

# Year Three Evaluation of the SRA Transparency Rules

24 October 2023

The various elements of the SRA Transparency Rules were introduced in 2018/19 to give the public and small businesses easier access to details to help make informed decisions when purchasing legal services. This was a key element of our long-term reform programme, which we began to develop in 2014.

We worked with a wide range of stakeholders on our transparency requirements, and moved to publication consultation

[<https://www.sra.org.uk/sra/consultations/consultation-listing/ttf-better-information-consultation/?s=cj>] in 2017. We also commissioned external research looking at the case for, and potential benefits of, greater transparency in legal market for both the public [<https://www.sra.org.uk/sra/research-publications/price-transparency-legal-services-market/>] and small businesses. [<https://www.sra.org.uk/sra/research-publications/price-transparency/>]

Introduction of the rules was also partly a response to the Competition and Markets Authority's (CMA) legal services market study of 2016, which concluded that the absence of sufficient information on price, quality and service hindered the ability of consumers and small businesses to engage with the market. The CMA recommended regulators set a new minimum standard for the information published by firms they regulated.

## *This report*

This report considers what impact the rules have had in the first three years since their introduction. It includes the findings of externally commissioned research [<https://www.sra.org.uk/globalassets/documents/sra/research/year-three-evaluation-of-the-sra-transparency-rules.pdf?version=4ad099>] and a summary of our wider work to support both adoption of the rules and wider issues relating to increasing the availability of information to the consumer. The report also outlines the next steps we intend to take as we continue to monitor the long-term impact of these reforms and promote increased transparency in the market.

In particular we wanted to find out whether the rules are having the desired benefits for consumers, the profession, and the wider legal services market. We also wanted to know what more we should be doing to make sure the reforms will lead to the intended outcomes.

This work is part of our wider five-year evaluation programme looking into the impact of our Standards and Regulations and associated reforms. We previously published one-year reviews looking at the 'direction of travel' in

terms of both the SRA Transparency Rules

[<https://www.sra.org.uk/sra/news/press/2020-press-release-archive/transparency-research-2020/>] and the wider Standards and Regulations

[<https://www.sra.org.uk/sra/research-publications/year-one-evaluation-standards-regulations/>] reforms.

This three-year review provides a full impact evaluation of the transparency rules. A three-year review of the Standards and Regulations will follow. These will be followed by five-year reviews of each, assessing the wider impact of the reforms on the market.

## *The SRA Transparency Rules*

The SRA Transparency Rules require all law firms that we regulate to publish the following information on their website:

- Price and service information for certain legal services
- Details on the teams/individuals who will provide services in these specified areas
- Details of their complaints procedure, including how and when issues can be referred to us or the Legal Ombudsman.

Firms who do not have a website must make this information easily available in another format.

Since November 2019, all firms with a website must also display the SRA clickable logo. By clicking on the logo, online visitors link through to personalised information which confirms the firm is regulated and outlines the protections clients can expect to receive when dealing with that regulated firm.

We introduced our Solicitors Register [<https://www.sra.org.uk/consumers/register/>] in October 2019. The register provides a searchable directory of more than 165,000 solicitors and 9,500 law firms we regulate. It includes key regulatory information on each individual/firm, including their name, registered address, what type of solicitor they are and details of any disciplinary record.

## *Independent research*

We commissioned Economic Insight to undertake a year three independent evaluation [<https://www.sra.org.uk/globalassets/documents/sra/research/year-three-evaluation-of-the-sra-transparency-rules.pdf?version=4ad099>] of the transparency rules. This was designed to help us understand whether the information we have mandated to be made available is helping consumers to make informed

choices when purchasing legal services, and whether publication of this information is stimulating competition in the market.

Research was conducted between June and September 2022, engaging more than 3,000 participants from diverse backgrounds and organisations.

This research involved:

- Online surveys of 2,022 individual users of legal services and 1,021 small businesses
- In-depth interviews with 27 individuals and 29 small business owners/managers
- An online survey of 274 regulated law firms and 7 unregulated firms
- In-depth interviews with 13 regulated law firms
- One-to-one interviews with key consumer, professional and regulatory organisations.

