied the level of description of the regulatory protections offered. This design allowed us to test whether participants use information about regulatory protections in their decision-making, as well as the extent to which different descriptions affect their choices.
- The results from the trial suggest that participants notice and use information about different regulatory protections in their decision-making. For example, with all else equal, 54% of participants rank providers with more regulatory protections first compared to 14% of participants who rank providers with no information about regulatory protections first.
- The post-trial questionnaire further illustrates that participants obtain a good level of understanding about what the different regulatory protections are once they have been told about them.
- The trial further shows that participants are able to weigh up information about the cost and protections of the services. When we provided participants with prices for the different providers, and varied the protections, 41% said they would change their ranking. Although some switched to the cheapest provider, others did not.

## 7.1 Methodology

### 7.1.1 Objectives of the trial

Our regulatory protections trial was designed to find out whether **consumers react to different ways in which information about regulatory protections is presented to them**. Relatedly, it also explored consumers' understanding and awareness of regulatory protections.

It was closely linked to the SRA's proposals to enable solicitors to deliver non-reserved legal services by practising in an unauthorised business, and allowing individual solicitors to offer reserved activities on their own account without being authorised as a firm, which we set out in more detail in our background chapter (Chapter 2).<sup>83</sup> These proposals would entail varying levels of protection depending on who the consumer chooses to use. For example, whether they use an SRA regulated firm, an individually regulated solicitor, another regulated lawyer (such as a barrister), or indeed a business that does not attract legal regulation whatsoever (such as an online will writing company). These different providers attract different levels of the following protections:

- **SRA regulation.** The Solicitors Regulation Authority regulate solicitors and firms of solicitors to protect the public and support the rule of law and proper administration of justice. They do this by overseeing all education and training requirements necessary to practise as a solicitor, licensing individuals and firms to practise, setting the standards through a code of conduct and providing sanctions if these standards are not met.
- **Access to the Legal Ombudsman.** The Legal Ombudsman was set up by the Office for Legal Complaints (OLC) under the Legal Services Act 2007. It is an independent, impartial, "single point of entry" scheme for all consumer legal complaints and started receiving complaints on the 6<sup>th</sup> October 2010. The Legal Ombudsman's remit covers problems with the service provided by lawyers, whereas issues concerning conduct are dealt with by relevant regulatory bodies (e.g. the SRA).
- **Access to the Compensation Fund.** The Compensation Fund is a discretionary fund and has been operating for nearly 70 years. Individual solicitors and authorised firms pay a contribution each year to cover the cost of claims paid and other costs of operating the Compensation Fund. The SRA Compensation Fund rules set out the circumstances where money lost by people because of the dishonesty or incompetence of an individual or law firm that the SRA regulate will be replaced.
- **Professional indemnity insurance (PII).** PII is insurance which protects solicitors, their clients, and others, from the financial consequences of civil liability claims arising from work in private legal practice. These claims most commonly involve professional negligence. The SRA sets the MTCs with which all

<sup>83</sup> *The reserved legal activities are exercising rights of audience, conducting litigation, preparing certain documents relating to probate and conveyancing, acting as a notary, and administering oaths. All other legal activities are known as non-reserved legal services.*

firms' insurance must comply, and these minimum terms ensure that clients – and firms – are protected.

The following table illustrates the different levels of protections that each different provider type attracts if the SRA's reforms materialise.

Table 29: Future consumer choice between protections and provider types

Protections / Provider type	SRA regulation	Access to the Legal Ombudsman	Access to Compensation Fund	PII <sup>84</sup>
SRA regulated firm	✓	✓	✓	✓
Freelance regulated individual	✓	✓	✗	✓ <sup>85</sup>
Solicitor in unregulated firm	✓	✓	✗	✗
Unregulated firm	✗	✗	✗	✗

Source: Solicitors Regulation Authority

Hence, we have chosen a legal activity – will writing - that could – in theory – attract all these different levels protections for our trial design.

<sup>84</sup> Note that even if firms / individuals are not subject to the PII rules or MTCs they are likely to have arranged their own insurance.

<sup>85</sup> Only if the freelance solicitor is providing reserved legal activity they will have a specific duty to obtain adequate insurance.

### 7.1.2 Key features of the trial design

Our regulatory protections trial had two treatments, set out in the table below.

Table 30: Summary of trial treatments – regulatory protections

Treatment groups	Description
Regulatory protections information	Here, the homepages only state which of the four regulatory protections: (i) SRA regulation; (ii) access to the Legal Ombudsman; (iii) access to a Compensation Fund; or (iv) PII the provider has.
Regulatory protections information + description	Here, the homepages state whether the provider has either of the four regulatory protections and provides a brief explanation on each: (i) SRA regulation; (ii) access to the Legal Ombudsman; (iii) access to a Compensation Fund; or (iv) PII.

*Source: Economic Insight*

- Participants in each treatment group saw four versions of the “Wills & Co.” homepage, as per the following table, which aligned roughly with the protections offered by the potential provider types set out in Table 29 above.

Table 31: Summary of trial – regulatory protections

Protection / Provider	SRA regulation	Access to the Legal Ombudsman	Access to Comp Fund	PII
Information group	We are regulated by the Solicitors Regulation Authority	You have access to the Legal Ombudsman	You have access to the Compensation Fund	We have Professional Indemnity Insurance
Information + descriptions group	We are regulated by the Solicitors Regulation Authority + description (see Table 32 for details)	You have access to the Legal Ombudsman + description (see Table 33 for details)	You have access to the Compensation Fund + description (see Table 34 for details)	We have Professional Indemnity Insurance + description (see Table 35 for details)
Provider A	✓	✓	✓	✓
Provider B	✓	✓	✗	✓
Provider C	✓	✓	✗	✗
Provider D	✗	✗	✗	✗

*Source: Economic Insight*

- For example, participants in the *regulatory protections information* group saw four “Wills & Co” homepages, which only show the short description of which protections each provider has. That is, the homepage for provider A showed the four descriptions above, whereas the homepage for provider D showed none.
- The content of the four homepages the respondent saw depended on the treatment group they were randomly assigned to.
  - Respondents were randomly assigned to either the *regulatory protections information* or the *regulatory protections information + descriptions* groups.
  - The order in which respondents in a treatment group saw the different homepages was also randomised, to avoid ordering effects.

By comparing choices made by respondents in different treatment groups, we can test whether providing respondents with more information about the regulatory protections affects their rankings:

- **Hypothesis 1:** If consumers understand what the regulatory protections mean for them, they will rank providers with more regulatory protections higher than those with fewer regulatory protections, all else equal.
- **Hypothesis 2:** If consumers understand what the regulatory protections mean for them, providing consumers with a more detailed description about regulatory protections will increase the proportion of respondents ranking providers with more regulatory protections higher than those with fewer protections, all else equal.

