

# Price transparency in the legal services market

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Perspectives of legal firms

October 2017

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# 1 Executive summary

1. When people need help with a legal problem, it can be difficult to find useful information on price or quality of service. It can be difficult to make good choices and some people might not access legal help due to a lack of information.
2. We want to improve the amount of information that people have about a solicitor or firm when they are considering purchasing legal services. This includes information on costs, as consumers should be able to gain an understanding of the cost of the service they are looking to purchase. Understanding how to introduce greater price transparency in legal services is key to us supporting a healthy and competitive legal services market.
3. We conducted research into price transparency in the legal services market. It consisted of an initial web sweep of 320 firm websites, which then informed a wider online survey of all regulated firms. The survey received a total of 1,146 responses from firms.
4. The aims of the online survey were to understand:
  - how firms currently advertise their costs and in what way
  - the challenges and barriers of advertising upfront price information
  - the benefits and risks of different pricing models
  - the use of comparison websites and online reviews.
5. Importantly, the research provides a starting point from which to evaluate and assess the impact and effectiveness on the market of increased price transparency.
6. The key findings of the online survey of regulated firms are:

## Key findings of the firm survey

- The vast majority of respondents did have a website (83%) with 6% in the process of developing one, while 11% of firms did not have a website.
- Only 18% of firms advertise prices for any of the services they provide<sup>1</sup>. This is broadly in line with the findings of the CMA report<sup>2</sup>, which found that fewer than 17% of solicitors' firms and other legal providers displayed fees on their website.
- There are many reasons why firms did not advertise price. These ranged from basing price on the needs of each client (53%) to not wanting competitors to see their prices (17%).
- Of those firms that did advertise price, 70% of firms did so to make it easier for clients to understand their services, 57% to attract more clients and 31% to be more competitive.

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<sup>1</sup> This is for any form of advertising whether this is online or in other formats.

<sup>2</sup> [CMA report: legal services market study](#)

- Firms said the main benefit to customers in advertising prices was managing their expectations about cost (39%). Only 17% of firms believed that advertising costs led to lower prices for consumers and led to more consumers accessing legal services.
  - Of those firms that did advertise prices, the three most popular pricing models advertised were fixed fee (63%), hourly rate by grade of staff with an estimate of number of hours worked (22%), and estimate (19%).
  - The majority of firms (82%) did not advertise prices in any format. These firms were asked about their preferred approaches to pricing, if they had to advertise prices. A higher number of respondents chose an hourly rate by grade of staff with an estimate of number of hours worked (63%), followed by fixed fee at 59% and estimate (55%).
  - The main challenge firms identified in advertising prices was that matters can be complex and variable (74%), which can make pricing difficult.
  - Firms considered many factors when setting prices for their services. They considered the professional expertise of staff (65%) and took account of the hourly rates of staff (64%). Half of the firms who advertise prices also considered the rates of competitors and 46% considered their client base.
  - All firms were asked that if providing price information was mandatory, what type of guidance would be useful. In response 71% said that general best practice information would be useful and 66% would like to see examples and templates of how to present price information.
  - Only 3% of firms provide price information to comparison websites.
7. Many firms provided their overall thoughts on price transparency, the main theme of these were that consumers did not choose a legal provider based on price alone but on other factors such as skills, qualification, quality and consumer protections.

Our [consultation](#)<sup>3</sup> outlines our proposals for the publication of:

- information on price and description for certain legal services
- client's complaints to law firms and area of practice
- a digital register of the firms and individuals we regulate
- regulatory status and protections available through the use of an SRA logo and digital badge
- information on client protections from those solicitors working outside Legal Services Act-regulated firms.

Therefore price, in isolation will not be the only information available to consumers. Our proposals do not seek to limit the information that firms can publish, it only seeks to set some minimum requirements.

8. Price transparency is very uncommon in the legal services market. Only 18% of firms advertise prices for any of the services they provide. Yet this information could help people make informed choices and improve competition. The findings of the research have helped to illuminate the risks and opportunities, many of which we knew about

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<sup>3</sup> <http://www.sra.org.uk/sra/consultations/litf-better-information-consultation.page>

before this research study. This research serves as a baseline to measure the impact of price transparency and importantly, the research will inform our ongoing thinking and final recommendations on transparency requirements.

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## 2 Introduction

### 2.1 Background to the research

9. When people need help with a legal problem, it can be difficult to find useful information on price or quality of service. It can be difficult to make good choices and some people may not access legal help due to a lack of information.
10. We want to improve the amount of information that people have about a solicitor or firm when they are considering purchasing legal services. One of these areas includes information on costs. Consumers should be able to get an understanding of the cost involved before purchasing a legal service. Understanding how to introduce greater price transparency in legal services is key to us supporting a healthy and competitive legal services market.
11. We conducted research into price transparency in the legal services market. It consisted of a web sweep of firms' websites which informed an online survey of all regulated firms. The web sweep sampled 320 firms. The survey received a total of 1,146 responses from firms.
12. The research findings will inform our approach and any regulatory requirements around requiring firms we regulate to publish prices on their own website (or provide price information on request if they do not have a website) for particular areas of law. The scope of the research focused primarily on price transparency for individual consumers.

### 2.2 Background to price transparency

13. We already have a firm search tool, [Law firm search](#) on our website, which provides basic regulatory information about the firms we regulate. But it does not provide information on the cost of services.
14. In October 2016, we issued a discussion paper on regulatory data and consumer choice in legal services<sup>4</sup>. The purpose of the discussion paper was to seek views on our proposals to publish information to help consumers make informed choices when purchasing legal services and drive competition. We also sought views on what information we may require SRA regulated firms or individuals to provide to people and small businesses seeking legal services.
15. These initiatives followed the Legal Services Consumer Panel's (LSCP)<sup>5</sup> report in February 2016, which reviewed what information regulators could collect from those they regulate to help consumers. The report made recommendations for approved regulators to improve the provision of regulatory information.

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<sup>4</sup> SRA Discussion paper: regulatory data and consumer choice in legal services

<sup>5</sup> [LSCP: Opening data in legal services](#)

16. In December 2016, the Competition and Markets Authority (CMA)<sup>6</sup> reported on their market study into the provision of legal services in England and Wales. The CMA concluded that competition in legal services for individual consumers and small businesses is not working well. In particular, it found that there is not enough information available on price, quality and service to help those who need legal support choose the best option.
17. The study found that this lack of transparency is weakening competition between providers and means that some consumers, in particular vulnerable consumers, do not obtain the legal advice they need.
18. The CMA's report called on regulators to set a new minimum standard for price transparency. Consumers should be able to understand the total price of the service and what is included without contacting the firm.
19. There was also a recommendation for the creation of comparison websites and other intermediaries to allow consumers to compare prices and the quality of services<sup>7</sup>.
20. Based upon this recommendation we are consulting on whether to mandate that regulated firms publish prices on their own website (or provide price information on request if they do not have a website) for particular areas of law.
21. Our [consultation](#) looks at a number of possible areas to introduce price transparency requirements. The proposed areas of law for individual consumers are residential conveyancing, wills, probate (including estate administration), uncontested divorce (excluding children and finance), power of attorney, motoring offences, employment tribunals and personal injury claims. For small business, the areas are debt recovery and licensing applications in relation to business premises. Three to four areas of law will be identified as a starting point to move forward on developing more specific proposals.
22. This research will be used alongside our consultation to help guide our policy development in this area.
23. Our plans for implementing the CMA recommendations and our work on the provision of regulatory data will be a rolling programme for the next few years. This research focusses on price transparency. In 2018, our research will be extended to cover the CMA's recommendations on complaints and consumer protections as well as price transparency for small business consumers.

## 2.3 Price transparency in the legal market

24. Previous research studies have identified numerous issues such as consumer asymmetry (where the supplier's knowledge and expertise potentially put the consumer at a disadvantage in selecting services), lack of information and accessibility in the legal market. The rationale for this research is based on these findings and the need to reform the market for the benefit of consumers so they can better compare providers, particularly on price. We hope this will drive competition in the market, leading to better quality and lower prices. The following sections provide an overview of the main issues.

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<sup>6</sup> [CMA report: legal services market study](#)

<sup>7</sup> [Legal Futures: CMA final report](#)

## Consumers and legal needs

25. Research by the Legal Services Board (LSB) on individual consumer needs<sup>8</sup> shows that 54% had experienced at least one legal issue within the previous three years. The most common issues were consumer issues, buying or selling a house, making a will, dealing with an issue or estate of a deceased relative, disputes with neighbours and issues getting the right welfare benefits, tax benefits, pensions and student loans.
26. Only 30% of these issues were handled using advice and support. Only 56% of this advice and support was provided by a legal professional. Fewer than 10% took advice from a solicitor or barrister.
27. The most common reason for not using solicitors was that people believe the services would be too expensive, especially for highly complex and multiple legal issues. The perceived costs are directly hindering consumers from accessing legal services, particularly for those who probably require them the most.

### Choosing a legal services provider

28. The research<sup>9</sup> found that the most common ways people choose a provider is by using one they have previously used. This was followed by internet search, personal recommendation, knowledge of the provider and referrals.
29. When choosing an advisor, respondents felt they needed information about the price of services and about relevant expertise.

### Lack of price information

30. The CMA research<sup>10</sup> found that most consumers (77%) do not compare services and some (23%) are given no information on price, even after contacting and committing to use a provider. For those consumers who did receive price information, most only received a quotation or an estimate. In fact, 45% had no idea what the cost would be before they contacted the provider.
31. Area of law has been found to have an association with levels of price transparency. The CMA research found that consumers using conveyancing services were significantly more likely to receive price information, whilst consumers using personal injury services were significantly less likely to receive this information.
32. Fixed price fees are now quite a common feature in the legal market. 58% who paid for services, particularly in conveyancing, remortgaging and wills, were quoted a fixed price for the work which did not change. Unbundling services, where the provider and consumer divide up tasks between them, was used by 18% of consumers.
33. The CMA has called for the creation of comparison sites. There is no leading big brand provider of such a service at present. The LCSP tracker survey in 2017, found that just

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<sup>8</sup> [LSB: Individuals' handling of legal issues](#)

<sup>9</sup> [LSB: Individuals' handling of legal issues](#)

<sup>10</sup> [LSB: research briefing](#)

2% of consumers purchasing legal services used a comparison website as very few are in operation<sup>11</sup>.

34. It was also found that members of the public were generally satisfied with the quality and value for money from the providers. But questions remain about how well placed consumers are to understand the cost and value, considering the lack of competition and ability to compare providers.

### **Publishing price information**

35. Transparency has always been an important feature of better regulation, particularly reinforced since the establishment of the Better Regulation Task Force in 1997.
36. It is now well established that information in a simple format, that is accessible at the point of need is especially important in markets such as this one, where there is a complex regulatory landscape, information asymmetry and the little information that is available is difficult to understand and navigate.

### **The importance of price transparency**

37. Price is important for people when they are looking to purchase legal services. The cost of services is the second most important factor when searching for a solicitor (after reputation)<sup>12</sup>. There is currently little price information available to consumers to help them compare and choose a legal service provider: the CMA report found that fewer than 17%<sup>13</sup> of solicitors' firms and other legal providers displayed fees on their website.
38. A lack of transparent pricing is a significant barrier to members of the public and small businesses being able to compare providers, access legal services and drive competition in the legal services market. This information should be easily accessible before they choose a provider rather than at the point of engagement.
39. Data from the Legal Ombudsman<sup>14</sup> shows that 17% of accepted complaints were related to perceived lack of transparency involving deficient costs information or excessive costs.

### **Challenges with price transparency**

40. It is recognised that there are challenges with price transparency such as:
- Complexity - the complex and variable nature of legal work can make exact estimates difficult.
  - Affordability - firms may argue that the cost of a legal matter needs to be discussed to understand the nature and complexity of the matter, including affordability and an individual's risk appetite.

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<sup>11</sup> [LCSP: Legal Services Consumer Tracker 2017](#)

<sup>12</sup> [LSCP: Choosing legal services](#)

<sup>13</sup> [CMA report: legal services market study](#)

<sup>14</sup> [LeO: Complaints data 2015-6](#)

- Pricing models - there are many different types of pricing models e.g. fixed fee, hourly rates, capped charges, unbundled services, conditional fee agreements or damages based agreements. Many providers are pricing on a case by case basis which can reduce competition making it difficult for consumers to compare prices and services.
- Accuracy - there are concerns that some firms may publish artificially low prices for information purposes.
- Regulatory burden - firms may be concerned that a requirement on them to publish cost information is a disproportionate regulatory burden.
- Context - people rarely make choices based on price alone, they will consider any evidence on quality of service, reputation and consumer feedback. Publishing price information without linking it to stages of service is likely to increase consumer confusion.

### Benefits of price transparency

41. Advertising price information can be a useful for firms too, by:

- reaching a wider market
- increased visibility
- being more innovative
- being more competitive.

42. Research<sup>15</sup> has shown that there is considerable dispersion of prices for the same legal service indicating that it would serve consumers to shop around.

43. It is interesting to note from the LSB research, that although only 17% of firms display prices on their websites, these firms are generally cheaper and those charging on a fixed fee basis also tended to offer the lowest price on average when compared with those charging in other ways<sup>16</sup>.

44. Current research shows that 63% of the public do not believe that professional legal advice is an affordable option for ordinary people<sup>17</sup>. By advertising price information firms could win more business as it will help more consumers to access legal services.

45. It is recognised that providing price information is easier in some practice areas than others. For example, an increasing number of firms are now offering standard fixed fees in conveyancing, will writing, power of attorney and immigration. However, even for complex divorce matters, fixed fees are being offered in 36% of cases<sup>18</sup>.

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<sup>15</sup> [LSB: Prices of Individual Consumer Legal Services](#)

<sup>16</sup> [LSB: Prices of Individual Consumer Legal Services](#)

<sup>17</sup> [Unjust Kingdom: UK Perceptions of the Legal and Justice System](#)

<sup>18</sup> [LSB: Prices of Individual Consumer Legal Services](#)

## Digital comparison tools

46. The CMA has recommended the creation of digital comparison tools and websites for legal services. These are common place in other sectors, particularly for energy, insurance and communications. As mentioned above, only 2% of people purchasing legal services used a comparison website simply because there are very few in operation. Comparison tools would help consumers to access and to assess comparable information in one place which would drive competition between providers.
47. Some firms may be concerned about web tools that enable clients to post reviews as they may be heavily influenced by the outcome of the case.
48. This research explored the area of digital comparison tools with solicitors.
49. In summary, there is consensus and evidence to show that a lack of price information is a significant barrier to members of the public and small businesses seeking and accessing legal services.