## *Key findings*

The findings of our independent research suggest that the transparency rules are beginning to deliver tangible results. Not only are firms making more information publicly available, but consumers are increasingly looking for and using this information when they have a legal need.

This should in turn not only help consumers make more informed decisions, but also improve access to justice, especially among those who previously did not have ready access to such information. This was one of the key outcomes the reforms were designed to help achieve.

The evaluation also found that since 2019, confidence in the legal services market and trust in solicitors had increased. It is hard to link the extent to which changes in how consumers act or feel about the legal sector are related to the new rules coming into effect. However the changed public perceptions and behaviours identified in our research might be a contributory factor.

## *Consumers*

Fifty-five per cent of individuals and 60% of small and medium enterprises (SMEs) reported proactively comparing prices and services of legal services providers before engaging a specific supplier. These figures are up from 46% and 48% who reported doing this during our one-year review.

Fifty-five per cent of individuals and 61% of SMEs who instructed solicitors found it easy to compare the costs and services of different legal services providers.

A fifth (21% of individuals and 20% of SMEs) of consumers reported difficulties comparing providers, mainly due to price and services information being presented differently by different providers.

Half of individuals (50%) and 62% of SMEs thought quality of service was easy or very easy to compare.

Assessing quality of advice was more difficult due to how infrequently consumers use legal service providers. Those surveyed suggested they would try to refer to information such as a solicitor's qualifications, how long the solicitor or the firm has been operating, or their areas of specialism to help inform them.

Awareness of digital comparison tools (DCTs) and review sites is increasing. The research found that 41% of individuals and 55% of SME consumers were aware of legal services price comparison sites. 13% and 22%, respectively reported actively using them to compare legal services providers.

Awareness and usage of online review websites is higher than that of price comparison websites. 51% of individuals and 57% of SME consumers were aware of customer reviews / ratings websites and 21% and 26% respectively, had used them.

The majority (80%) of consumers who instructed a solicitor are satisfied or very satisfied with the service they received. This is a higher rate than for other non-solicitor providers. Levels of trust and confidence in solicitors was also higher than in our one-year review.

Around three quarters of consumers (73% of individuals and 74% of SMEs) who wanted information on their consumer rights and protections and looked at their solicitor's website found it.

Consumers are more aware and are engaging more with the SRA clickable logo compared with year one. The proportion of consumers who instructed solicitors who stated they saw the clickable logo on their solicitor's website has increased significantly from year one, from 15% to 55% for individuals and from 19% to 65% for SMEs.

The majority of consumers who saw the logo on their solicitor's website agreed that the SRA clickable logo gave them confidence in a range of benefits of regulation. Seventy-four per cent of individuals and 80% of SMEs who saw or clicked on the SRA clickable logo also had better understanding of their protections. However 48% of consumers who instructed a solicitor believed that all legal services providers were regulated (up from 42% in year one).

Consumers' awareness of the Solicitors Register has increased, but usage has decreased compared to what was seen in our one-year review. Half of

consumers (50%) were aware of the Solicitors Register (up from 44%) however the percentage who actively used it fell back from 11% to 8%.

### *Law firms*

Most firms report they are now publishing information in the public domain which will help consumers when shopping around. For each individual element of the SRA Transparency Rules a significant majority stated that they are complying with our requirements, and in many cases going beyond them.

However more clearly needs to be done to make sure all firms comply with all aspects of the rules. There are no optional elements.

Our own ongoing enforcement work checking law firm websites would also suggest an apparent gap between what firms think they need to do to comply, and what the rules actually require. In as many as two-thirds of cases where law firms had previously declared to us that their site was compliant, we are finding areas of non-compliance.

We continue to explore how we can work with firms to improve this situation, with respondents to our survey suggesting they would like more support materials and clarity around certain elements of the rules.