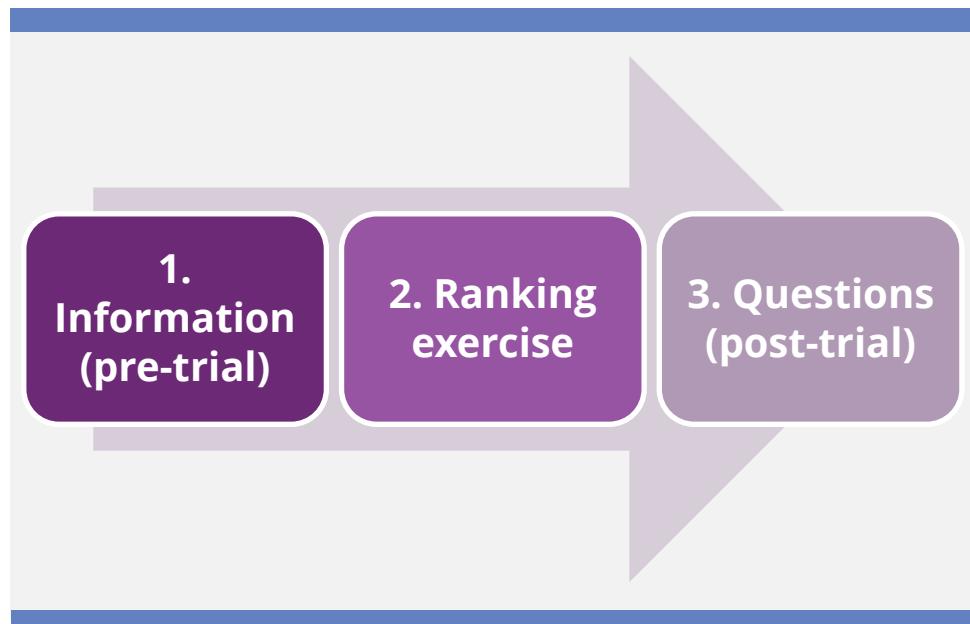
We further tested participants’ understanding of the regulatory protections in the post-trial questionnaire. Importantly, we would expect that hypotheses 1 and 2 above do not hold if any of the following is the case:

- participants made assumptions about what regulatory protections mean to them;
- participants made assumptions about the prices of the different providers (e.g. more regulatory protections = higher price);
- participants did not understand the information about regulatory protections;
- participants suffered from information overload;
- participants did not notice the differences in the homepages.

#### 7.1.3 Activities undertaken by participants before, during, and after the trial

The regulatory protections trial was administered online between 27 March and 3 April 2018 and framed as an online searching and shopping exercise. There were three main stages to this trial, illustrated in the figure overleaf (and set out in more detail subsequently).

Figure 68: Main features of our methodology – regulatory protections trial



*Source: Economic Insight*

#### ***Information (pre-trial)***

At the beginning of the regulatory protections trial, each participant was given contextual information about **what a will is**, as well as **who can write a will**. This was necessary because some participants may not have been familiar with these services, if they had not written a will before.

Participants were also given information about the **scenario they are in** (i.e. writing a will) for the purpose of the trial. This was necessary to contextualise the information that participants were asked to rank.

#### ***Ranking exercise (trial)***

Participants in each treatment group reviewed four websites that “mimicked” providers’ websites under the “Wills & Co” brand.

- In the **regulatory protections information treatment** respondents saw four different homepages, where the level of protections offered by each different homepage varied. They only saw a sentence outlining whether the provider had certain protections.
- In the **regulatory protections information + descriptions treatment** respondents saw four different homepages, where the level of protections offered by each different provider varied. They saw a sentence outlining whether the provider had certain protections, as well as a short explanation about what those different protections mean (this is illustrated in Table 32 - Table 35 overleaf).

The homepages shared the same firm name, branding and overall look and feel. This was to ensure that the trial tests the effects of changing the amount of information provided about the regulatory protections, not changes in the way the homepage looks. This involved some sacrifice of external validity, but we believe it was worthwhile to avoid capturing the effects of changes in website design.

We commissioned *Into the White* to design one master homepage, containing the following elements, which varied by provider type.

- **Introduction.** This is the introductory text on each homepage, which was the same across the homepages for provider A, C and D. It was slightly different for provider B, mostly to reflect that the homepage was for an individual rather than a firm.
- **SRA regulation.** In addition to the introductory text above, which all four homepages shared, providers A, B and C further showed the following text, as summarised in the table below.

Table 32: SRA regulation descriptions across treatments, by homepage

Regulatory protections information	
<b>Provider A</b>	We are regulated by the Solicitors Regulation Authority.
<b>Provider B</b>	I am regulated by the Solicitors Regulation Authority.
<b>Provider C</b>	All of our solicitors are regulated by the Solicitors Regulation Authority.
Regulatory protections information + descriptions	
<b>Provider A</b>	<p>We are regulated by the Solicitors Regulation Authority.</p> <p>The Solicitors Regulation Authority regulate solicitors and firms of solicitors to protect the public and support the rule of law and proper administration of justice. They do this by overseeing all education and training requirements necessary to practise as a solicitor, licensing individuals and firms to practise, setting the standards through a code of conduct and providing sanctions if these standards are not met.</p>
<b>Provider B</b>	<p>I am regulated by the Solicitors Regulation Authority.</p> <p>The Solicitors Regulation Authority regulate solicitors to protect the public and support the rule of law and proper administration of justice. They do this by overseeing all education and training requirements necessary to practise as a solicitor, authorising individuals to practise, setting the standards through a code of conduct and providing sanctions if these standards are not met.</p>
<b>Provider C</b>	<p>All of our solicitors are regulated by the Solicitors Regulation Authority.</p> <p>The Solicitors Regulation Authority regulate solicitors to protect the public and support the rule of law and proper administration of justice. They do this by overseeing all education and training requirements necessary to practise as a solicitor, authorising individuals to practise, setting the standards through a code of conduct and providing sanctions if these standards are not met.</p>

Source: *Solicitors Regulation Authority*

- **Legal Ombudsman.** In addition to the introductory and the SRA regulation text, providers A, B and C further showed the following text, as summarised in the table below.

Table 33: The Legal Ombudsman descriptions across treatments, by homepage

Regulatory protections information	
<b>Provider A</b>	You have access to the Legal Ombudsman.
<b>Provider B</b>	You have access to the Legal Ombudsman.
<b>Provider C</b>	You may have access to the Legal Ombudsman.
Regulatory protections information + descriptions	
<b>Provider A</b>	<p>You have access to the Legal Ombudsman.</p> <p>If you are unhappy with the service provided by this firm, you have the right to take your complaint to the Legal Ombudsman, free of charge, who have the power to investigate the issues.</p>
<b>Provider B</b>	<p>You have access to the Legal Ombudsman.</p> <p>If you are unhappy with the service provided by myself, you have the right to take your complaint to the Legal Ombudsman, free of charge, who have the power to investigate the issues.</p>
<b>Provider C</b>	<p>You may have access to the Legal Ombudsman.</p> <p>If you are unhappy with the service provided by this firm, you may be able to ask the Legal Ombudsman to investigate parts of the work done by a solicitor.</p>

*Source: Legal Ombudsman*

- **Compensation Fund.** In addition to the introductory text, the SRA regulation and the Legal Ombudsman text above, provider A further showed the following text, as summarised in the table below.