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## 3 Methodology and research questions

50. This research was delivered through a mixed-method approach.

### 3.1 Online survey of regulated firms

51. An online survey was designed and administered using Survey Gizmo. An email with a link to the survey was sent to all regulated firms. The survey was profession wide to gather evidence from all types of organisations and practice areas on price transparency.

52. The survey was in the field from 10 July to 28 July 2017 and received a total of 1,146 responses<sup>19</sup>.

53. The questionnaire can be found at Appendix I <sup>20</sup>.

54. The survey sought information on:

#### Current price transparency

- does the firm have a website?
- do firms advertise price information?
- how do firms advertise price information?
- why do/do not firms advertise prices for services provided?
- for which areas of law do/do not firms advertise price?

#### Pricing models

- what approach is used by firms in terms of types of pricing models? e.g.
  - fixed fee
  - hourly rates by grade of staff and number of hours
  - capped charges
  - conditional fee agreement
  - damages based agreement
  - fixed percentage fees
  - monthly/annual retainer

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<sup>19</sup> The sample cannot be said to be totally representative of the population as it was self-selecting however, the responses received covered all types of regulated firms in terms of size and area of practice.

<sup>20</sup> Note that some questions are multiple response.

- scenario based pricing
- unbundling.
- how do firms set the prices for services?

### **Benefits and challenges of price transparency**

- what are the benefits of advertising prices for firms?
- what are the challenges of advertising prices for firms?
- the benefits and risks of different pricing models

### **Mandating price transparency**

- views on a mandatory requirement to advertise price information

### **Digital comparison tools**

- views on comparison websites
- views on online reviews/feedback

### **Guidance from the SRA**

- what type of guidance do firms require from the regulator to assist with price transparency?

## **3.2 Web sweep of firms' websites**

55. The web sweep sampled 320 firms across eight areas of law and identified the availability of price information in the legal services market, including whether firms had websites, whether they published information on prices, and how this information was presented.
56. The eight areas of law identified for analysis were divorce, employment, immigration, motoring offences, personal injury, power of attorney, residential conveyancing and wills. We sampled 40 firms for each area of law, totalling 320 websites across a representative sample of very large, large, medium and small sized firms in each area of law.

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## 4 Web sweep of firms' websites findings

57. The findings of the web sweep are in line with the CMA findings in terms of levels of price transparency.

58. A summary of the findings is set out below:

- More than three quarters of the 320 firms sampled had websites but only 6% disclosed price information.
- Nine out of ten firms specialising in personal injury and divorce law had websites, compared to less than two thirds of firms specialised in wills, and less than half in power of attorney.
- Highest levels of price disclosure were seen in the areas of wills and residential conveyancing, where one in eight firms provided pricing information.
- Large firms disclosed pricing information more commonly than medium and small sized firms. All large firms sampled had websites, and one in six disclosed price information.
- ABS firms were more likely to have a website. More than nine out of ten ABS firms had websites compared to three quarters of non-ABS firms.
- Three quarters of the firms which disclosed pricing information on their website followed a fixed pricing structure. Others provided an expected fee range or example fee. The detail of the information provided varied between areas of law, with firms specialising in residential conveyancing and power of attorney providing the most detail.

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## 5 Survey findings

- 59. This section details the survey results<sup>21</sup> from regulated firms.
- 60. Appendix II provides an overview of the responses to the questionnaire including headline characteristics, demographics of the firms and references to some of the further analysis mentioned in the main body of this section.

### 5.1 Overview of respondents

- 61. A total of 1,146 representatives of firms responded to the survey, of which almost half stated there were sole practitioners (48%)<sup>22</sup>, of these 34% were sole practices (converted to this company status)<sup>23</sup>. The remainder were 2 to 25 partner firms (49%) and 1% were very large firms (more than 26 partners)<sup>24</sup>.
- 62. One third of respondents described their firm<sup>25</sup> as a high-street practice (33%), with 25% stating their firm was a specialist/niche firm. The proportion of ABS was 4% and 1% were large city firms.
- 63. There was a spread of responses to cover geographical location<sup>26</sup>, with 18% of firms based in the South East, Central London (11%) and Wales (4%).
- 64. Almost one fifth of firms stated they carried out legal aid work<sup>27</sup>. However, the majority (68%) of firms' overall work for the past 12 months consisted of less than fifty percent of legal aid work<sup>28</sup>.
- 65. The representatives<sup>29</sup> of the firms who responded were all in senior positions, consisting of partners, compliance officers for legal practice (COLPs) and for finance and administration (COFAs), authorised signatories or managers.
- 66. Firms were asked to select all the areas of law practised by their firm<sup>30</sup>. The most common six areas were wills, trusts and tax panning (48%), property residential (48%),

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<sup>21</sup> Please note the total number of respondents for each question will differ according to the number of respondents who answered the question. When those respondents who do advertise prices (the minority) are asked a series of questions related to advertising prices, the total number of responses (N) can become low and should be treated with caution. However, given that price transparency across the profession is not widespread, the survey responses and numbers can be seen as reflecting the profession. Importantly, this survey provides a starting point from which to evaluate and assess the impact and effectiveness on the market of increased price transparency.

<sup>22</sup> Appendix II, Figure I.1

<sup>23</sup> Appendix II, Figure I.2

<sup>24</sup> Appendix II, Figure I.1

<sup>25</sup> Appendix II, Figure I.3

<sup>26</sup> Appendix II, Figure I.4

<sup>27</sup> Appendix II, Figure I.5

<sup>28</sup> Appendix II, Figure I.6

<sup>29</sup> Appendix II, Figure I.7

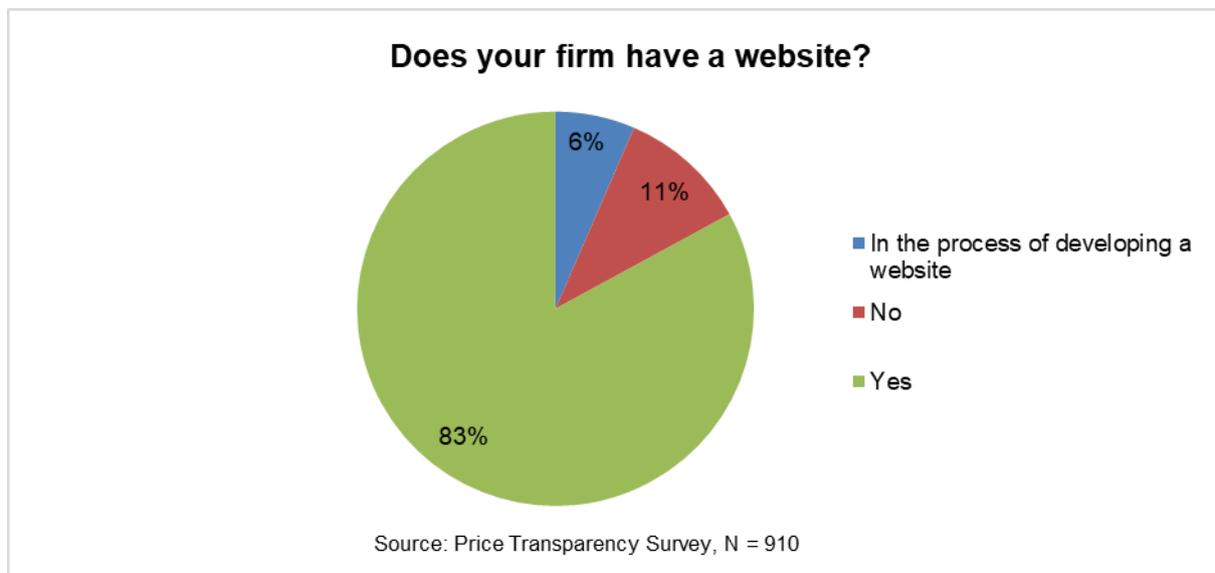
<sup>30</sup> Appendix II, Figure I.8

property commercial (46%), probate and estate administration (45%), civil litigation (45%) and family/matrimonial (44%)<sup>31</sup>.

## 5.2 Advertising prices

67. Firms were asked if they had a website or if they were in the process of developing a website. The majority did have a website (83%) with a further 6% in the process of developing one, 11% of firms did not have a website as shown in Figure 5.1.

**Figure 5.1: Firms and websites**



68. Unless firms specifically asked clients if they looked at their website before instructing them, then it may be quite difficult for firms to gauge the use of their website. However, to provide some indication, 33% of firms believed that some of their clients had used their website before instructing them<sup>32</sup>.

69. Only 18% of firms advertise prices in any format, for any of the services they provide as shown by Figure 5.2. This is broadly in line with the findings by the CMA report which found that fewer than 17%<sup>33</sup> of solicitors' firms and other legal providers displayed fees on their website.

70. Sole practices were slightly less likely to advertise price, with 15% of them publishing prices<sup>34</sup>.

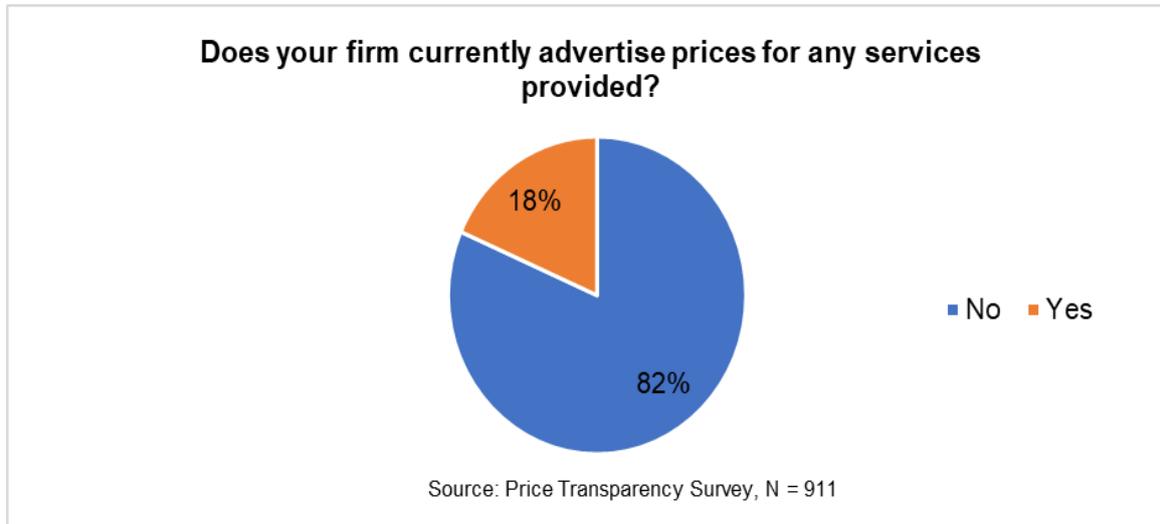
<sup>31</sup> We defined a firm as being specialised in a certain area of law if they generate greater than or equal to 50% of their overall turnover in that area of law, or if they generate greater or equal to 25% and less than 50% of their overall turnover in that area of law, but have more than 4 partners.

<sup>32</sup> Appendix II, Figure I.9

<sup>33</sup> [CMA report: legal services market study](#)

<sup>34</sup> Appendix II, Figure I.10

**Figure 5.2: Firms currently advertising prices**



71. It was found that firms with a head office located in the South West (27%) had a greater number of firms advertising price and Wales had the lowest (0%) based on the survey responses<sup>35</sup>.
72. Some respondents did not have websites and commented on this in relation to publishing prices particularly smaller firms who also mentioned the additional time and cost.

*“...I know quite a few specialist EU law and other lawyers who do not have websites at all but have a lot of business clients so do not assume everyone has a website. I think it would be a lot simpler just to exclude commercial clients from the rule change...”*

*“Some smaller firms do not have web sites so cannot easily publish before the point of engagement although they can and I would hope do notify clients of their hourly rate before the point of engagement.”*

*“Size of firm as smaller firms have limited finances and regularly publishing fees adds to their costs...”*

*“It is unreasonable to expect the sole practitioner to be required to do this in particular where majority of work is from existing clients or word of mouth recommendation.”*

Our [consultation](#) proposes that firms without a website will not need to create a website, but will have to provide the information to the public on request without the need for a consultation.

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<sup>35</sup> Appendix II, Figure I.11

### 5.3 Not advertising price

73. There are many reasons why firms did not advertise price as shown in Figure 5.3. These ranged from basing price on the needs of each client (53%) to not wanting competitors to see prices (17%).
74. Many firms said the main reason they did not advertise price was due to the need to take into account the needs and budget of the client.

*“...We also don't advertise any fees for our 'employer'/corporate clients, because these fees are adjusted to suit the particular needs and budget of those clients, so we have no standard prices that could be advertised.”*

*“...We need to understand our clients' needs and the situation (even with standard work) before fixing a fee or providing an estimate. My fear is that if this is published we lose the chance to understand the clients' needs and the transaction details before providing a price...”*

*“We are genuinely flexible in our approach to fees and will charge according to clients' means...”*

*“... We often adjust the hourly rate in litigation from the standard £200 ph to a more affordable £135 if we think the client cannot afford the fees and we need the work - how could you advertise that? It's a subjective approach tailored to the job... It could put off clients and force a race to the lowest feasible price...”*

Larger firms (more than 11 partners) stated that due to the complex services they offer, publishing prices would be difficult<sup>36</sup>. These could relate to corporate services.

Those firms specialising in criminal work cited prices being driven by external factors such as Legal Aid. Those working within immigration and employment also mentioned prices being based on the needs of each client<sup>37</sup>.

*“In immigration cases, you never know how much work may need to be done in the future as client's often hide issues and become transparent at a later time, or if case is refused and you need to appeal depends on the refusal and grounds to be done to quote the appeal cost...”*

75. Some firms commented on undercutting by competitors, including by unregulated firms, whilst others were concerned about larger firms taking business from smaller firms.