### *Overall rule compliance*

When asked if they were complying with the individual aspects of the transparency rules, a majority of firms said they were providing some of/all the required information:

- 75% price and service information
- 88% displaying the SRA clickable logo
- 88% complaints procedures
- 76% details of how to complain to the SRA/Legal Ombudsman

However in terms of price and service information, only 42% said they were publishing all the required information. This means more than half of firms are not fully complying with the rules in that area alone.

In 2021 the SRA asked all law firms with a website to complete a mandatory declaration confirming that they were complying with the transparency rules. Following on from this, we are conducting spot checks of law firm sites. The emerging evidence from this work is that even among firms who declared that they are complying, most are not meeting all the requirements of the rules.

Common areas where the spot checks are finding that firms are not compliant, include:

- compliance with only certain aspects of rules (for example publishing price and service information but complaints information is missing)
- only complying with the rules for some of the service areas they apply to, including where firms have different websites or sections of websites for different areas of law not including price and service information for all areas covered by the rules
- publishing price information but not all the required information on how services will be delivered and by whom
- not displaying the SRA clickable logo properly, so that the dynamic link to information about the firm on the SRA website works

### *Individual rule requirements*

Almost three quarters (74%) of firms who offer the specified legal services said they published some of the required price and services information and 42% said they were fully compliant and published all the required price and services information (compared with 39% at year one). Self-reported non-compliance with publishing the required price and services information was 4% compared with 12% at year one.

Some firms said it was difficult to know how to set out price and services information and further clear and easy-to-follow guidance and templates would be helpful.

Some firms think publishing price and service information would be beneficial to other areas of law and should be expanded. The research found 21% of firms were already voluntarily publishing price and service information for other practice areas and 16% said they plan to extend to do so (compared with 12% at year one).

Almost three quarters (74%) of firms with a website said they publish all the required information relating to complaints (they publish their complaints procedure, how and when to complain to the Legal Ombudsman, and how and when to complain to the SRA). 88% of regulated firms with a website said they publish their complaints procedure (up from 78% in year one), and 76% (up from 74% in year one) said they publish how and when to complain to the Legal Ombudsman and to the SRA.

The majority of firms (88%) said they display the SRA's clickable logo online.

More firms are using the Solicitors Register (64% compared with 59% at year one). The main reason firms use the Register remains to validate details of other solicitors they deal with.



The research found that some areas of the transparency rules (principally publishing price and service information) could benefit from increased clarity which could lead to improvements in compliance from legal services providers. Suggestions from firms included clarity on how cost information should be set out and more examples of best practice and templates.

Almost a third (32%) of SRA-regulated firms consider that the transparency rules are good for business and 42% consider them to be beneficial to consumers.

## *Our wider work*

Our priority is to help and support firms to comply with the rules, while working with others to improve the public's opportunity to have access to the information at their point of need.

Throughout the period covered by this report we engaged in a wide range of activity to raise awareness of rules among law firms, and to support them in complying. Key highlights of this work included:

- 'Regular articles to law firms and the profession in our monthly SRA Update bulletins, circulated to 180,000 solicitors every month
- More than 1,000 compliance officers attending our dedicated sessions on the SRA Transparency Rules at our 2021 and 2022 annual Compliance Officers Conference
- More than 500 views of our transparency rules Q&A webinars
- Promotional activity leading to 61 media articles about or mentioning the SRA Transparency Rules in legal, consumer and national news media
- Regular promotion of the rules and available support materials on all SRA social media channels and through our wider stakeholder network.

## *Checking firm websites*

In 2021 we wrote to 4,000 law firms asking them to complete a mandatory declaration to confirm that their website complied with the requirements of the SRA Transparency Rules, including displaying the SRA clickable logo.

The majority of firms replied that they were in compliance, but where they did not, we contacted them again to advise that they needed to rectify this situation immediately or face potential disciplinary action.

Following this exercise we then conducted 'spot checks' on a sample of websites run by those firms who stated they were complying. This sampling suggested that as many as two-thirds were not actually in full compliance with the rules.