Table 34: Compensation Fund descriptions across treatments, by homepage

Regulatory protections information	
<b>Provider A</b>	You have access to a Compensation Fund.
Regulatory protections information + descriptions	
<b>Provider A</b>	<p>You have access to a Compensation Fund.</p> <p>A Compensation Fund can make payments where someone the Solicitors Regulation Authority regulate has stolen money or not accounted for it. It can also make payments in some situations where a person the Solicitors Regulation Authority regulate should have had insurance, but did not. There are detailed rules which cover who can apply to the Fund and when the Fund can make payments.</p>

*Source: Solicitors Regulation Authority*

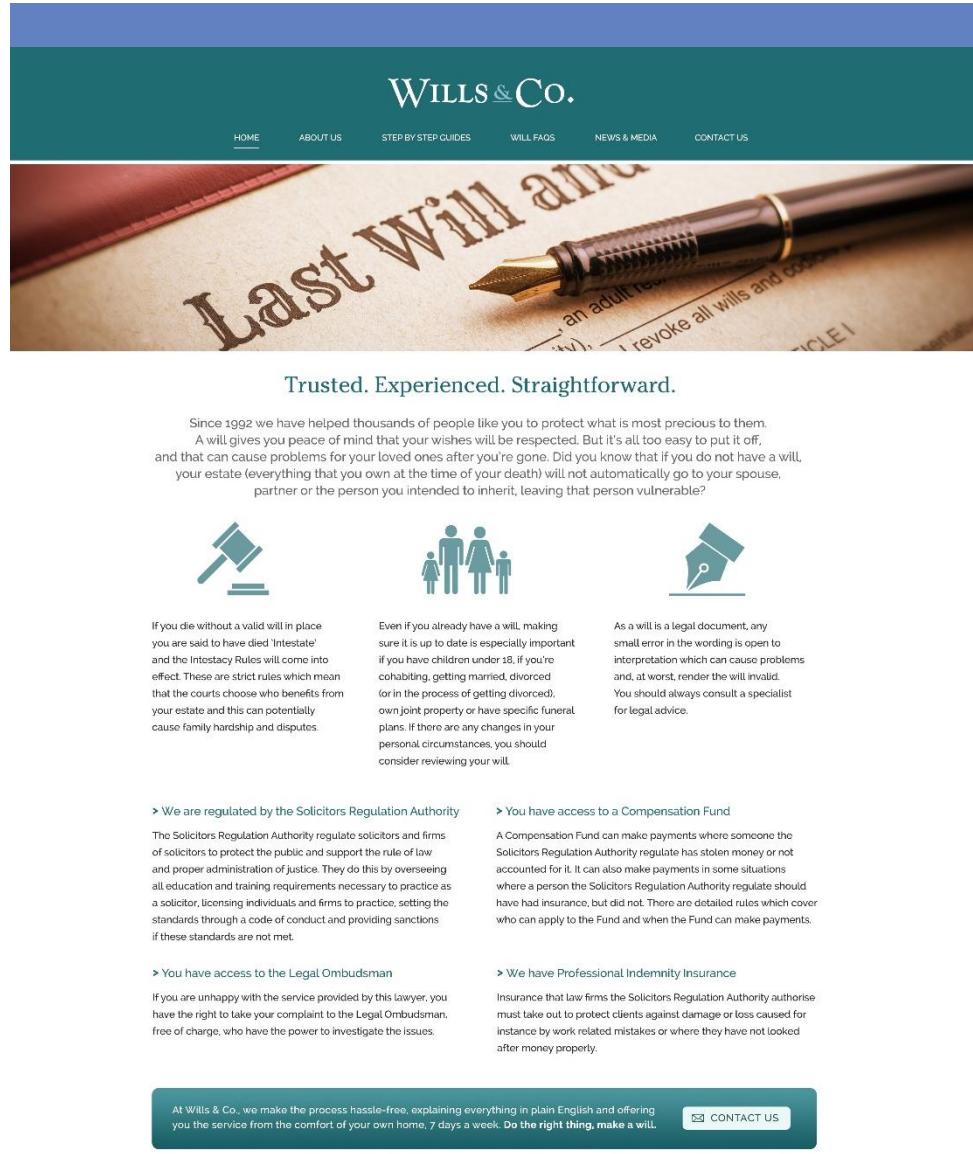
- **Professional indemnity insurance.** In addition to the introductory text, the SRA regulation, the Legal Ombudsman and Compensation Fund texts above, providers A and B further showed the following text, as summarised in the table below.

Table 35: PII descriptions across treatments, by homepage

Regulatory protections information	
Provider A	We have Professional Indemnity Insurance.
Provider B	I have Professional Indemnity Insurance.
Regulatory protections information + descriptions	
Provider A	We have Professional Indemnity Insurance. Insurance that law firms the Solicitors Regulation Authority authorise must take out to protect clients against damage or loss caused for instance by work related mistakes or where they have not looked after money properly.
Provider B	I have Professional Indemnity Insurance. Insurance that an individual has taken out to protect clients against damage or loss caused for instance by work related mistakes or where they have not looked after money properly.

*Source: Legal Ombudsman and Solicitors Regulation Authority*

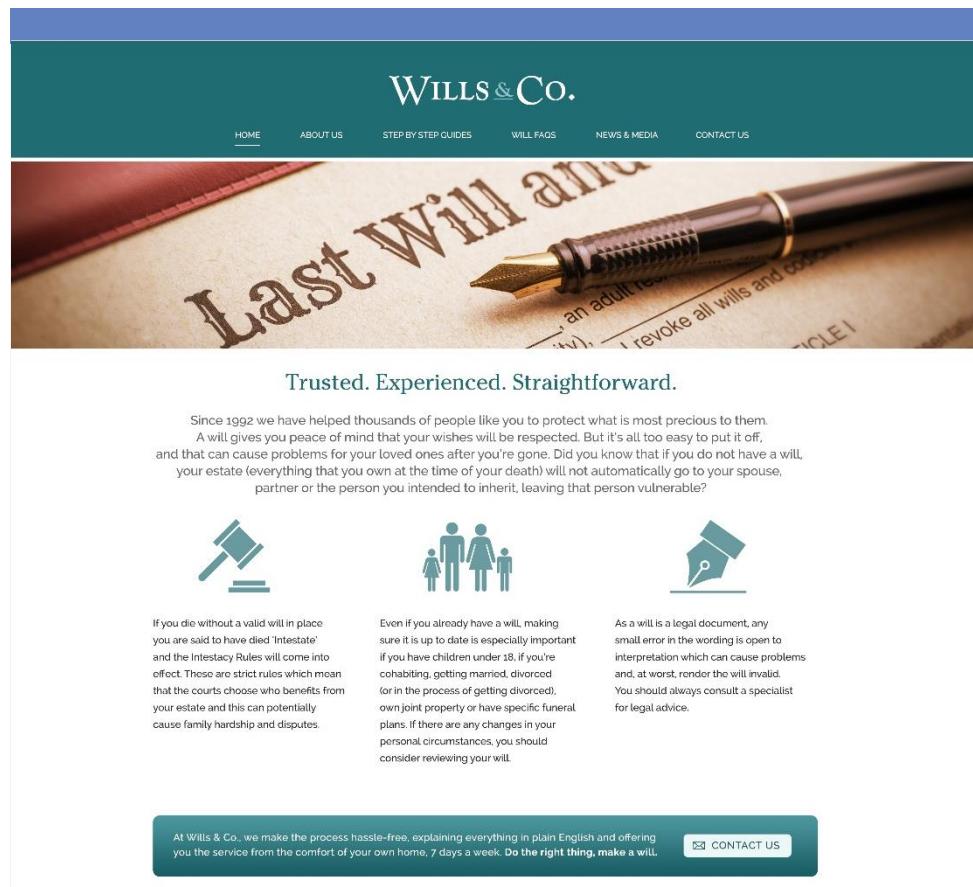
Figure 69: Illustration of the “Wills & Co” homepage, provider A, regulatory protections information + descriptions treatment