*“Risk that we can be undercut by our competitors - for example we do not advertise conveyancing services online at all because we know that there are two firms in the area who will under-cut us and conveyancing is already done with very slim profits.”*

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<sup>36</sup> Appendix II, Figure I.12

<sup>37</sup> Appendix II, Figure I.13

*“Clients are more likely to choose us because they know what the likely costs are going to be before they contact us. However, there is anecdotal evidence that our competitors undercut our charges as they know what we charge.”*

*“We are fully transparent with our clients when they request information regarding fees. Publishing this will only allow competitor firms who are not regulated by the SRA to undercut us more than they already claim to...”*

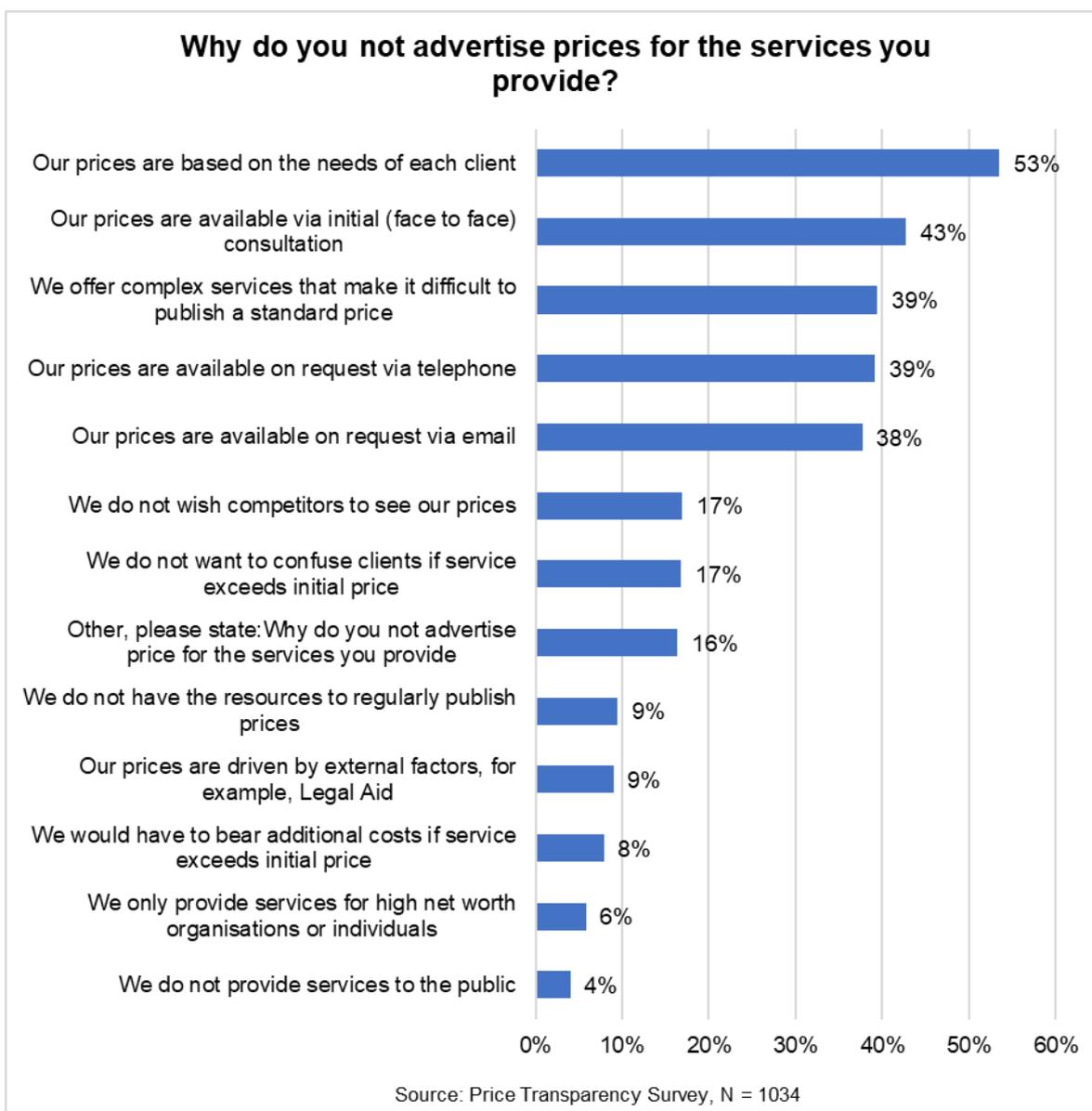
*“...large firms undercutting small firms without recognising the personal attention a small firm can offer clients which larger firms can rarely provide.”*

*“... Small firms who give a personal service could not compete with the very large 'telephone bank' firms.”*

*“In immigration, it would be very unfair as there are many OISC regulated firms ...”*

*“No other business is prepared to disclose pricing structure to the competition.”*

**Figure 5.3: Why firms do not advertise prices**

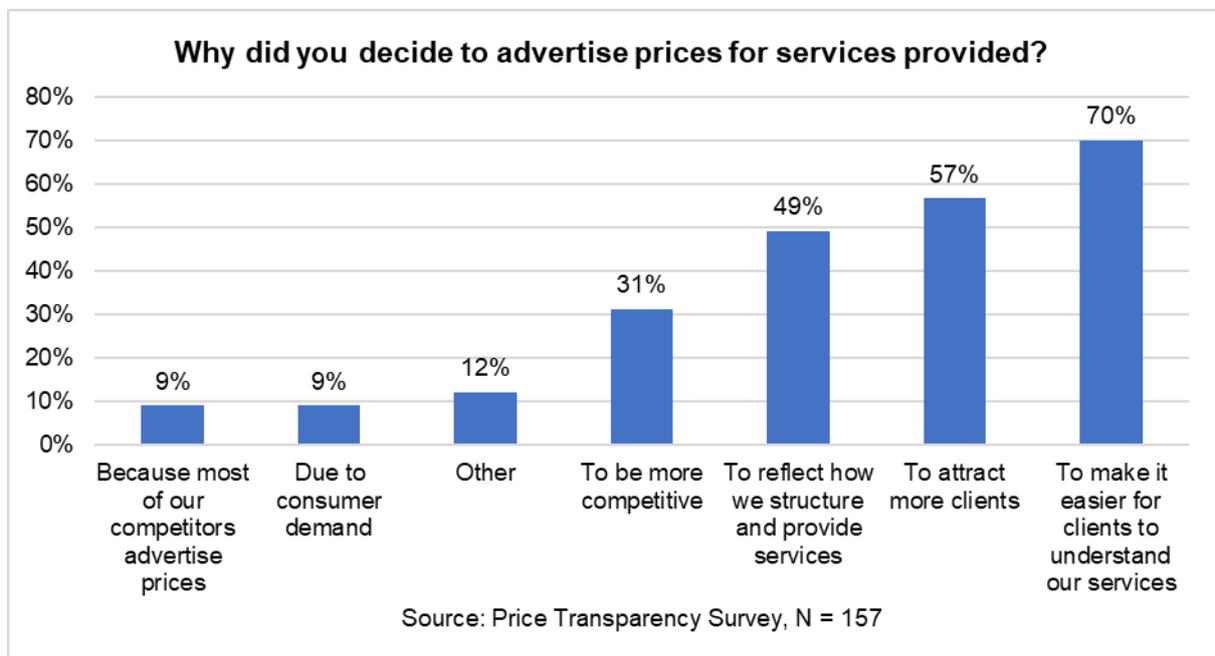


## 5.4 Reasons why firms currently advertise price

76. It is known that there are challenges to advertising prices but some firms have recognised the benefits to advertising prices. For the minority of firms who do advertise price, the reasons why they decided to do so are shown in Figure 5.4.

70% of firms stated they decided to advertise prices for their services in order to make it easier for clients to understand their services followed by 57% who wished to attract more clients and 31% who wanted to be more competitive. Although only 9% of firms advertised to keep up with their competitors, as firms become more transparent in relation to the cost of their services, this should drive competition to the benefit of consumers. Only 9% of firms stated they advertise prices due to consumer demand, as this is not common place in this market. As the publication of pricing becomes wider spread consumer expectation is likely to increase.

**Figure 5.4: Reasons for advertising prices for services provided**

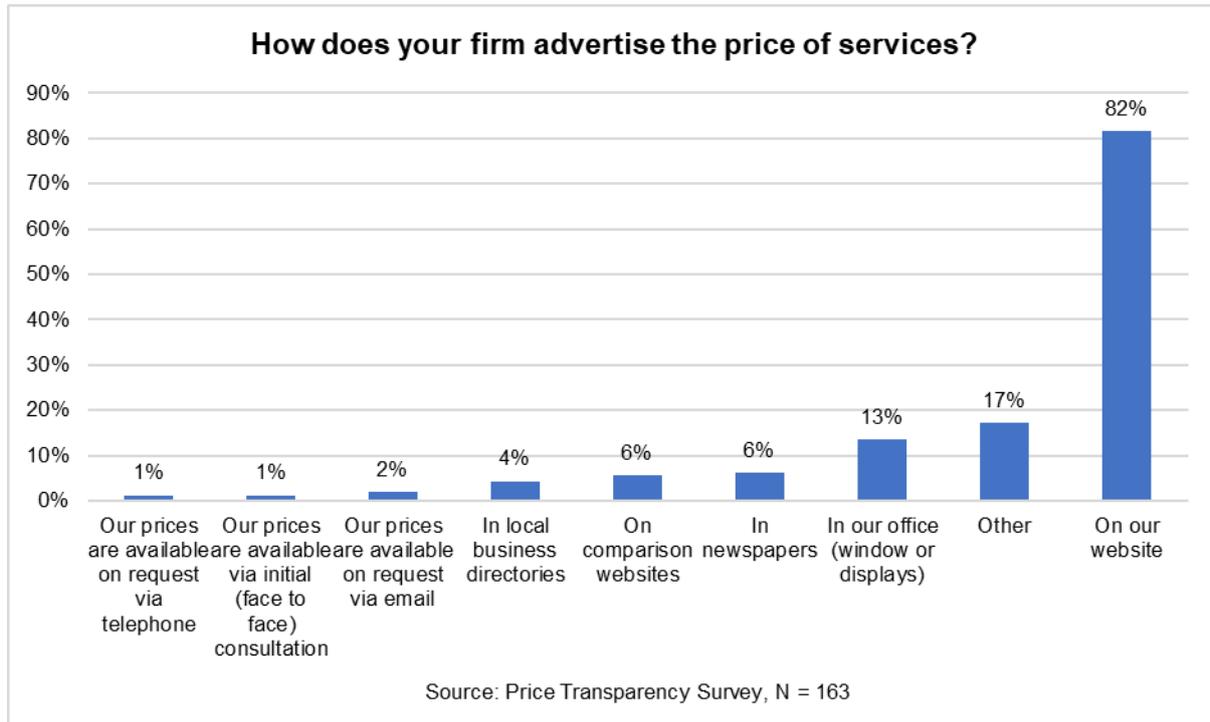


77. The majority of firms advertise prices on their website (82%). Very few (6%) advertise on comparison websites, the other responses at 17% included leaflets, brochures and on Facebook as shown in Figure 5.5.

One firm described the type of information included in their leaflet.

*“We have a leaflet relating to the fixed fee which is available to download, and which sets out what is and is not included, and current figures for the work and for court fees.”*

**Figure 5.5: Methods used to advertise the price of services**



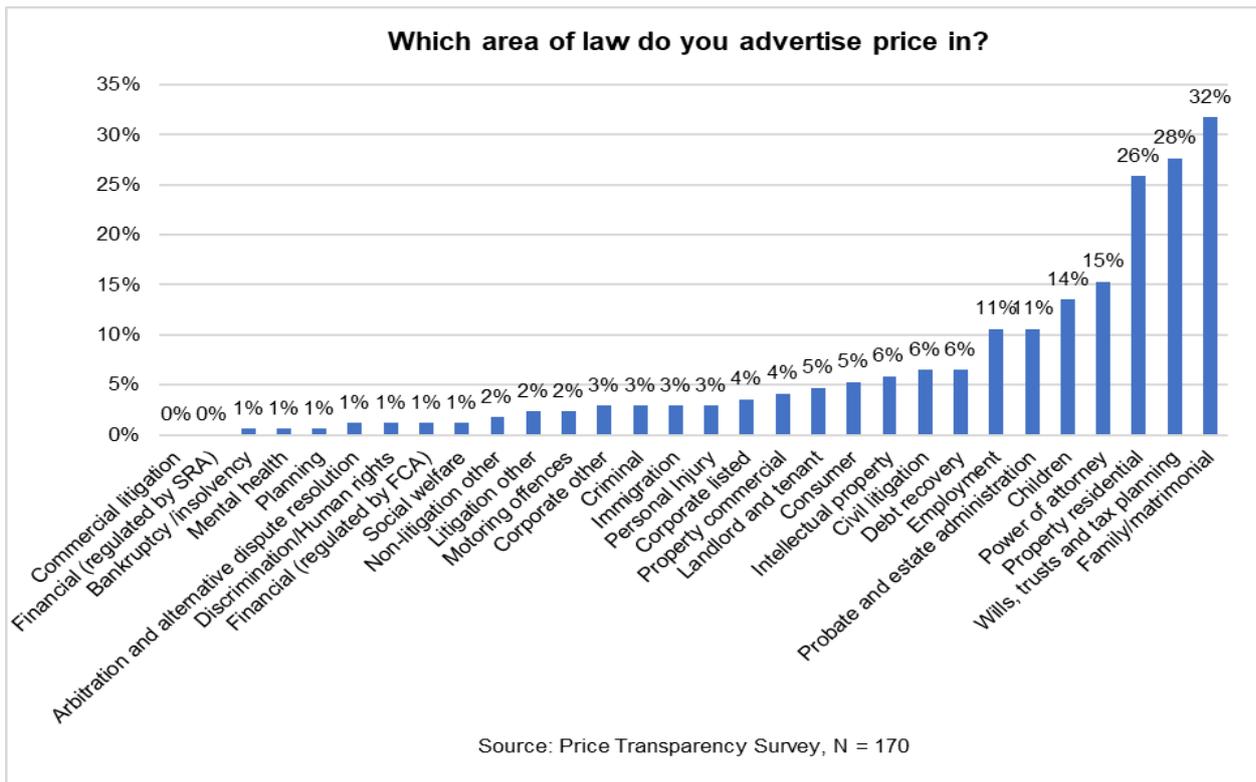
Of these firms, 29% stated they have advertised price information for more than five years<sup>38</sup>.

## 5.5 Areas of law for advertising prices

78. For those firms who do advertise price, the most popular area of law was in family/matrimonial followed by wills and residential property as in Figure 5.6.

<sup>38</sup> Appendix II, Figure I.14

**Figure 5.6: Area of law for advertising prices**



## 5.6 Approaches to pricing

79. Of those firms that did advertise prices, the three most popular pricing models were fixed fee (63%), hourly rate by grade of staff with an estimate of number of hours worked (22%) and estimate (19%)<sup>39</sup>.

On further analysis by area of law, fixed fees are most common across all the areas of law we are considering mandating price information. Figure 5.7 shows that 82% of firms specialising in residential conveyancing use fixed fees pricing. Hourly rate is not often used for wills, conveyancing and power of attorney. Damages based agreements are used by 22% of firms carrying out probate work. Unbundling is offered by 27% of firms within family law.