As a result we are now engaged in an ongoing programme of proactive web sweeps checking law firm websites. As part of this work, where we find sites not compliant with all elements of the rules, we contact firms to let them know what is missing. We give them a relatively short period of a few weeks to address our concerns and if they fail to do so, we investigate and take appropriate action. Once our fixed penalties regime is in place, we anticipate applying it in this area.

### *Fixed penalties*

As part of our wider reforms of our approach to issuing financial penalties, we have introduced a fixed penalty regime for dealing with lower level/administrative breaches of our rules. This involves fines of £750 for first offences, and £1,500 for subsequent breaches. One of the areas where we are using fixed penalties is for 'failure to publish the required costs or complaints information, or display a clickable logo, in accordance with the SRA Transparency Rules'.

### *Quality indicators and customer reviews*

While the Legal Services Consumer Panels' 2023 tracker survey found the proportion of people shopping around when looking for legal services had dipped slightly year-on-year (39% compared to 43% in 2022), this still represents more than one third of consumers. It is also a significantly higher percentage than found pre-Covid.

We recently published the findings of our research report and pilot into the use of quality indicators, including customer review websites, within the legal sector.

The review found that while online information and customer reviews were not referred to as widely as for many other services when the public are shopping around, usage was on the increase. The report suggested more than one-fifth (22%) looked at online information and customer review websites before choosing a legal services provider.

The report also highlighted that three-quarters of all those who read such information online found it useful in helping them to make an informed decision about where to get help.

In terms of firms, we found that many were still unsure about the value of sharing information online, and in particular engaging with comparison or customer review websites. But a significant number of those who did, including those who took part in our pilot, reported positive outcomes both in terms of customer relationships and winning new business.



## *Conclusion and next steps*

Overall, the year three evaluation is positive. It shows that the transparency rules are having an impact and helping consumers to compare legal services providers and make informed choices. It indicates that more consumers are using the information firms are publishing to shop around, confidence in providers is growing, and that the SRA clickable logo is helping consumers who engage with it to understand their protections.

The evaluation also highlights areas where there is still more to do. In particular, a substantial minority of consumers still find it difficult to compare providers because information can be presented differently by each provider.

While use of comparison websites and online reviews is increasing, those who engage with them still represent a minority, leaving the remainder unsure on how to compare providers or get information on quality of service. Many law firms also remain sceptical about over how to engage with such sites.

While a significant majority of firms stated they are fully complying with all the requirements of the transparency rules, we know that many are not.

For the sake of the public, and their ability to make informed decisions, it is important that firms fully understand and comply with all requirements of the rules. We are taking the necessary steps to enforce our rules and to provide further supporting material for firms.

Taking into account the findings from this research, alongside wider feedback and evidence from a range of stakeholders we are also considering the case for future changes or additions to our transparency requirements. The programme of research

[<https://www.legalservicesconsumerpanel.org.uk/what-we-do/research-and-reports>] carried out by the Legal Services Consumer Panel is also informing this review.

We are also taking into account the Competition and Markets Authority's past work on the legal services market [<https://www.gov.uk/cma-cases/review-of-the-legal-services-market-study-in-england-and-wales>] , and the Legal Services Board's 2022 policy statement on empowering consumers

[<https://legalservicesboard.org.uk/wp-content/uploads/2022/04/Statement-of-policy-on-empowering-consumers.pdf>] .

We will engage with stakeholders on any emerging proposals for change, which may include alterations to our regulatory arrangements and/or other activities aimed at fostering greater transparency for consumers of legal services. We would use consumer testing to ensure that any new regulatory requirements are aligned with how consumers look for help on legal issues.

The year three evaluation shows that the firms we regulate are making progress in giving consumers the information they need to choose a legal adviser. We want to see that progress continue, in order to support consumers and promote competition in the legal market. We plan to assess these wider impacts in the year five evaluation of the transparency rules.

Download report: Year Three Evaluation of the SRA Transparency Rules (PDF 113 pages 1.7MB)  
[<https://www.sra.org.uk/globalassets/documents/sra/research/year-three-evaluation-of-the-sra-transparency-rules.pdf?version=4ad099>]