*Source: Economic Insight*

Once the participants in each treatment group reviewed the four homepages, they were asked to rank the providers in order of preference, given the will writing scenario they were in.

Figure 70: Illustration of the “Wills &amp; Co” homepage, provider D



*Source: Economic Insight*

### Questions (post-choice exercise)

Finally, once the participants completed the main ranking task, we followed up with questions about:

- the reasons for the ranking made;
- confidence in ranking;
- their understanding of different regulatory protections;
- extra information they may have wanted;
- whether the ranking would change for a given cost; and
- demographic information, along with whether they had recently written a will.

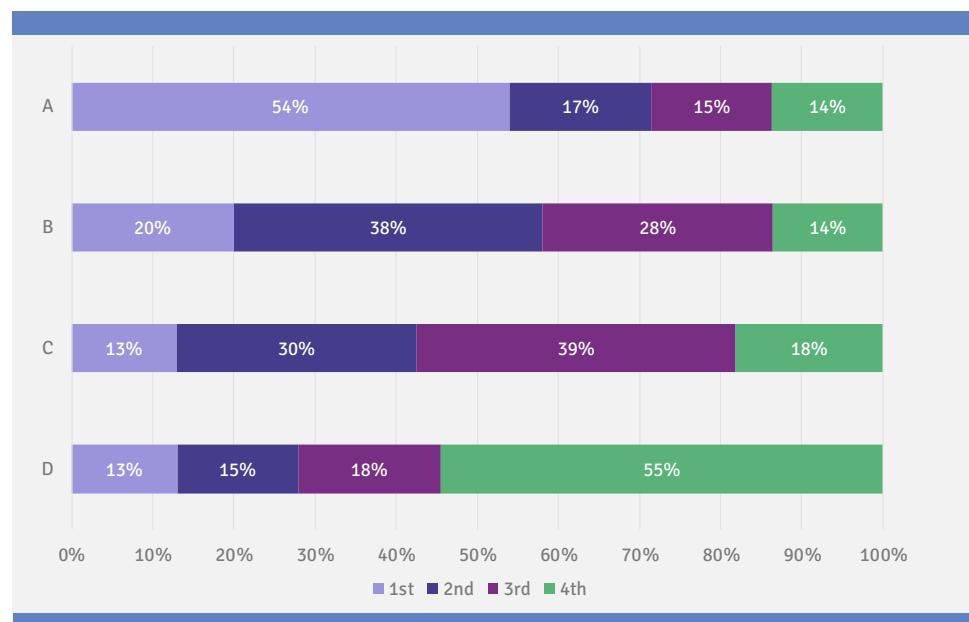
## 7.2 Results relating to rankings

### 7.2.1 The effects of providing more detailed descriptions about regulatory protections on rankings

Participants across the two groups ranked providers largely the same and took account of the differences between the providers, as the following chart shows. For example, the first row shows that 54% of participants ranked provider A as their first

choice, 17% ranked provider A as their second choice, 15% ranked provider A as their third choice and 14% ranked provider A as their fourth choice.

Figure 71: Rankings made across both treatment groups

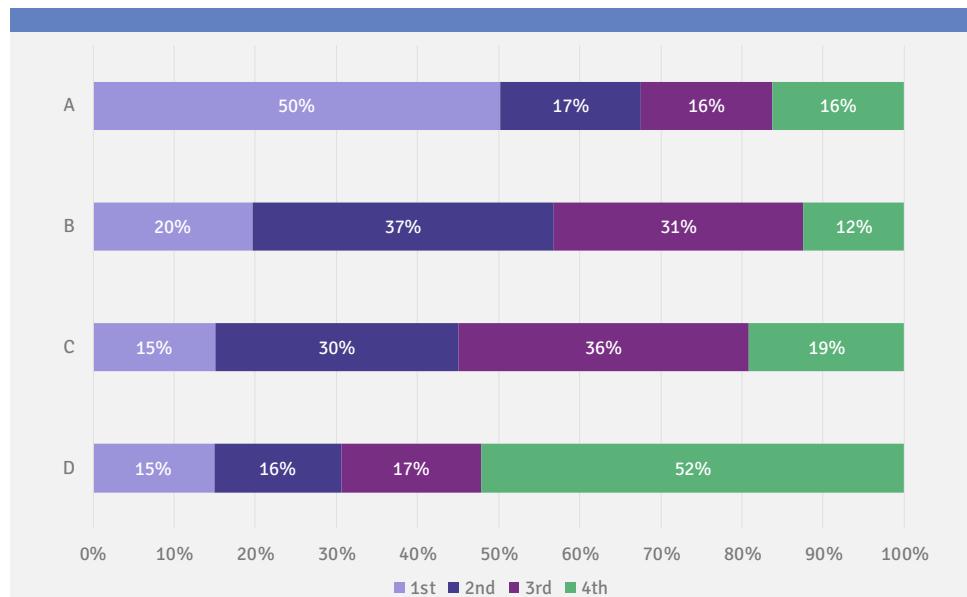


Source: Economic Insight regulatory protections trial (N=1,286)

As can be seen, 54% of participants ranked provider A first, followed by 38% of participants ranking provider B second, then provider C being ranked third by 39% of participants and finally provider D being ranked fourth by over half (55%) of participants. This indicates that participants take account of the differences between the providers and prefer those with more regulatory protections (all else equal).