<sup>39</sup> Appendix II, Figure I.15

Figure 5.7: Common pricing models by area of law

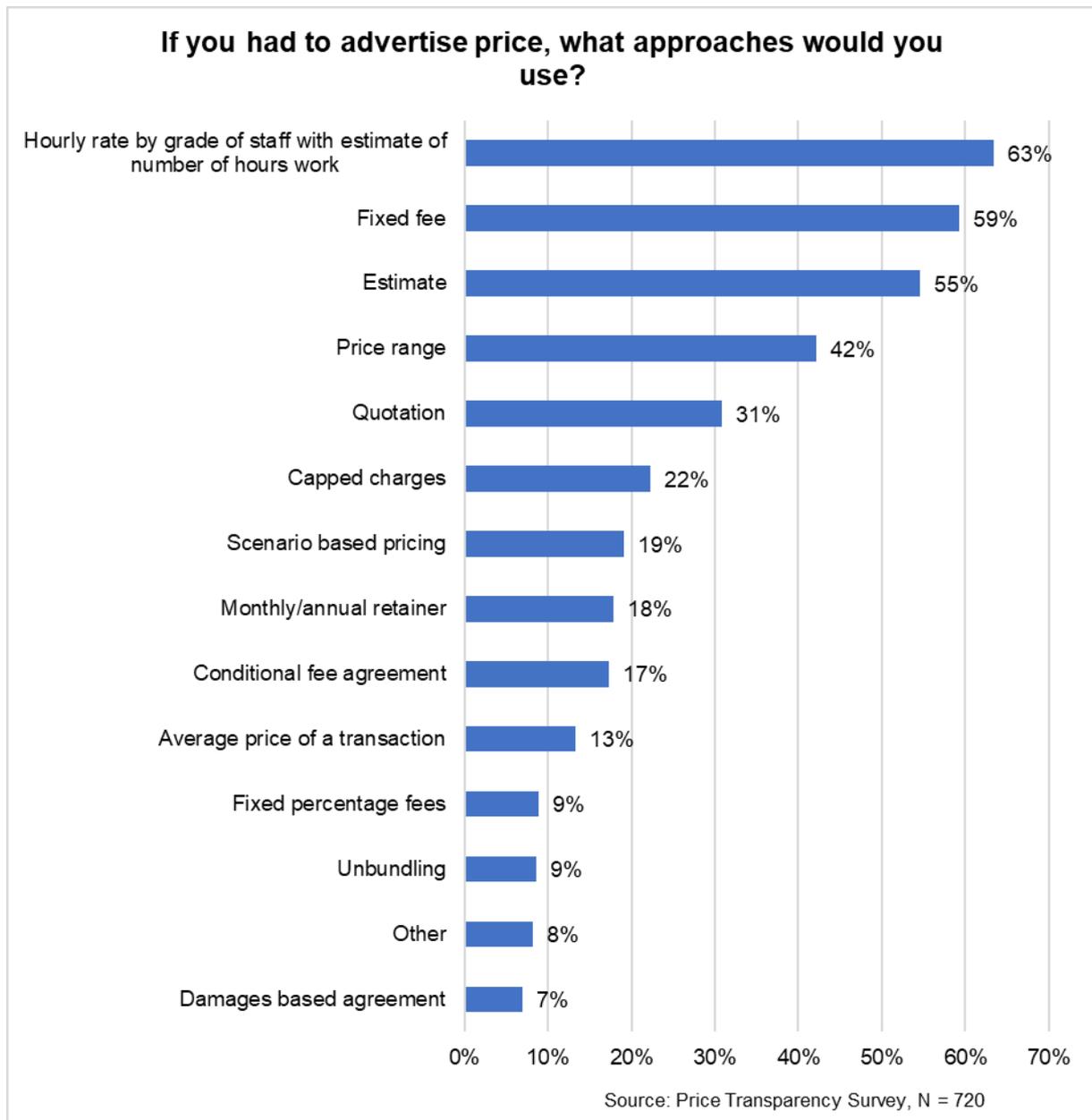
	Family/matrimonial	Wills, trusts and tax planning	Property residential	Power of attorney	Children	Employment	Probate and estate administration
Fixed fee	83%	91%	82%	96%	64%	72%	72%
Hourly rate by grade of staff with estimate of number of hours work	33%	15%	7%	0%	36%	39%	44%
Capped charges	6%	2%	5%	0%	0%	17%	6%
Conditional fee agreement	0%	0%	0%	0%	0%	11%	0%
Damages based agreement	0%	0%	0%	0%	0%	28%	0%
Fixed percentage fees	0%	2%	2%	0%	0%	6%	22%
Monthly/annual retainer	4%	2%	0%	0%	5%	17%	0%
Scenario based pricing	2%	2%	0%	0%	0%	6%	6%
Unbundling	27%	4%	0%	4%	14%	11%	6%
Average price of a transaction	21%	4%	2%	0%	0%	39%	6%
Price range	2%	15%	9%	4%	18%	11%	11%
Quotation	12%	23%	18%	8%	9%	11%	33%
Estimate	13%	17%	27%	0%	5%	28%	22%
Other	6%	4%	0%	0%	14%	11%	0%
No. of Responses	52	47	44	26	22	18	18
*Highest highlighted in red, below 20% highlighted in green							

## 5.7 Preferred pricing models

80. The vast majority of firms did not advertise prices. These firms were asked about their preferred approaches to pricing if they had to advertise prices. It should be noted we are not proposing to dictate preference for any particular type of pricing model. Firms could select multiple responses, with the highest number of respondents choosing a preferred approach of hourly rate by grade of staff with an estimate of number of hours worked

(63%), followed by fixed fee at 59% and estimate (55%) as in Figure 5.8. There was not much variation across size of firm or regional location.

**Figure 5.8: Approach to pricing, if price had to be advertised**



On further analysis by area of law, unsurprisingly those specialising in personal injury stated they would use a conditional fee arrangement (76%)<sup>40</sup>.

81. The benefits and risks of the pricing models as perceived by the respondents are illustrated by the following comments:

<sup>40</sup> Appendix II, Figure I.16

## Fixed fee

Fixed fees were seen as a benefit to consumers as they could be certain of the price for the work to be undertaken.

*“Fixed fees - benefit is certainty to both parties. risk is you consistently under price or have scope creep.”*

*“Clients come with a full understanding of what they will pay in non-litigious or contentious cases.”*

*“Fixed fees are popular with clients - we set out exactly what work is included within the fixed fee.”*

*“Fixed fee divorce was introduced when legal aid was abolished, specifically to allow lower income clients to plan... benefit is that clients know cost and are more likely to feel able to contact us...”*

*“Where firms offer fixed fees, I believe a guide price, based on an average of previous cases of a similar nature might be appropriate...”*

One of the risks mentioned of a fixed fee was that the matter may turn out to be more complex than originally anticipated.

*“Risk of work being more complex than anticipated but benefit is that clients have certainty.”*

Another risk mentioned was the potential use of inexperienced staff leading to low quality services.

*“Fixed fees lead to a rush to the lowest priced provider which leads to a quality drain as other firms use less or unqualified staff to provide such low value services.”*

A few firms thought that publishing prices would put off consumers from accessing legal services.

*“Fixed fee can drive away those clients who cannot afford as they may think there is no room for bargaining for cheaper fee with the fee earner while hourly rates can put off clients because it's hard for them to gauge how many hours the work would take. This may scare them away too.”*

*“Costs of fixed fees and competition. Many clients become scared and unwilling to instruct if they are aware of fees prior to obtaining advice.”*

## Hourly rates

Hourly rates were seen as a good method to reflect the work carried out however, there was concern that this could create a race to the bottom with the least experienced advertising lower hourly rates to the detriment of people using legal services.

*“hourly rates- benefit is that it fairly reflects work done by the lawyer...client feels there is a risk in uncertain end point.”*

*“...with firms working on an hourly rate, I can see an argument for this hourly rate to be displayed along with an average number of hours billed for similar cases...”*

*“Hourly rates are likely to create a race to the bottom with lawyers who have the least experience and expertise advertising for low hourly rate. An hourly rate advertising could be highly misleading as an experienced lawyer is likely to take far less time to complete tasks successfully. An experienced lawyer is also more likely to form successful strategies based on experience and knowledge... Advertising an hourly rate will take away the ability of the lawyer to charge different rates in relation to works that carry different levels of risk. Until you take clients instructions you often don't know what the risk level to the firm is going to be.”*

*“... hourly rates but it doesn't really mean anything unless you know the work which will be involved and the value to the client.”*

*“complexity of service value add provided by the firm ensuring the profession does not enter a race to the bottom on prices which ultimately is a lose-lose for client's service level as well as for earning capacity (and attraction of the industry) for the best and brightest”*

## Price range

Some firms viewed a price range as a good method for providing fees.

*“... publish price ranges, which would provide the clients with the idea (in advance) of the likely level of fees they are likely to be charged if they engage the firm.”*

## Unbundling

Unbundling was seen as good method for both firms and consumers.

*“...unbundling - we specialise in this. Risks are in delivery by the right level of lawyer and preventing scope creep. Benefit to client is they can buy exactly as much as they need of the advice and control costs more firmly.”*

## Online calculator

The use of an online calculator was seen as beneficial particular for residential conveyancing.

*“The residential conveyancing calculator works well as long as there are not problems with the property and any funder is “main line”. “*

### **Capped charges**

Some respondents viewed capped charges as suitable to contentious areas of law.

*“Hourly rate should be abolished and we should all work on fixed fee models and capped fees for contentious.”*

*“Capped charges work better than fixed fees as if fixed it encourage clients to ask for free add-ons.”*

### **Annual retainer**

Retainers were cited more often as a pricing model for corporate clients.

*“Annual retainer for general advice encourages corporate clients to use our services.”*

82. Some firms thought that all the pricing models balance risk between the client and the firm and provided their views on the various information that should be published with the price model.

*“All pricing methods balance risk between the client and the firm. Consumers need information to be able to differentiate the service being offered and the cost of that service. Sometimes we charge more because we are offering the service levels the client wants. ... It is about giving clients choice and explaining their options.”*

*“The retainer is clear when offering fixed fees. The qualifications and experience of the practitioner is published when quoting hourly rates, and the estimate of fees is accompanied by a generous explanation of the anticipated work and times involved.”*

*“...it needs to be a mixture of concrete information plus guidelines on what typically something might cost. Client behaviour is also a key factor. I make it clear that the more they phone/email etc., the more the costs will be pushed up.”*

83. The area of law was important in what type of pricing would suit. Conveyancing, power of attorney and wills were seen as most likely to be suitable to a fixed fee model.

*“The approach depends on the service. On Wills and Powers of Attorney it is possible to give a fixed price. On conveyancing, we will give a quote. On probate and in particular family law/ divorce one needs to give hourly rates and best and worst case scenario.”*

*“Residential property seems to be the one area clients instruct based on price above any other reason”*

*“Personal injury levels are fixed at unsustainably low levels for the benefit of insurers.”*

*“We advertise fixed prices for work that is predictable in advance, such as conveyancing, wills, undefended debt collection. For other work such as litigation and employment we do publish our hourly rates on the website.”*

*“It is impossible to provide prices for a lot of work without knowing the clients’ requirements. Standard wills powers of attorney and residential conveyancing are suitable candidates as well as fixed fees for stages of matrimonial work.”*

## 5.8 Presenting price information

84. Over half of the firms that advertise price stated they do provide a full breakdown of likely costs linked to the stage of a typical process (52%) as shown in Figure 5.9. Over two third of the ABS respondents (67%) used this method of advertising prices<sup>41</sup>.

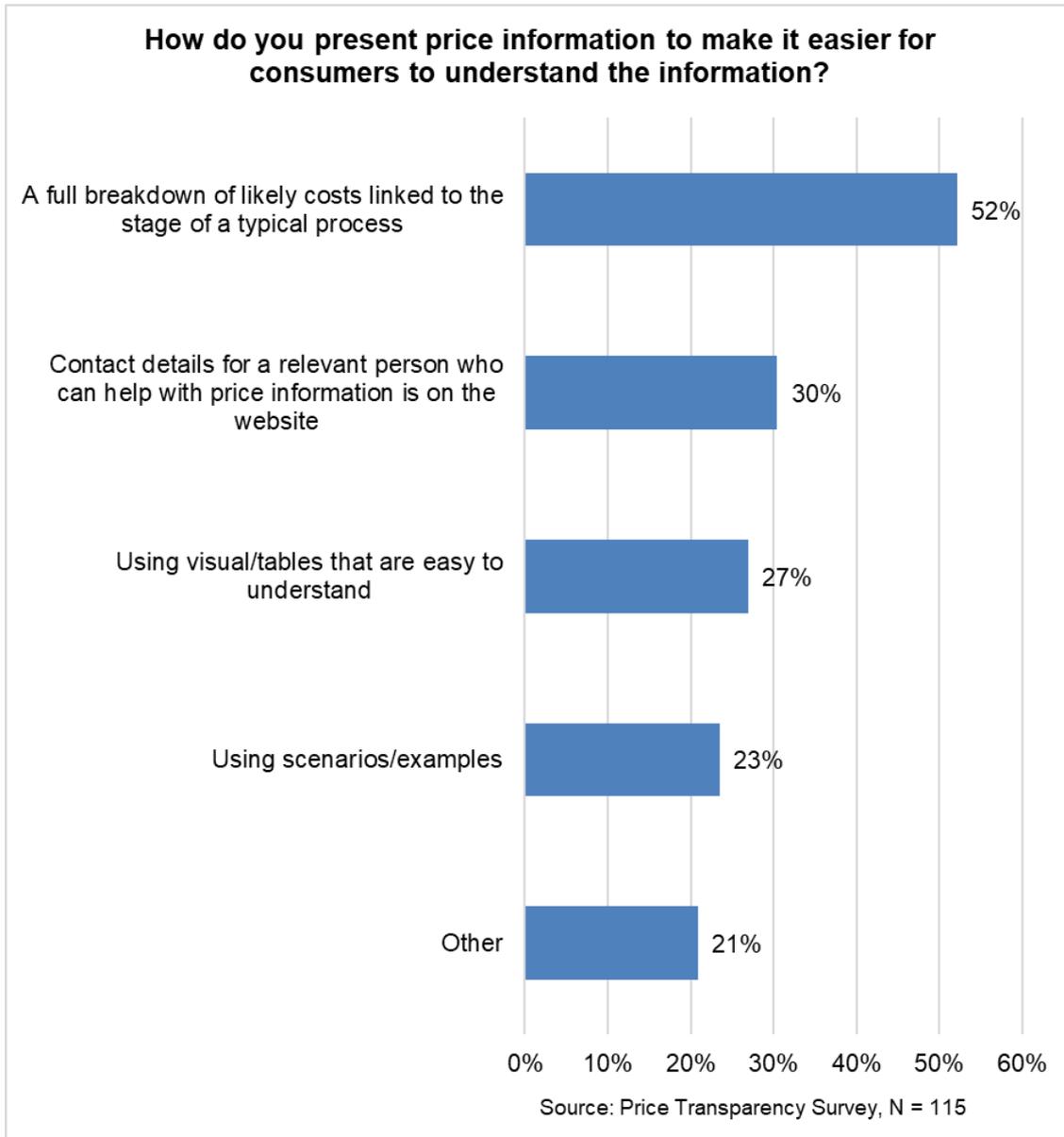
Some firms do use scenarios and examples (23%) to help consumers when presenting price information.

There were no particular areas of law that stood out for any specific format of presenting prices.

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<sup>41</sup> Appendix II, Figure I.17

**Figure 5.9: Presenting price information**



85. 84% of firms stated they do provide consumers with a breakdown of costs<sup>42</sup>, the highest being within conveyancing (96%) and the lowest in immigration (74%)<sup>43</sup>.

The majority (85%) of firms stated they do provide a description of the services<sup>44</sup>.

*“We set out what the client requires and our price for the elements they want us to perform.”*

86. Firms did mention that pricing has to be displayed in terms that are clear to consumers.

<sup>42</sup> Appendix II, Figure I.18

<sup>43</sup> Appendix II, Figure I.19

<sup>44</sup> Appendix II, Figure I.20

*“Outlaw small print hiding costs and charges, and narrow core charges being published with a myriad of add on charges.”*

*“Prohibit 'from £[ ]' pricing models which are misleading. Prohibit 'small print' exclusions that can mislead consumers. Pricing for some consumers will go up because of the effect of average pricing.”*

*“Requiring all costs of a type of service to include or exclude VAT, to prohibit additional fees for work which should be included in the main fee such as administrative fees for money transfers.”*

*“The risk with advertising prices is that there will need to be a lot of caveats which doesn't make it any clearer for clients.”*

## 5.9 Factors considered when setting prices for services

87. Firms considered many factors when setting prices for their services as shown in Figure 5.10.

They considered the professional expertise of staff (65%) and took account of the hourly rates of staff (64%). Half of the firms who advertise prices also considered the rates of competitors and 46% considered their client base.

As to be expected, as the number of partners/staff increased in a firm, the more they considered the hourly rates of staff and the grade of staff (75% for both respectively for more than 4 partners within a firm)<sup>45</sup>.

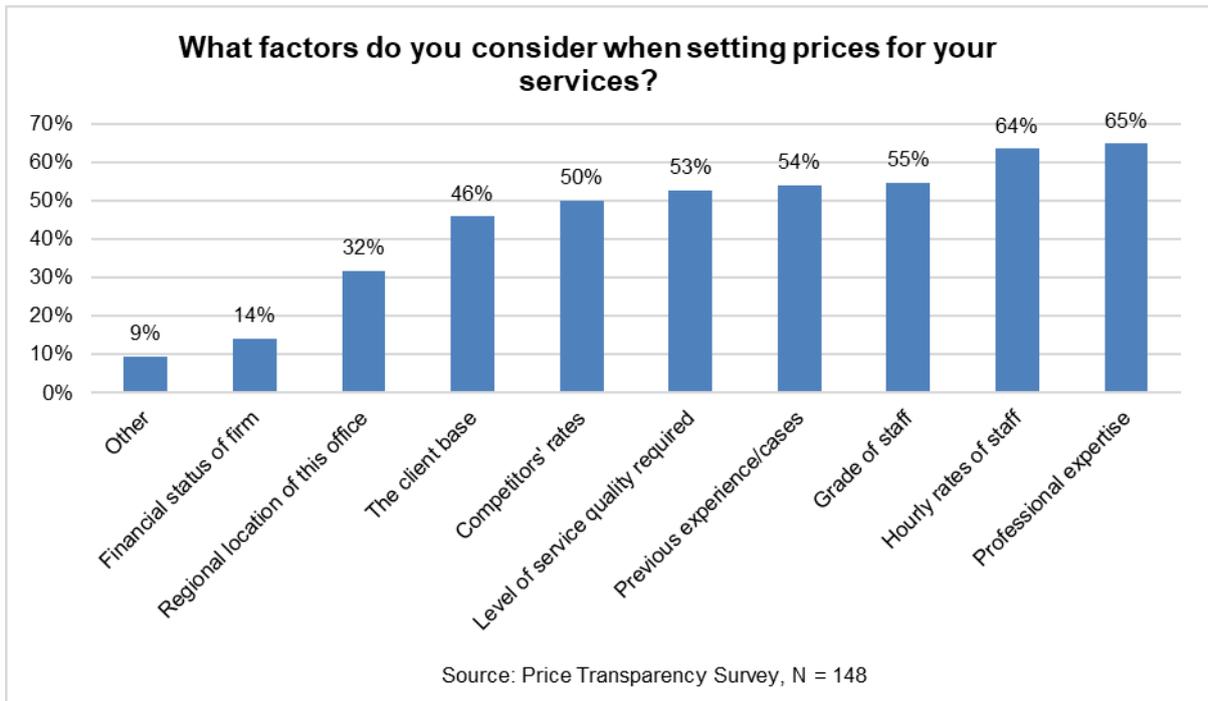
Firms specialising in children law had a greater tendency (64%) to consider the level of service quality required and less likely to consider the client base (27%)<sup>46</sup>.

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<sup>45</sup> Appendix II, Figure I.21

<sup>46</sup> Appendix II, Figure I.22

**Figure 5.10: Factors considered when setting prices for services**



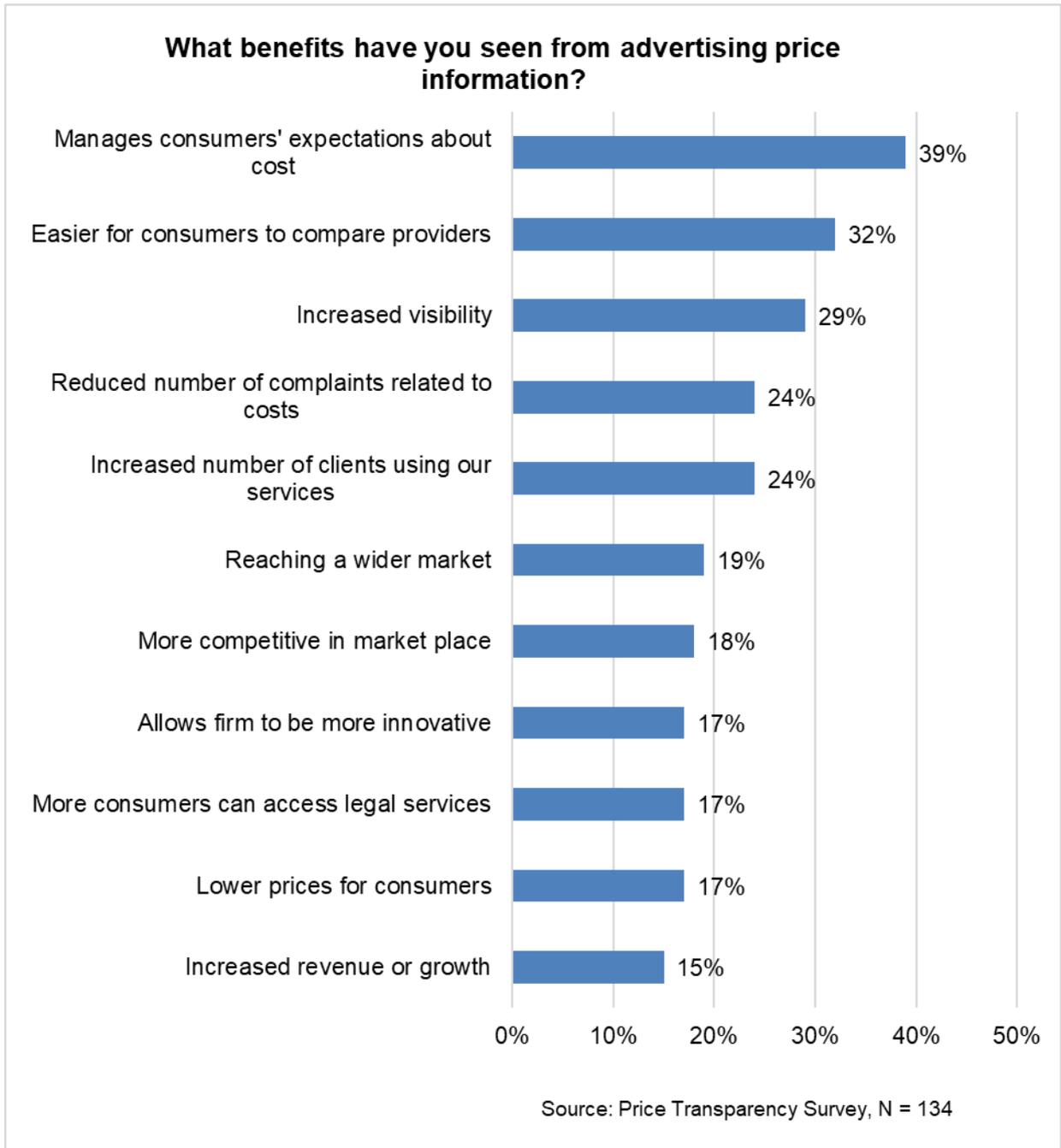
## 5.10 Benefits of price transparency

88. Firms stated the main benefit of advertising prices was managing people's expectations about cost (39%) as seen in Figure 5.11. Only 17% of firms believed that advertising costs leads to lower prices for consumers and leads to more consumers accessing legal services. Firms did not believe that advertising prices led to increased revenue or growth (15%). However, a third of firms did appreciate that it makes it easier for consumers to compare providers (32%).
89. A comparison across types of firms shows that partnerships were more likely to select benefits such as an increased number of clients using services and increased growth or revenue compared to sole practices and incorporated companies<sup>47</sup>.
90. It is interesting to note that the specialism of the firm can affect the perceived view of benefits of price transparency. For example, a third of firms who advertise prices and specialise in children and family law saw that price transparency gives more consumers access to legal services. Conveyancing firms noted that it was easier for consumers to compare providers (78%)<sup>48</sup>.

<sup>47</sup> Appendix II, Figure I.23

<sup>48</sup> Appendix II, Figure I.24

**Figure 5.11: Benefits of advertising price information**



91. Some firms commented on the benefits to consumers such as price clarity and access to legal services and for the legal profession to be more dynamic led by consumer demand.

*“...clients have clarity before instructing the firm.”*

*“We advertise price for initial consultation at a fixed fee rate. This is in order to allow everyone to have an opportunity to receive professional legal advice at a reasonable rate...”*

*“It benefits the clients' as they can budget accordingly.”*

*“I agree that there should be full and accurate transparency regarding price right from the outset. This should be available publicly before even a potential client makes initial contact.”*

*“Public trust would increase by providing price information.”*

*“I agree that it's a good idea. Consumers do not have any idea how much solicitors cost generally and what might be a fair fee.”*

*“It is important that prospective clients have a clear and reliable picture of the fees and associated disbursements before instructing...”*

*“Solicitors are one of the last bastions of the tyre kicking, shrug of the shoulder cost "estimate" service providers. It is more than possible to provide accurate costs information and to a much tighter degree than "somewhere between £2000 and £5000". Price publication can, in our view, only encourage competition, reduce price and increase access to justice.”*

*“It is important for the legal profession to be dynamic and move in the direction of consumer demand. A lot of people do go online for any service they need to get the relevant information to make an informed decision as to who to use. It seems only right to allow more information on prices and services to be available for them to make an informed choice. “*

## 5.11 Challenges of price transparency

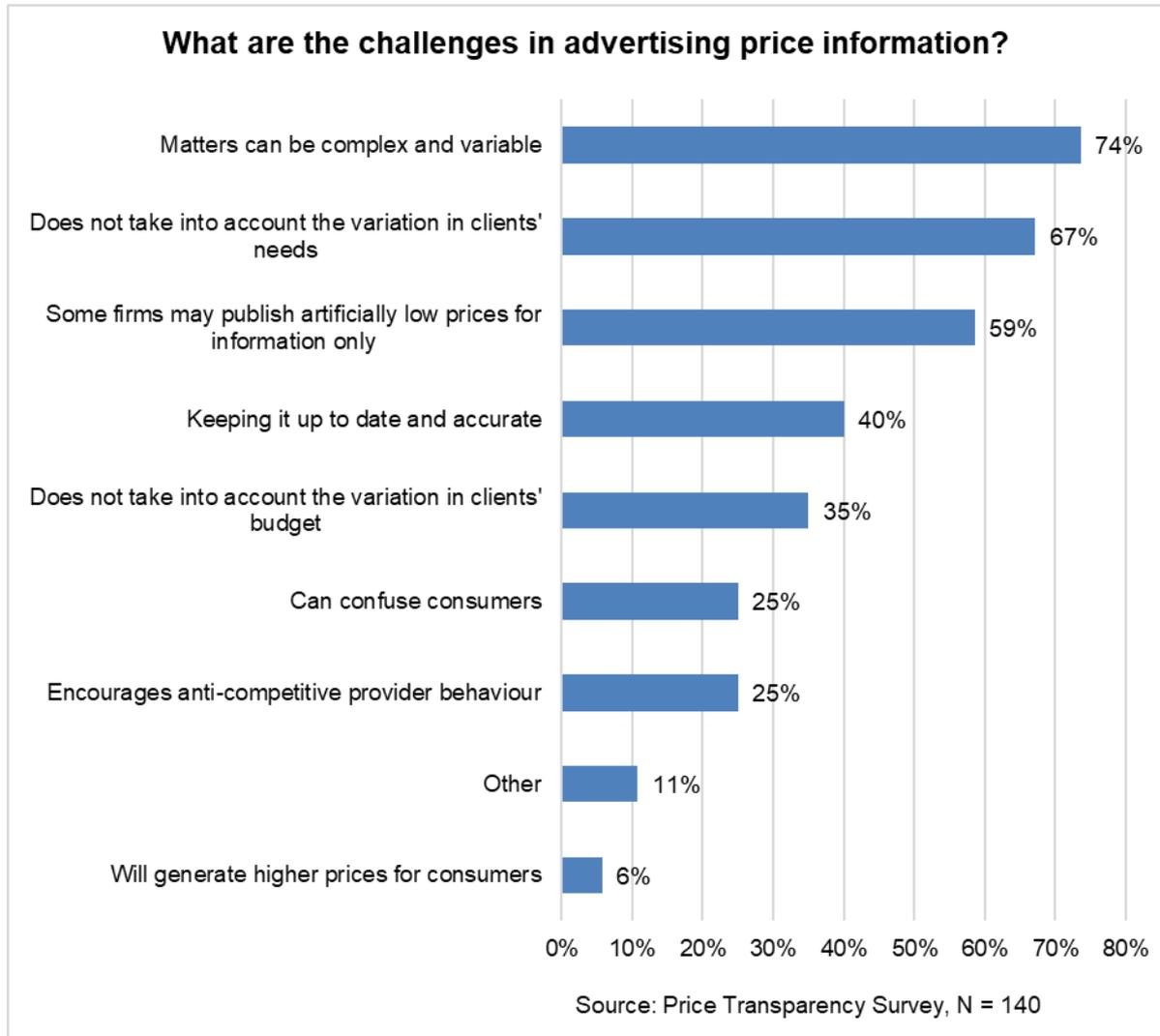
92. Figure 5.12 shows the main challenge for firms in advertising prices is that matters can be complex and variable (74%) which can make pricing difficult. Two thirds of firms that advertise price said it does not take into account the variation on clients' needs (66%). Reassuringly, firms did not believe that price transparency will generate higher prices for consumers (6%) however, many firms (59%) were concerned that some firms may publish artificially low prices to attract consumers but in reality, the price charged could be higher.
93. More sole practitioners stated that keeping price information up to date and accurate is challenging (45%)<sup>49</sup>. It seems that firms specialising in commercial property were more likely to view that matters do not take account the variation in clients' needs (93%). Immigration firms were concerned about the variation in clients' budget (56%). Firms practising family law highlighted that matters can be complex and variable (92%)<sup>50</sup>.