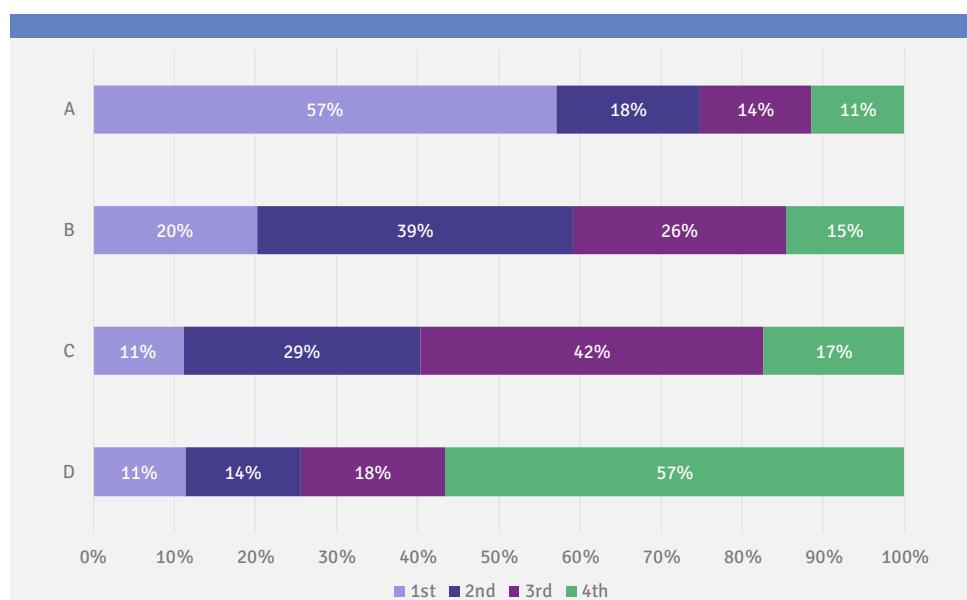
There were some variations in the proportions of participants ranking certain providers first, second, third and fourth between the *regulatory protections information + descriptions* and the *regulatory protections information* groups, with the overall rankings remaining unchanged. This is shown in the subsequent figures.

Figure 72: Rankings made in regulatory protections information + descriptions group



Source: Economic Insight regulatory protections trial (N=595)

Figure 73: Rankings made in regulatory protections information groups



Source: Economic Insight regulatory protections trial (N=691)

### 7.2.2 The reasons given for the rankings made

Across both treatment groups, 36% of participants ranked their preferred provider giving the reason that the information was presented more clearly. This is illustrated in Table 36 overleaf.

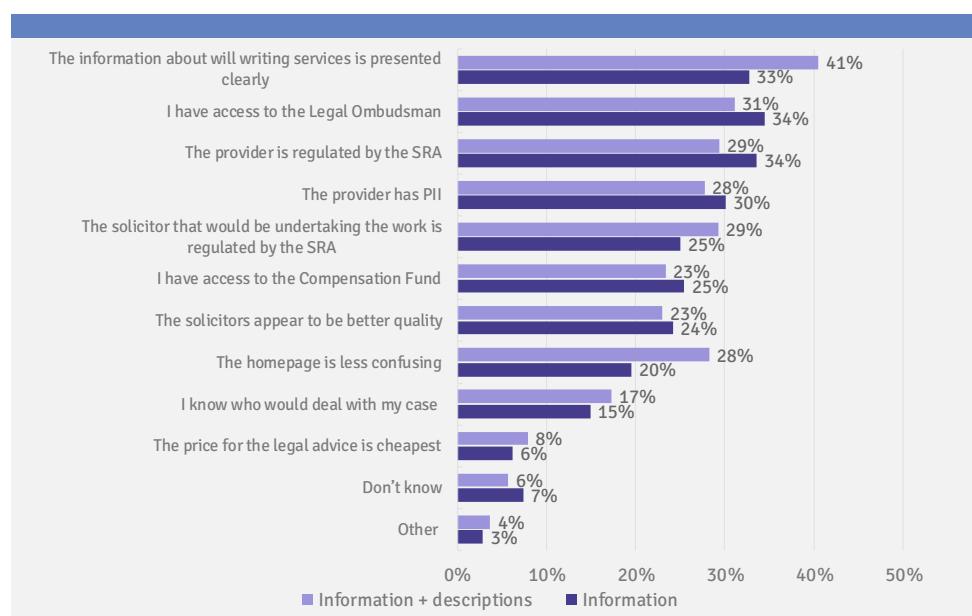
Table 36: Reasons given for rankings all treatment groups, multiple choice

Reasons	%	N
The information about will writing services is presented clearly	36%	467
I have access to the Legal Ombudsman	33%	423
The provider is regulated by the SRA	32%	407
The provider has PII	29%	373
The solicitor that would be undertaking the work is regulated by the SRA	27%	347
I have access to the Compensation Fund	24%	315
The solicitors appear to be better quality	24%	304
The homepage is less confusing	24%	303
I know who would deal with my case	16%	206
The price for the legal advice is cheapest	7%	90
Don't know	7%	85
Other	3%	42

Source: Economic Insight regulatory protections trial (N=1,286)

The following figure shows the reasons given for ranking their preferred provider by treatment group.

Figure 74: Reasons given for rankings, by treatment group, multiple choice



Source: Economic Insight regulatory protections trial (N=1,286)

As can be seen, a higher proportion of participants in the *information + descriptions treatment group* tended to state that “the information about will writing services was presented more clearly” (41%) and “the homepage was less confusing” (28%) as a reason for the ranking compared to the *information treatment group* (33% and 20% respectively). These differences were both statistically significantly different from one another ( $p=0.01$  and  $p=0.00$ ).

## 7.3 Results relating to awareness and understanding of different regulatory protections

### 7.3.1 Overall awareness and understanding of regulatory protections

#### *Awareness of regulatory protections*

In order to determine the proportion of participants that were correctly aware of the regulatory protections that their preferred provider offered, we have applied the following judgements.

- If a respondent ranked provider A first and was aware that the provider had all of the regulatory protections, this would be considered the participant being rightly aware of the regulatory protections offered by their preferred provider.
- If a participant ranked provider C first, we would consider that they were correctly aware of the regulatory protections offered if they had answered the question in relation to awareness of SRA regulation and the Legal Ombudsman positively, and the questions on the Compensation Fund and PII with either “no” or “don’t know”. We have applied this criteria even where in some instances the wording around the regulatory protections may have been slightly ambiguous, and especially where the regulatory protection is not mentioned in the text, omitting it does not necessarily mean it is not there, so the participants may have correctly assumed that they did not know whether their provider did not have PII, as the homepage did not explicitly state that it did not.
- As such, ticks on the following table are positive answers to the awareness questions, whereas crosses are negative or “don’t know” answers to the awareness questions on the different regulatory protections.