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<sup>49</sup> Appendix II, Figure I.25

<sup>50</sup> Appendix II, Figure I.26

**Figure 5.12: Challenges in advertising price information**



94. Many respondents commented on the complexity of cases making it difficult to provide prices.

*“It is often impossible to estimate the complexity of a case at the outset.”*

*“Clients often tend to do two things: 1. They misunderstand what they really need from a transaction; or 2. They over-simplify their matter...”*

*“... advertising of prices ...may be appropriate for commoditised services, but we undertake work tailored specifically to the needs of clients and each case is fact specific.”*

95. Other firms reflected on the needs of vulnerable clients.

*“That one client, say someone elderly, or with complex needs, requires significantly more time assisting them than another.”*

96. Some firms thought one of the challenges of price transparency was consumer confusion and more complaints.

*“...This is likely to result in firms having to extensively caveat published prices and this might confuse clients and give rise to complaints.”*

97. Client confidentiality was mentioned by a few firms in terms of commercial clients not wanting others to find out what they paid for legal advice.

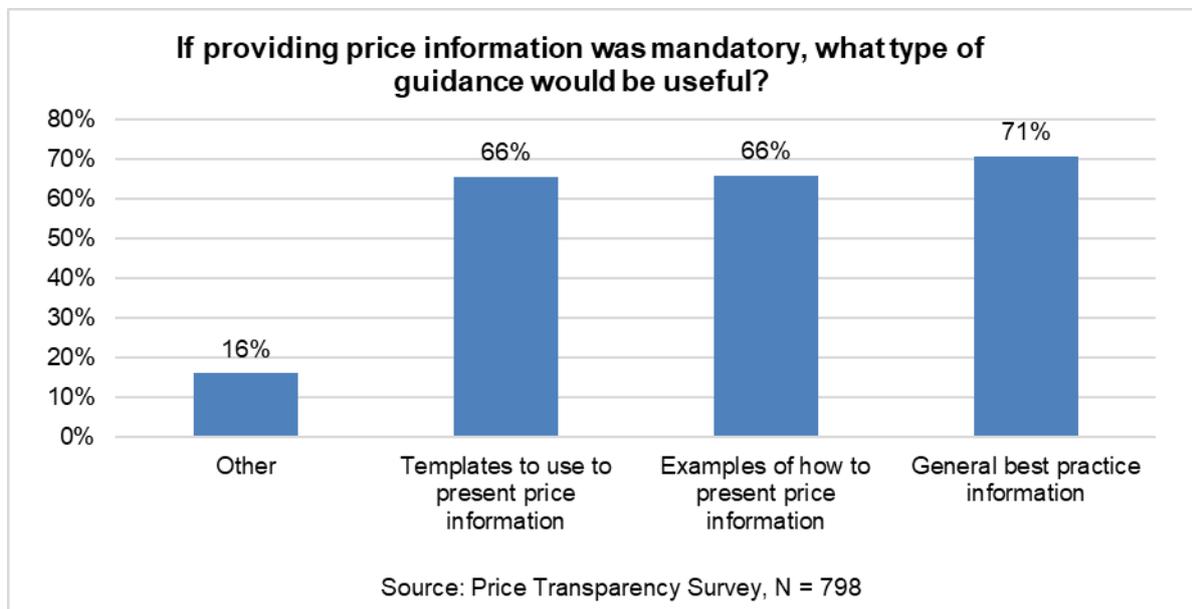
*“...We are a niche commercial practice and our client base use our services because we are discreet and respect their privacy and confidentiality. therefore, publishing prices will mean that those types of private businesses may think twice about using our services.”*

## 5.12 Mandating price transparency

98. All firms were asked that if providing price information was mandatory, what type of guidance would be useful. 71% stated that general best practice information would be useful and 66% would like to see examples and templates of how to present price information as in Figure 5.13.

Family law firms would like best practice information (83%) compared to personal injury firms (53%)<sup>51</sup>.

**Figure 5.13: Type of guidance**



*“A clear template for use by all should be laid down to prevent discrepancies e.g. vat inclusive. The template must require like for like information.”*

<sup>51</sup> Appendix II, Figure I.27

*“A lot of smaller firms will need a considerable amount of bespoke support and guidance from the SRA as advertising is not within their skill set and budgets are already tight.”*

99. Many firms provided their overall thoughts on price transparency, the main theme of these were that potential users of legal services do not choose a legal provider based on price alone but on other factors such as skills, qualification, quality and consumer protections.

*“... If prices are to be published, consider also requiring publication of service standards, such as the qualification and experience of the lawyers, the standard of service to be provided, the amount of direct partner access, the amount of delegation to non-qualified staff and possibly compulsory publication of client survey responses - so clients can balance cost and quality in a meaningful way...”*

*“... We can't give accurate estimates without knowing about the case and therefore need to speak to the client first. We believe the client also needs to know about us and does not choose on price alone.”*

*“The risk is that clients will judge providers on price only with reference to other factors which may be relevant e.g. skills available, regulatory record (complaints), firm use of technology and approach to cyber risks.”*

*“... Whether the publication of fees would encourage clients to use the cheapest solicitor rather than the most appropriate thereby potentially reducing the quality of legal work and service.”*

*“... They do not buy legal services on price alone but on a variety of factors; e.g. does the solicitor understand the client's problem and situation, specialisation, experience, getting on with the solicitor, personal service and preliminary view on client's situation...”*

*“Clients have individual needs and bespoke tailored advice ensures that receive the best advice and service. ... Our firm's policy of free initial consultation for all work types (save for residential conveyancing) provides complete transparency and an opportunity for the public to meet us and make an informed decision before making any commitment to our firm... One of the problems with the profession is that firms underquote and give low estimates to win the work and then routinely increase their estimates to actually carry out the work. Alternatively, they work at a loss and run commercially unviable firms which is a risk to the profession and the public. There are two key issues to consider here - the first is ensuring the client understands their legal needs and what work is required and how much it will cost. The second is the need to run commercially viable law firms. Both are of equal importance to ensure that access to quality legal services is available to the general public.”*

*“Price alone is too blunt a comparison. It does not take into account skill and experience of those doing the work. Details of who does the work, what their level of qualification is, what specialist qualifications do they hold are important factors...”*

100. The issue of unregulated providers was mentioned by some respondents in terms of regulatory burden and costs.

*“... in the sector in which my firm operates, unregulated providers are a significant competitor. They do not have the same regulatory costs as solicitors. Are they to be required to advertise prices too, or will they simply be able to look at what solicitors are quoting and undercut them?”*

*“... the publication of charges may afford competitors an unfair advantage and be anti-competitive if larger organisations can undercut to control the market.”*

*“It isn't easy but it has to be done to restore confidence and modernise the profession. Presently we are competing with the unregulated sector who advertise whatever they like whether true or not. So, we are going to look very expensive by comparison. We really need to focus on why that is and emphasise the benefits of having regulation and insurance...”*

*“It will add to costs in terms of updating publicity material which will inevitably be passed on to the client.”*

101. Some firms commented on a possible decline in standards or perceived quality.

*“The cheapest will get most work so standards of service will decline.”*

*“The focus on pricing in the conveyancing sector has driven down standards of service and damaged the reputation of the industry. All legal matters are stressful and people wish to receive a tailored service not a commoditised one.”*

*“In the field in which I practice ... I compete with the large City law firms. Potential benefit - my fees are lower than those of a partner in a City firm. Disadvantage - clients may view the lower rates as indicative of lower quality work. Further disadvantage - since my clients are worldwide, my rates can vary according to the risk that I am being asked to take on.”*

102. A few firms cited improving the client care and engagement letters.

*“...Perhaps a better option would be to make client care and retainers more transparent and the consequences for breach of professional obligations...”*

*“The engagement letter already requires solicitors to address the issue of price /cost to be addressed with the client before engagement...”*

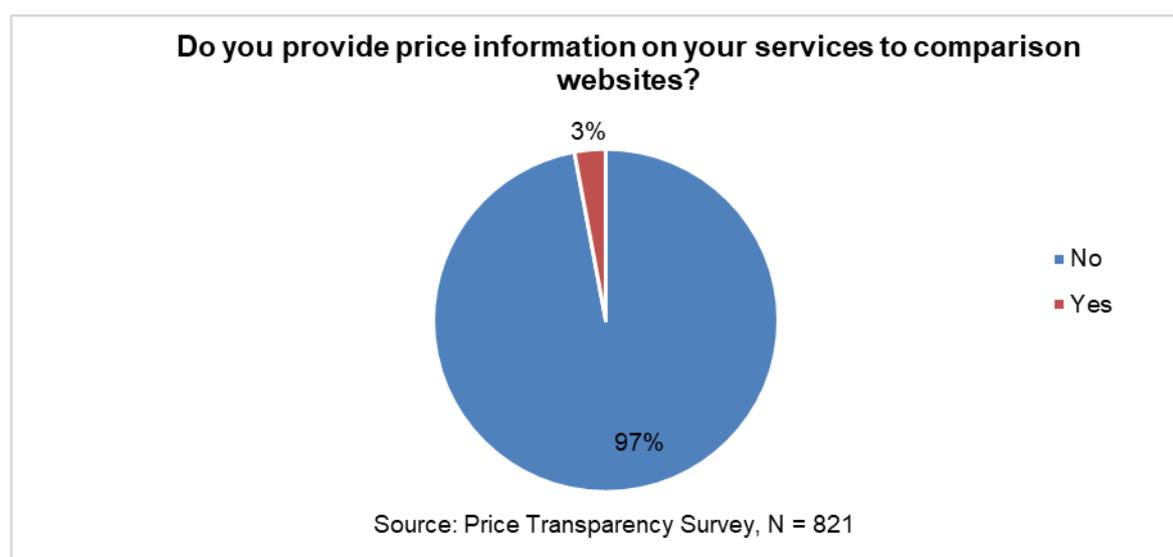
103. A few respondents pointed to other professional service providers who are not obliged to price transparent.

*“It also seems unfair for law firms to be forced to publish prices when other service providers are not obliged to i.e. accountants, financial advisers etc. Forcing law firms to publish prices also risks commoditising a complex and professional sector...”*

## 5.13 Digital Comparison Tools

104. All firms were asked whether they provide price information to comparison websites. The overwhelmingly majority do not, and only 3% provide this price information to comparison websites as in Figure 5.14. Most of these firms were involved in the areas of law related to conveyancing (residential and commercial) and bankruptcy/insolvency<sup>52</sup>.

**Figure 5.14: Providing price information to comparison websites**



105. As very few firms make use of comparison websites or online reviews, only a handful of firms' websites or comparison sites allowed for online reviews and feedback and again very few considered or made use of these online reviews.
106. For the very few firms responding on this topic, the main benefit stated of comparison websites and online reviews was that it was easier for consumers to research options and the main challenge was consumer lack of confidence and trust in comparison websites.
107. These comments provide thoughts on comparison websites and online reviews.
- "If online review gives incorrect information it can be impossible to post a correction as that would breach client confidentiality."*
- "In terms of professional obligations, lawyers, unlike most other traders are unable to respond to any online reviews whether they concern price or service. They are bound by confidentiality and professional conduct rules that require them to act in the best interest of their client. A review site is most likely to result in lawyers left completely vulnerable and in extreme cases losing their independence..."*

<sup>52</sup> Appendix II, Figure I.28

*“Risk of being unable to respond to good or bad reviews because of professional obligations. Potential to damage client relationships - have heard of poor review threats in other industries if business does not do what client wants.”*

*“I have used a comparison website - Law Superstore and did not get a single click in family law despite this being a major expertise and despite our service being the cheapest in a 5 mile radius. Also the restrictions Law Superstore imposed put the price up to the consumer.”*

*“...price comparison websites are very misleading. ... In actuality they then add on lots of extras to get their fee up to an acceptable level. ...”*

*“We cannot respond to unfair consumer reviews due to confidentiality”*

*“...comparison websites are an excellent vehicle for skewing the market”*

108. In summary, in terms of our proposals the following comment makes reference to many of the points raised in our **consultation** related to our current thinking on better information and more choice for consumers.

*“...1. Clients must be aware of the calibre of firm that they are buying from. Unregulated firms must be obliged to say that they are unregulated (as opposed to regulated firms saying that they are regulated) and all firms must describe what the key differences are between them in terms of qualification of the staff engaged, regulatory protection and insurance protection. 2. Firms must be made to publish a typical range of fees for doing a job and list any factors that take the price above the lowest possible price. Otherwise we will simply see sharp market operators who list low but bill high. 3. Firms must be made to publicise service level standards and expertise credentials (i.e. qualification and experience levels, firm's longevity and typical cases dealt with measurement). Without this, clients will think wrongly that all firms are the same. 4. Centralised price comparison websites must be banned in favour of individual firms advertising prices as described above. ...What clients really want is contextualised information to make the right choice for them...”*

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## 6 Summary

109. Many firms provided their overall thoughts on price transparency, and the main theme of these were that people do not choose a legal provider based on price alone but on other factors such as skills, qualification, quality and consumer protections.

Our [consultation](#) outlines proposals for the publication of to publish:

- information on price and description for certain legal services
- client's complaints to law firms and area of practice
- a digital register of the firms and individuals we regulate
- regulatory status and protections through the use of an SRA logo and digital badge
- information on client protections from those solicitors working outside the Legal Services Act regulated firms.

Therefore price, in isolation will not be the only information available to people looking for legal services. Our proposals do not seek to limit the information that firms can publish, it only seeks to set some minimum requirements.

110. Price transparency is very uncommon in the legal services market. Only 18% of firms advertise prices in any format, for any of the services they provide. Yet, this information could help people make informed choices and improve competition. The findings of the research have helped to illuminate the risks and opportunities, many of which we had prior recognition of before this research study. This research serves as an important baseline to measure the impact of price transparency and importantly, the research will inform our ongoing thinking and final recommendations on transparency requirements.