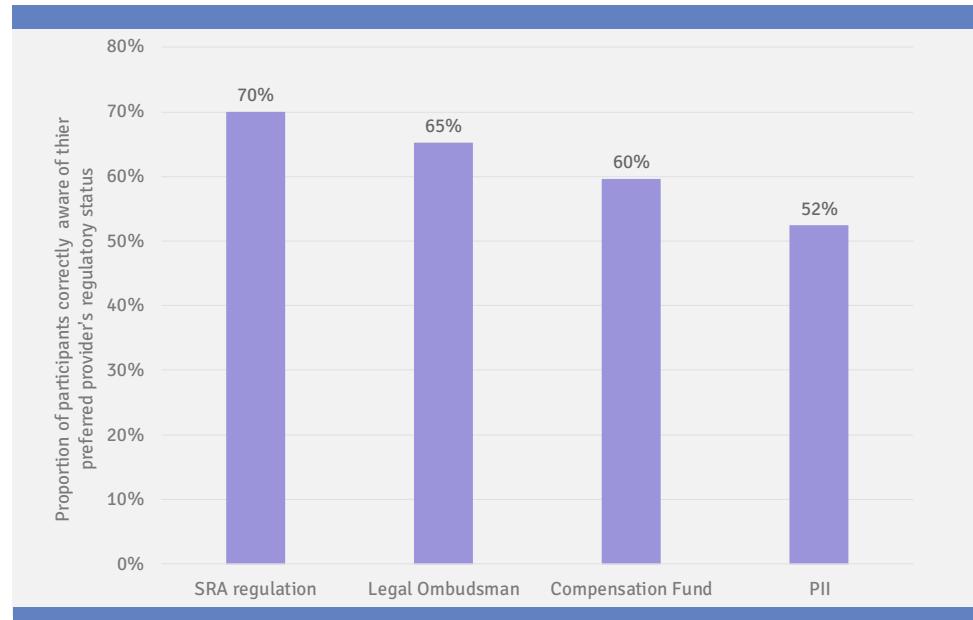
Table 37: Providers' regulatory protections

Provider	SRA regulation	Legal Ombudsman	Compensation Fund	PII
A	✓	✓	✓	✓
B	✓	✓	✗	✓
C	✓	✓	✗	✗
D	✗	✗	✗	✗

*Source: Economic Insight*

Following these criteria, participants' awareness of the regulatory status of the provider they ranked first was high, as the figure overleaf shows.

**Figure 75: Proportion of participants correctly aware of regulatory protections of preferred provider**



*Source: Economic Insight regulatory protections trial (N=1,286)*

As can be seen, 70% of participants were correctly aware that their preferred provider was regulated by the SRA, whereas 65% were correctly aware that their preferred provider was covered by the Legal Ombudsman, 60% correctly aware of Compensation Fund coverage and 52% correctly aware of PII.

### ***Understanding of regulatory protections***

We further asked participants about their understanding of the different regulatory protections. As can be seen from the subsequent tables, generally participants' understanding of what the different regulatory protections are is high. Across all understanding questions we introduced the actual protections offered, as well as some red herrings. The actual protections are highlighted in green in the subsequent tables, whereas the red herrings are highlighted in red. In some cases, certain answers are ambiguous – these have been kept in white font in the ensuing tables.

#### *SRA regulation*

The table overleaf shows what protections participants think SRA regulation provides. As can be seen, participants generally expect regulation by the SRA to provide the protections that it actually does, as is highlighted by a large amount of green answers towards the top of the table, and a higher proportion of red rows towards the bottom of the table. This highlights that participants are both correctly aware of SRA regulation and know what to expect from it.

Table 38: What protections do you think regulation by the SRA provides?, multiple choice

Protections	%	N
Set standards for providers	38%	271
Investigate reports of misconduct	34%	238
Investigate reports of poor practice	33%	228
Monitor quality	29%	189
Sanction for misconduct	28%	209
Resolve disputes between a consumer and provider	28%	202
Sanction for poor practice	26%	188
Provide access to an Ombudsman	25%	167
Provide impartial legal advice	19%	111
Set minimum levels of PII	19%	134
Control how services are delivered	19%	143
Check the prices of services are fair	18%	145
Are able to give compensation to people that have lost money	15%	98
Don't know	13%	81
Educate and train providers at point of entry	12%	82
Correct poor work from a provider	10%	75
Ban certain kinds of services	10%	78
Set providers' prices	9%	60
Recommend a provider	9%	66
None of the above	1%	8
Other	0%	1

Source: Economic Insight regulatory protections trial (N=1,286)

### *Legal Ombudsman*

Participants' expectations of what the Legal Ombudsman does chime well with the Legal Ombudsman's role, as illustrated in the table below. As can be seen, around half (49%) of participants correctly think that the Legal Ombudsman investigates complaints.

Table 39: What do you think the Legal Ombudsman does?, multiple choice

What the Legal Ombudsman does	%	N
Investigates complaints	49%	633
Resolves disputes between a consumer and provider	46%	597
Protects consumers	38%	495
Protects against negligence	28%	357
Protects against poor service	27%	350
Sets standards for legal services providers	25%	325
Monitors quality	22%	288
Protects from incorrect / false advice	20%	255
Is able to give compensation to people who lost money	17%	225
Refunds / gives money back	12%	158
Corrects poor work from a provider	11%	144
Provides insurance	9%	110
Educes and trains providers at point of entry	8%	100
Don't know	8%	99
None of the above	2%	26
Other	0%	2

Source: Economic Insight regulatory protections trial (N=1,286)

### *Compensation Fund*

Understanding and expectations of what a Compensation Fund covers is more mixed, as illustrated in the table below. The Compensation Fund can make payments where someone the SRA regulate has stolen money or not accounted for it. It can also make payments in some situations where a person the SRA regulate should have had insurance, but did not. There are detailed rules which cover who can apply to the Fund and when the Fund can make payments.

Table 40: What do you think a Compensation Fund covers?, multiple choice<sup>86</sup>

What a Compensation Fund covers	%	N
<b>It is able to give compensation for losses due to false advice</b>	32%	417
It provides protection if my provider loses my money	28%	356
<b>It is able to give compensation if my provider steals money from me</b>	28%	360
<b>It is able to give compensation for any losses, distress or inconvenience</b>	28%	331
It provides protection if my provider makes a big mistake which causes me to lose money	26%	356
<b>It is able to give compensation for losses if my provider did not have insurance</b>	25%	320
<b>All losses will be covered by a Compensation Fund</b>	25%	317
<b>It provides protection against any dishonesty by a solicitor</b>	22%	288
<b>It provides protection if my provider gives me incorrect / false advice</b>	20%	263
It provides protection against dishonesty	18%	232
Don't know	16%	209
<b>It provides protection if I receive poor service, such as delays or having to chase information</b>	16%	212
<b>It is able to pay to correct poor work</b>	13%	171
<b>None of the above</b>	1%	11
<b>Other</b>	0%	3

Source: Economic Insight regulatory protections trial (N=1,286)

<sup>86</sup> Table 40 has been coded as red, green and white based on the main purpose of the Compensation Fund, at the time the research was undertaken. There may be circumstances where applications to the Compensation Fund differ from the above definitions. Further information from the SRA on protections for clients can be found [here](#).

*Professional indemnity insurance (PII)*

28% of participants do not know what PII covers, whereas the remaining participants appear to have a good understanding of what it covers. Having professional indemnity insurance is a practising requirement; all firms must have a valid policy in place to be able to continue in private practice. Insurance provides vital protection for clients, should unexpected events cause them financial loss.