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## Appendix I. Questionnaire

# Price transparency in the legal market

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## Introduction

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### Profile of your firm

**This section is about your firm and the areas of your work practice.**

**Which of the following classifications best describes the size of your private practice firm in terms of number of partners?\***

- 1 (sole practitioner)
- 2-4 partners
- 5-10 partners
- 11-25 partners
- 26-80 partners
- 81+ partners
- Do not know

**How many offices does your firm have in total?\***

- 1
- 2
- 3-5
- 6-10
- 11-20

- 21-50
- More than 50
- Do not know

**Which of the following classifications *best* describes your firm?\***

- Sole practice
- Partnership
- Incorporated company
- Limited liability partnership
- Other, please state:

**Which of the following classifications *best* describes your firm?\***

- Sole practice
- High street practice
- Medium to large practice
- Top 100 City Firm
- Alternative Business Structure
- Specialist/niche firm
- Other, please state:

**Does your firm carry out legal aid work?\***

- Yes
- No

**What is the percentage of legal aid work overall for the past 12 months?**

- 0.1%-10%
- 11%-25%
- 26% - 50%
- 51% - 75%
- 76% - 99%
- 100%

**In which region is your office based? \***

- North East
- North West
- Yorkshire and Humberside
- East Midlands
- West Midlands
- South West
- East of England
- Central London
- Rest of Greater London
- South East
- Wales
- Overseas

**Which of the following *best* describes your position in the firm/organisation?  
Please select all that apply.\***

- Sole practitioner
- Partner
- Assistant/Associate
- Fee Earner

- Consultant
- COLP
- COFA
- Manager
- Authorised signatory
- None of the above

**In which areas of law does your firm practise?  
Please select all that apply.\***

- Arbitration and alternative dispute resolution
- Bankruptcy /insolvency
- Children
- Civil litigation
- Corporate listed
- Corporate other
- Commercial litigation
- Consumer
- Criminal
- Debt recovery
- Discrimination/Human rights
- Employment
- Family/matrimonial
- Financial (regulated by SRA)
- Financial (regulated by FCA)
- Intellectual property
- Immigration
- Landlord and tenant
- Litigation other
- Mental health

- Motoring offences
- Non-litigation other
- Personal Injury
- Planning
- Power of attorney
- Probate and estate administration
- Property commercial
- Property residential
- Social welfare
- Wills, trusts and tax planning
- Other, please state:

**What is the (estimated) proportion of work within these practice areas carried out by your firm in the last 12 months?**

*Please make sure your answers add up to 100 per cent.*

Option 1

%

## Current price information

**This section is about price information you currently provide to consumers.**

**Does your firm have a website?\***

- Yes
- No
- In the process of developing a website

**How many of your clients used your website before instructing you?**

- Most
- Some

- A few
- None
- Do not know

**Does your firm currently advertise prices for any services provided?\***

- Yes
- No

**Why do you not advertise price for the services you provide?  
Please select all that apply.**

- Our prices are available on request via email
- Our prices are based on the needs of each client
- Our prices are available on request via telephone
- Our prices are available via initial (face to face) consultation
- We offer complex services that make it difficult to publish a standard price
- We do not wish competitors to see our prices
- We only provide services for high net worth organisations or individuals
- Our prices are driven by external factors, for example, Legal Aid
- We do not have the resources to regularly publish prices
- We do not provide services to the public
- We would have to bear additional costs if service exceeds initial price
- We do not want to confuse clients if service exceeds initial price
- Other, please state:

**How does your firm advertise the price of services?  
Please select all that apply.**

- On our website
- In our office (window or displays)

- On comparison websites
- In newspapers
- In local business directories
- Other, please state:

**For how long has price information (on the whole) been advertised by your firm?**

- Less than one year
- Between 1-3 years
- Between 3-5 years
- More than 5 years

**Why did you decide to advertise prices for services provided?  
Please select all that apply.**

- To be more competitive
- To attract more clients
- To reflect how we structure and provide services
- To make it easier for clients to understand our services
- Because most of our competitors advertise prices
- Due to consumer demand
- Other, please state:

**For which practice areas do you advertise price?  
Please select all that apply.\***

- Arbitration and alternative dispute resolution
- Bankruptcy /insolvency
- Children
- Civil litigation
- Corporate listed

- Corporate other
- Commercial litigation
- Consumer
- Criminal
- Debt recovery
- Discrimination/Human rights
- Employment
- Family/matrimonial
- Financial (regulated by SRA)
- Financial (regulated by FCA)
- Intellectual property
- Immigration
- Landlord and tenant
- Litigation other
- Mental health
- Motoring offences
- Non-litigation other
- Personal Injury
- Planning
- Power of attorney
- Probate and estate administration
- Property commercial
- Property residential
- Social welfare
- Wills, trusts and tax planning
- Other:

**What approaches do you use to advertise price for your services?**

Please select all that apply.\*

- Fixed fee
- Hourly rate by grade of staff with estimate of number of hours work
- Capped charges
- Conditional fee agreement
- Damages based agreement
- Fixed percentage fees
- Monthly/annual retainer
- Scenario based pricing – best and worst case
- Unbundling
- Average price of a transaction
- Price range, for example, £500-£700
- Quotation
- Estimate
- Other, please state:

**Do you think any of these pricing models have risks or benefits?**

**Are there any areas of your practice where you do NOT advertise price?  
Please select all that apply.**

- Arbitration and alternative dispute resolution
- Bankruptcy /insolvency
- Children
- Civil litigation
- Corporate listed
- Corporate other

- Commercial litigation
- Consumer
- Criminal
- Debt recovery
- Discrimination/Human rights
- Employment
- Family/matrimonial
- Financial (regulated by SRA)
- Financial (regulated by FCA)
- Intellectual property
- Immigration
- Landlord and tenant
- Litigation other
- Mental health
- Motoring offences
- Non-litigation other
- Personal Injury
- Planning
- Power of attorney
- Probate and estate administration
- Property commercial
- Property residential
- Social welfare
- Wills, trusts and tax planning
- Other, please state:

**Why did you choose to advertise price for some of areas of practice and not for others?**

---

## Pricing models

**If you had to advertise price, what approaches would you use?  
Please select all that apply.**

- Fixed fee
- Hourly rate by grade of staff with estimate of number of hours work
- Capped charges
- Conditional fee agreement
- Damages based agreement
- Fixed percentage fees
- Monthly/annual retainer
- Scenario based pricing – best and worst case
- Unbundling
- Average price of a transaction
- Price range, for example, £500-£700
- Quotation
- Estimate
- Other, please state:

**Do you think any of these pricing models have risks or benefits?**

---

## Pricing models

**This section is about the different pricing models and how you present price information to consumers.**

**How do you present price information to make it easier for consumers to understand the information?**

**Please select all that apply.**

- On our website
- Using visual/tables that are easy to understand
- Using scenarios/examples
- Contact details for a relevant person who can help with price information is on the website
- A full breakdown of likely costs linked to the stage of a typical process
- Other, please state:

**Do you provide consumers with a breakdown of the costs (such as disbursements, court fees, searches, other costs)?**

- Yes
- No

**When presenting price information, do you also include a description of the services that are included in that price?**

- Yes
- No

**Please explain.**

**What factors do you consider when setting prices for your services?**

**Please select all that apply.**

- Grade of staff
- Hourly rates of staff
- Competitors' rates
- Financial status of firm
- The client base
- Regional location of this office

- Level of service quality required
- Previous experience/cases
- Professional expertise
- Other, please state:

**You said your firm has more than one office. If prices vary for the same service in each office, please select reasons. Please select all that apply.**

- Prices do not differ
  - Grade of staff
  - Hourly rates of staff
  - Competitors rates
  - Financial status of firm
  - The client base
  - Regional location of this office
  - Level of quality service required
  - Each office sets its own pricing strategy
  - Other, please state reasons:
- 

## **Benefits and challenges of publishing price information**

**This section is about what you think the benefits and challenges are in providing upfront price information to consumers before the point of engagement.**

**What benefits have you seen from advertising price information? Please select all that apply.**

- Increased revenue or growth
- Increased number of clients using our services
- More competitive in market place

- Manages consumers' expectations about cost
- Lower prices for consumers
- More consumers can access legal services
- Easier for consumers to compare providers
- Reduced number of complaints related to costs
- Increased visibility
- Reaching a wider market
- Allows firm to be more innovative
- Other, please state:

**What are the challenges in advertising price information?  
Please select all that apply.**

- Encourages anti-competitive provider behaviour
- Will generate higher prices for consumers
- Keeping it up to date and accurate
- Matters can be complex and variable
- Does not take into account the variation in clients' needs
- Does not take into account the variation in clients' budget
- Can confuse consumers
- Some firms may publish artificially low prices for information only
- Other, please state:

---

## **Mandating price transparency**

**This section is about the CMA's recommendations, calling for regulators to set minimum standards for firms to provide price information to consumers in certain areas of practice before the point of engagement.**

**We are considering these recommendations and our proposed approach.**

**If we were to mandate firms to publish price information in certain areas of practice, what factors and issues should we consider?**

**If providing price information was mandatory, what type of guidance would be useful?**

- Examples of how to present price information
- Templates to use to present price information
- General best practice information
- Other, please state:

---

## **Digital comparison tools (DCTs)**

**This section is about your use of digital comparison tools in your marketing. For example, price comparison websites and apps that help consumers compare providers.**

**Do you provide price information on your services to comparison websites?\***

- Yes
- No

**Does your website or the comparison site allow for online reviews/feedback of your services?**

- Yes
- No

**Do you consider/use/respond to these online reviews of your services?**

- Yes
- No

**What are the benefits of comparison websites and/or online reviews, in your view?**

	<b>Comparison websites</b>	<b>Online reviews</b>
Increase in business	<input type="checkbox"/>	<input type="checkbox"/>
Saves time	<input type="checkbox"/>	<input type="checkbox"/>
Easier for consumers to research options	<input type="checkbox"/>	<input type="checkbox"/>
Increase competitiveness	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

**What are the challenges of comparison websites and/or online reviews?**

	<b>Comparison websites</b>	<b>Online reviews</b>
Potential for breach of legal professional privilege	<input type="checkbox"/>	<input type="checkbox"/>
Risk of loss of confidentiality	<input type="checkbox"/>	<input type="checkbox"/>
Consumer lack of confidence and trust with comparison sites	<input type="checkbox"/>	<input type="checkbox"/>

Difficult to verify the prices displayed on comparison sites	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

**Do you have any additional comments on providing price information to consumers or on the SRA considering setting a minimum standard for firms to provide this price information?**

**Can we contact you if we decide to conduct follow up research or conduct a pilot on this topic?**

- Yes
- No

**Please provide contact details.**

Name:

Phone:

Email:

---

**Thank you**

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## Appendix II. Firm survey analysis