Table 41:What do you think PII covers?, multiple choice<sup>87</sup>

What professional indemnity insurance	%	N
It provides protection if my provider makes a big mistake which causes me to lose money	28%	360
Don't know	28%	354
It is able to give compensation for losses due to false advice	23%	293
It provides protection if my provider gives me incorrect / false advice	22%	287
It provides protection if my provider loses my money	22%	283
It provides protection against dishonesty	20%	262
It is able to give compensation for any losses, distress or inconvenience	19%	245
It is able to give compensation if my provider steals money from me	17%	221
It provides protection if I receive poor service, such as delays or having to chase for information	16%	208
It pays for a consumer to take a solicitor to court	14%	178
It is something a consumer needs to take out when using a professional, like a solicitor	13%	173
It is insurance in case a consumer has an accident on a provider's premises	13%	165
It pays to correct poor work	12%	157
None of the above	2%	22
Other	0%	2

Source: Economic Insight regulatory protections trial (N=1,286)

<sup>87</sup> Table 41 has been coded as red, green and white based on the indemnity rules at the time the research was undertaken. There may be circumstances where PII claim outcomes differ from the above definitions. Further information from the SRA on protections for clients can be found [here](#).

### 7.3.2 Awareness of regulatory protections by treatment group

Further to the overall analysis across both treatment groups set out above, we sought to establish whether providing participants with more detailed descriptions about the different regulatory protections had any bearing on their rankings of providers.

Across both treatment groups, participants ranking provider D had no information or descriptions in relation to the different regulatory protections. As such, when comparing participants' awareness of the different regulatory protections across both groups, we exclude this group from the analysis, as by definition there will be no incremental impact of providing different / more information in the *information + descriptions treatment group*.

The way in which we determined whether participants across both groups were correctly aware of the regulatory status of the provider they ranked first, follows the same approach as in section 7.3.1.

The following table illustrates the results for both groups. As can be seen, providing participants with a description about the different regulatory protections has a small positive impact on correct recall of regulatory status of their preferred provider.

Table 42: Proportion of participants rightly aware of regulatory protections of preferred provider, by treatment group

Treatment group	N	SRA regulation	Legal Ombudsman	Compensation Fund	PII
Information + descriptions	506	75%	71%	59%	52%
Information	612	73%	68%	57%	49%
% point increase		2%	3%	2%	3%

Source: Economic Insight regulatory protections trial (N=1,118)

### 7.4 Results relating to reflections on rankings made

#### 7.4.1 Additional information participants would have liked to have

The following table shows additional information that participants would have liked to help them rank the four will writing providers. As can be seen, 42% of participants wanted to have information on the cost of the services. 17% stated that they had all the information they needed to make their decision.

Table 43: Additional information participants wanted, all treatment groups, multiple choice

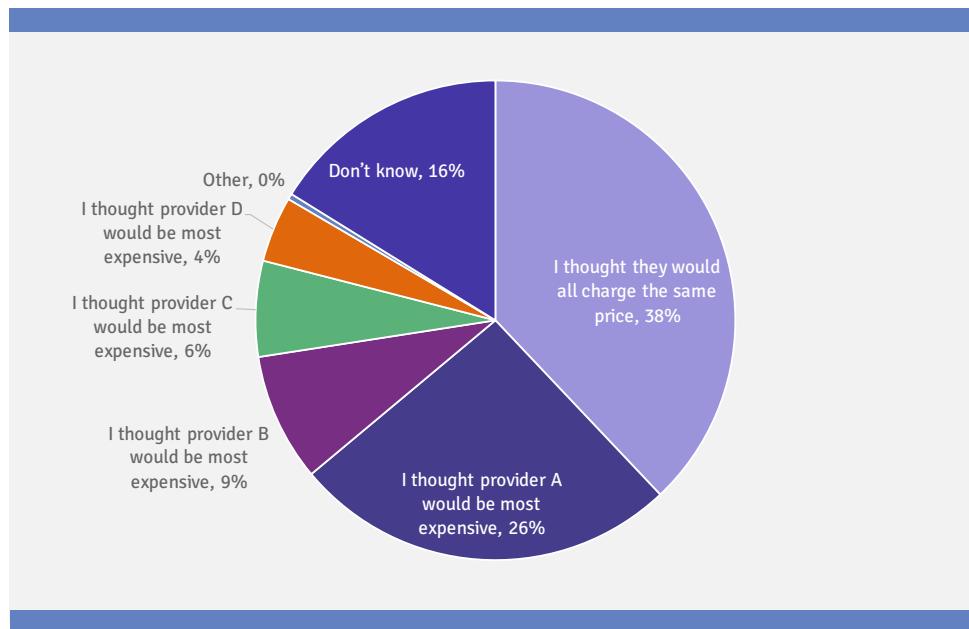
Additional information	%	N
Information on prices	42%	544
I had all the information I needed to make my decision	17%	215
More information on who would be undertaking the work	14%	176
I would have liked to speak to someone on the phone to clarify some issues	12%	157
I would have liked to go into the provider's office to speak personally to someone about this	12%	157
I would have liked the opportunity to clarify some issues over email	11%	141
More information on regulation	10%	135
More information on a Compensation Fund	10%	131
More information on PII	10%	131
More information on how much access I have to the Legal Ombudsman	10%	126
Don't know	8%	102
More information on the complaints handling process	7%	90
There was more information than I needed to make my decision	5%	67
Other	1%	19

Source: Economic Insight regulatory protections trial (N=1,286)

#### 7.4.2 Impact of prices on rankings

As 42% of participants stated that they would have liked to know the cost of the service, we asked them what their expectations about prices for the will writing services of the different providers were. As the following figure illustrates, 38% thought that they would all charge the same price. Just over a quarter (26%) of participants thought that provider A would be more expensive, indicating that participants do attach some monetary value to more regulatory protections.

Figure 76: Price perceptions



*Source: Economic Insight regulatory protections trial (N=1,286)*

We further asked participants whether their rankings would change, based on a set of given prices for each provider, as illustrated in the following table.

Table 44: Prices

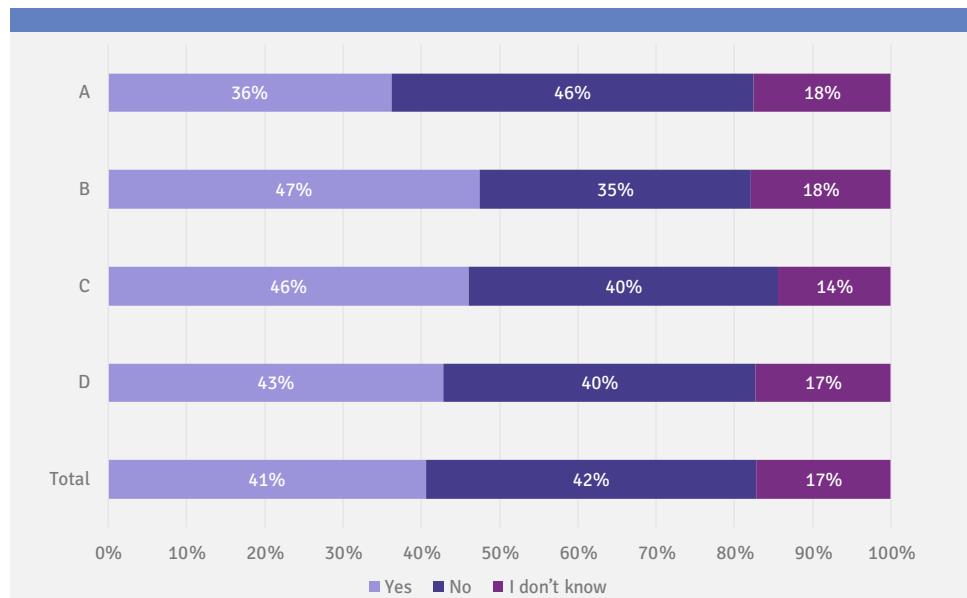
Provider	Price <sup>88</sup>
A	£231
B	£191
C	£169
D	£148

*Source: Economic Insight*

41% of participants would change their rankings in light of the above prices. The figure overleaf illustrates whether participants who had ranked provider A, B, C or D would change their ranking. As can be seen, participants ranking providers B and C were more likely to change their rankings following disclosure of price information. 46% of participants ranking provider A first would keep their ranking as is, hence incurring the higher price for more regulatory protections, with 36% wanting to change their ranking.

<sup>88</sup> Prices were based on research from the Legal Services Board: OMB Research (April 2016), "Prices of Individual Consumer Legal Services: Research Report".

Figure 77: Proportion of respondents ranking provider first who would change their ranking



*Source: Economic Insight regulatory protections trial (N=1,286)*

We further asked participants who said that they would change their ranking to re-rank providers. Unsurprisingly, a 47% of participants who would change their ranking would now rank provider D first.

Finally, we asked participants whether they would be willing to pay to have more regulatory protections and conversely whether they would accept fewer regulatory protections for a lower price.

- 54% of participants said that they would be willing to pay more and have more regulatory protections.
- 59% of participants said that they would not be willing to accept fewer regulatory protections for a lower price.

These findings further support the above, in that participants do make trade-offs between cost of the legal advice and protections offered, and not all would choose the cheapest option, regardless of levels of protections offered.

## 7.5 Conclusions

The online regulatory protections trial results set out above point to the following conclusions:

- Consumers take account of information about regulatory protections and how it is presented / described and use it in their decision-making process.
- Providing consumers with a more detailed description of regulatory protections increases their correct awareness of regulatory status of their chosen provider.
- Consumers take account of price when making their decisions and are able to weigh up information about cost and protections of the services. For example,

consumers can trade-off price against regulatory protections, and some consumers value the latter and are willing to pay more for it.

## 8. Recommendations

These sections sets out our overarching recommendations, and then our recommendations specifically in relation to (a) the provision of information about complaints and (b) the provision of information about regulatory protections.

### 8.1 Overarching recommendations

To recap, our research shows that there is an opportunity to improve consumers' understanding of the regulatory protections they get when using different legal services providers for the following reasons.<sup>1</sup>

- First, the current level of understanding of regulatory protections is mixed. For example, our survey shows that 57% of respondents believe all legal services providers to be regulated.
- Second, when given information on regulatory protections, our research shows that consumers are capable of using it to help inform their decisions. For example:
  - our online complaints exercise supports the view that consumers engage with the data provided by the Legal Ombudsman and tend to choose providers with a low number of remedies and / or without poor service.
  - our online badges trial demonstrates that consumers firstly notice an “SRA regulated” badge, and secondly use it in their decision-making; and
  - our online regulatory protections trial suggests that consumers take account of information about regulatory protections when choosing a provider.

With these conclusions and findings in mind, our **first overarching recommendation** is that the SRA takes steps to **increase consumers' access to this type of information, as it is likely to help consumers make better decisions.**

As part of this, our research highlights that it is important to provide the right information at the right time. For example, at the point of purchase, most consumers naturally focus on trying to gauge the cost and quality of potential providers, so it is important to have greater transparency in this area.

With this in mind, our **second overarching recommendation** is that the SRA focuses on increasing **the ease with which consumers can find relevant information that will help their decision making at each point of the legal process**. Our research suggests, for example, that consumers want practical information about the circumstances under which they can get compensation and / or redress and who to go to. As discussed below, the SRA's proposals for a "badge" could be a practical and effective way of facilitating access to this type of information.

## 8.2 Recommendations relating to the provision of complaints information

- The Legal Ombudsman should continue to publish second tier complaints data and, potentially, increase access to it:
  - consumers use it;
  - consumers make decisions with it in a way that is consistent with good consumer outcomes;
  - publication is consistent with best practice in other countries and sectors.
- The Legal Ombudsman should consider simplifying the information to the extent it wishes to make it more accessible to a consumer audience. In particular, it may be sufficient to set out whether a provider has had at least one second tier complaint and / or whether the Legal Ombudsman has found evidence of poor service, rather than providing the full set of information that it needs to gather to carry out its statutory objectives.
  - Consumers appear to react more to a low number of remedies required, compared to a low number of decisions.
  - In practice, very few providers have more than two Ombudsman decisions and an Ombudsman remedy required against them.
  - To properly interpret the decisions data provided by the Legal Ombudsman, consumers say they would like the number of cases the provider undertakes, but this information is not available.
  - Some consumers do not properly interpret the extra information.
- For similar reasons, the Legal Ombudsman might also consider better explaining the data that is provided. For example, that the data it publishes is not a full record of complaints about legal services providers at both the first and second tier.
- Finally, we did not find a strong case for also publishing first tier complaints data at this stage. Our research shows that sectors with similar characteristics to the legal services market (such as other professional services, or legal services overseas) do not publish this type of information. This type of information tends to be public in sectors where outcomes are more easily categorised as "good" or "bad", as for example utilities, financial services and transport.

### 8.3 Recommendations relating to the provision of information about regulatory protections

As noted above, our research shows that there is (a) an opportunity to improve consumers' understanding of the regulatory protections they get when using different legal services providers and (b) a need to provide the right information at the right time.

- The SRA should take steps to increase consumers' access to this type of information. For example, information that would be particularly useful is:
  - prices;
  - a description of the services offered; and
  - the regulatory status and protections available to consumers, for instance by using an SRA regulated logo as a digital badge.
- The SRA should consider using the “badge” as a way of directing people to further practical information about regulatory protections that they can use if and when necessary, for example by way of a web link. We think that this is more likely to be effective than requiring providers to publish extensive information about regulatory protections on their websites, for example.
- The SRA should consider carefully how the badge is designed given its purpose. For example, whether it would be more effective to have “SRA REGULATED” or “CLICK HERE TO FIND OUT ABOUT X”. As part of this, the SRA could try testing different design options with consumers and other stakeholders.
- Finally, our research shows that consumers are able to “balance” the price of legal services with the extent of regulatory protections they get. Our research therefore supports the recommendation in our previous study *Price transparency in the conveyancing market*<sup>89</sup>, that the SRA asks those it regulates to publish more price-related information on their websites.

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<sup>89</sup> Economic Insight (2017), “Price transparency in the conveyancing market”.

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