### Overview of respondents

Figure I.1: Size of private practice firms in terms of number of partners

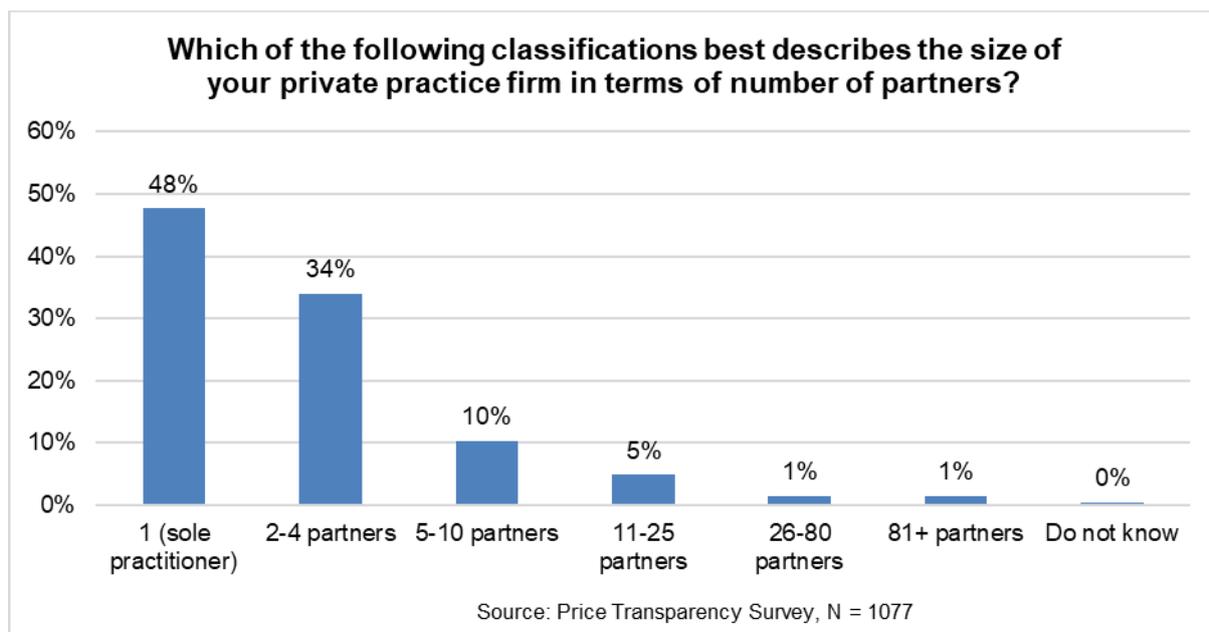
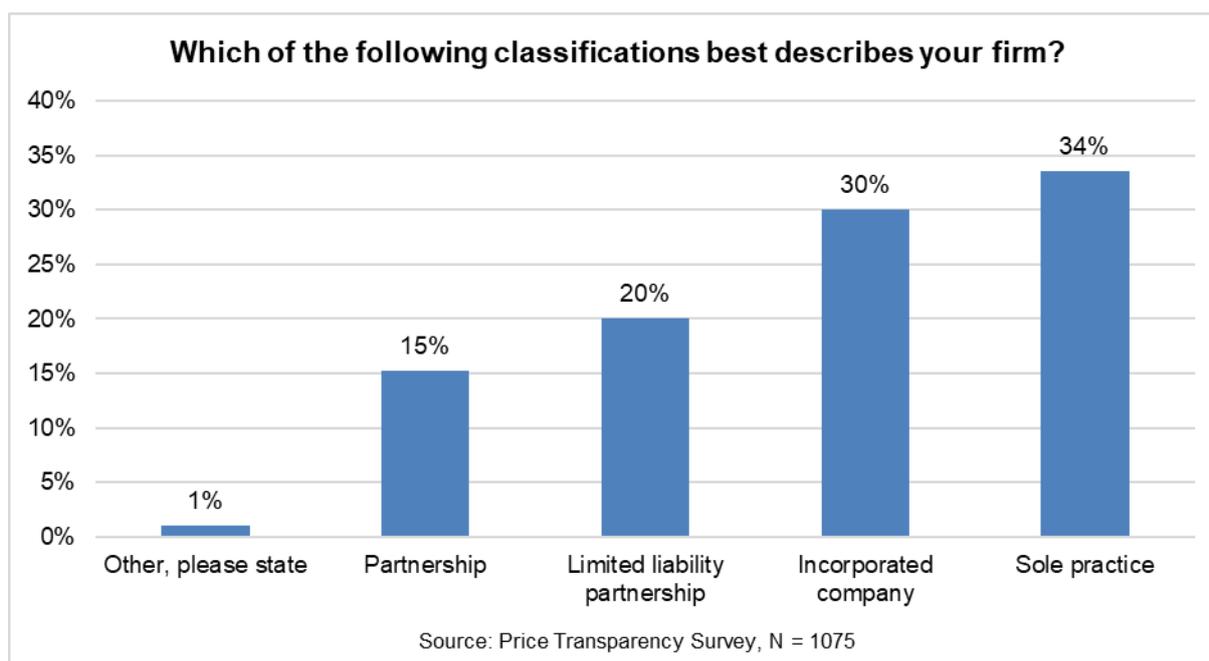
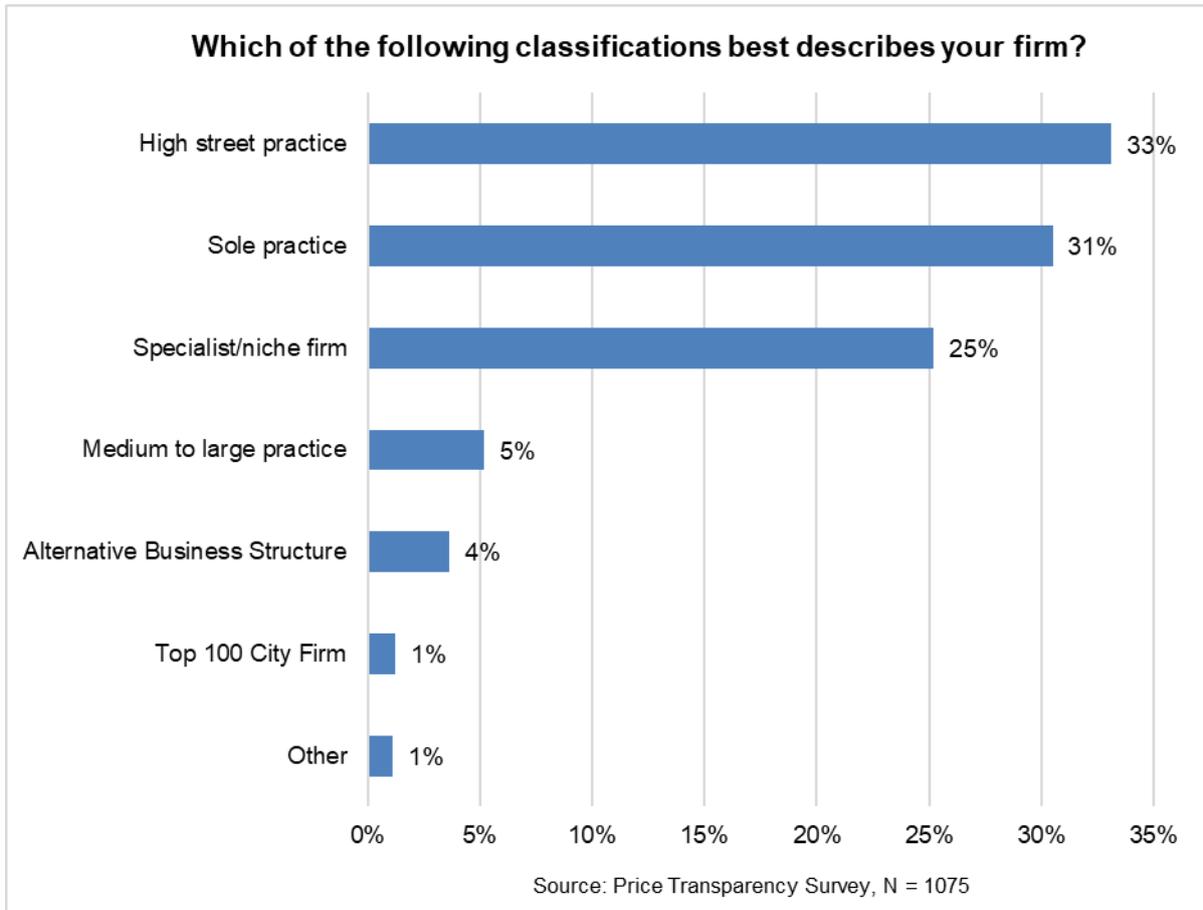


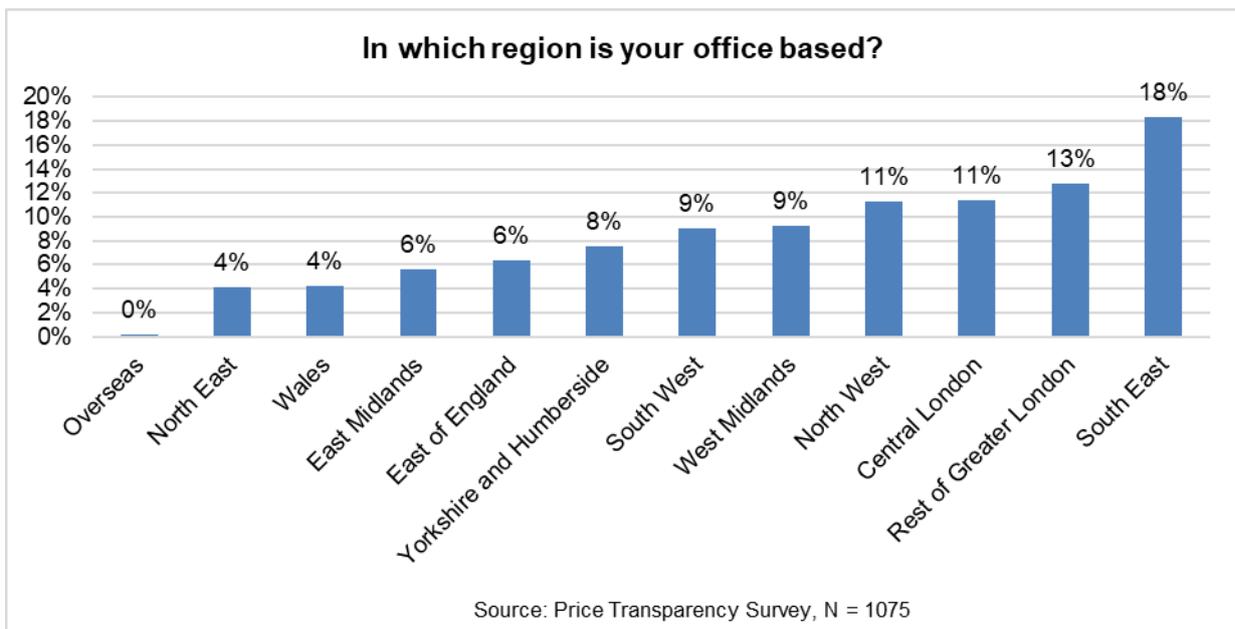
Figure I.2: Type of firm



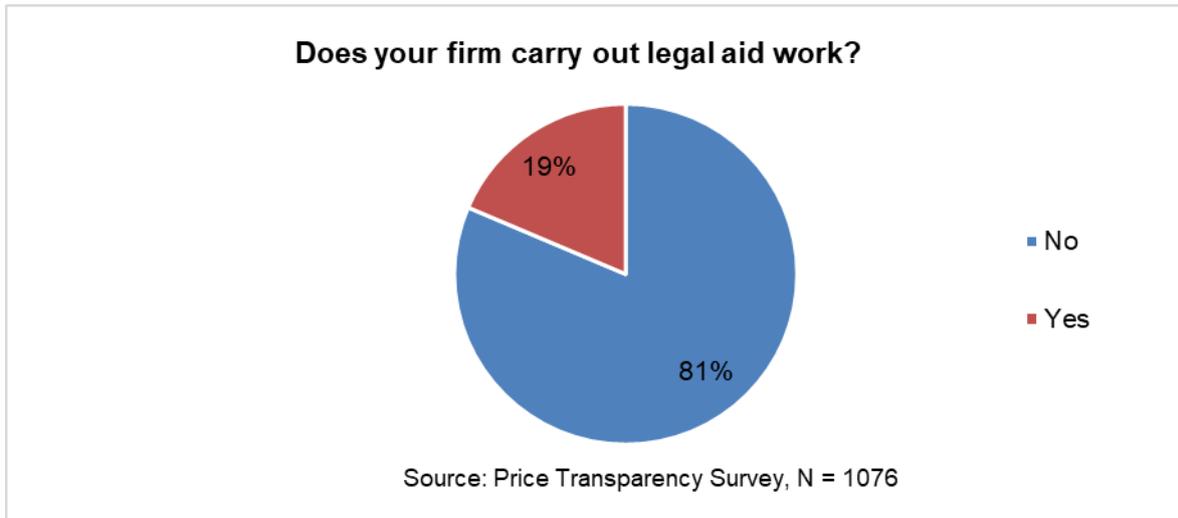
**Figure I.3: Type of firm**



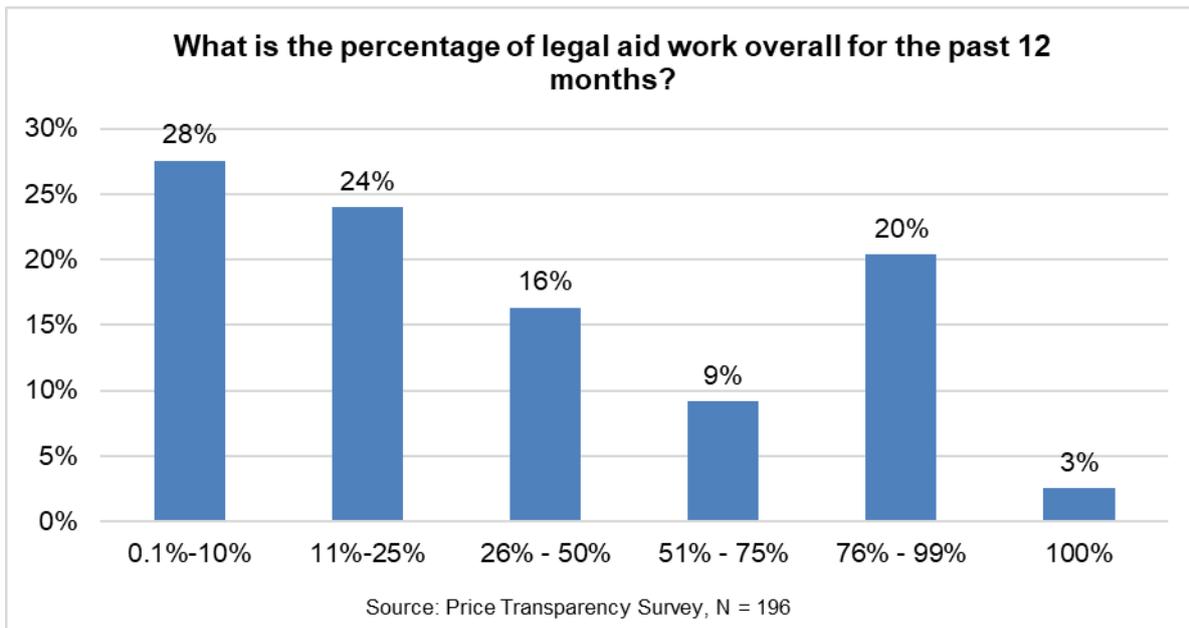
**Figure I.4: Region**



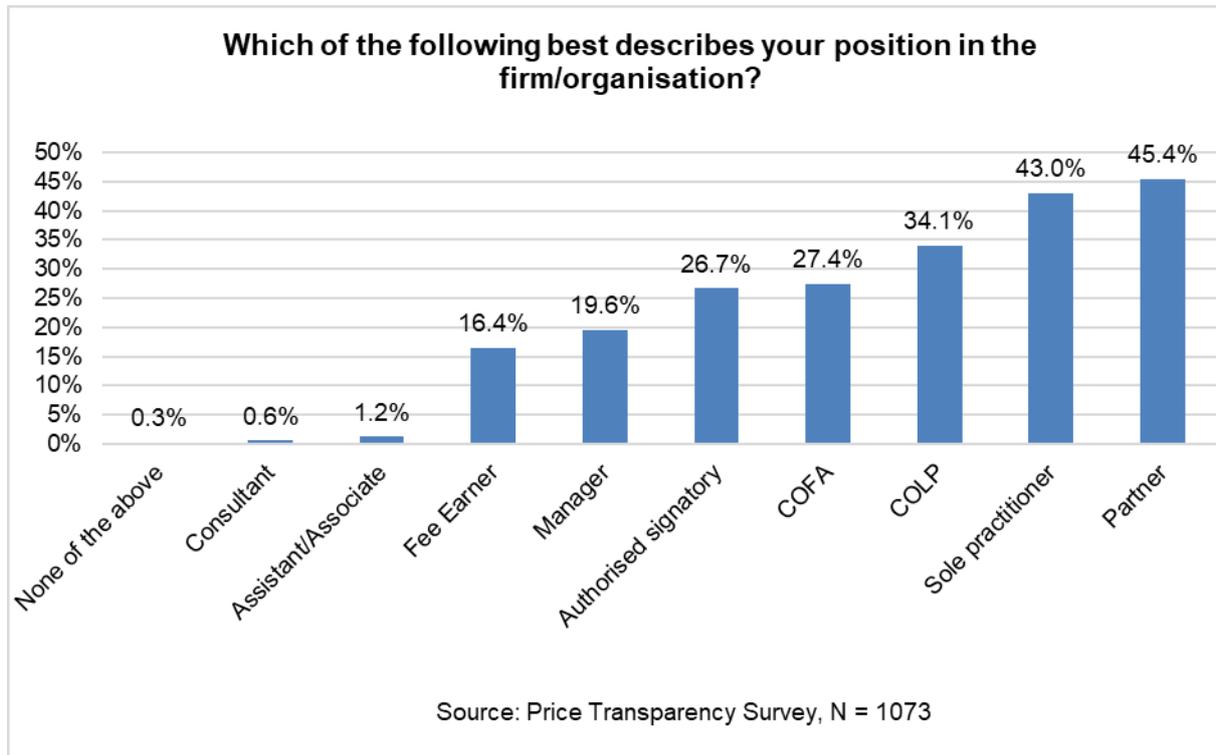
**Figure I.5: Legal aid work**



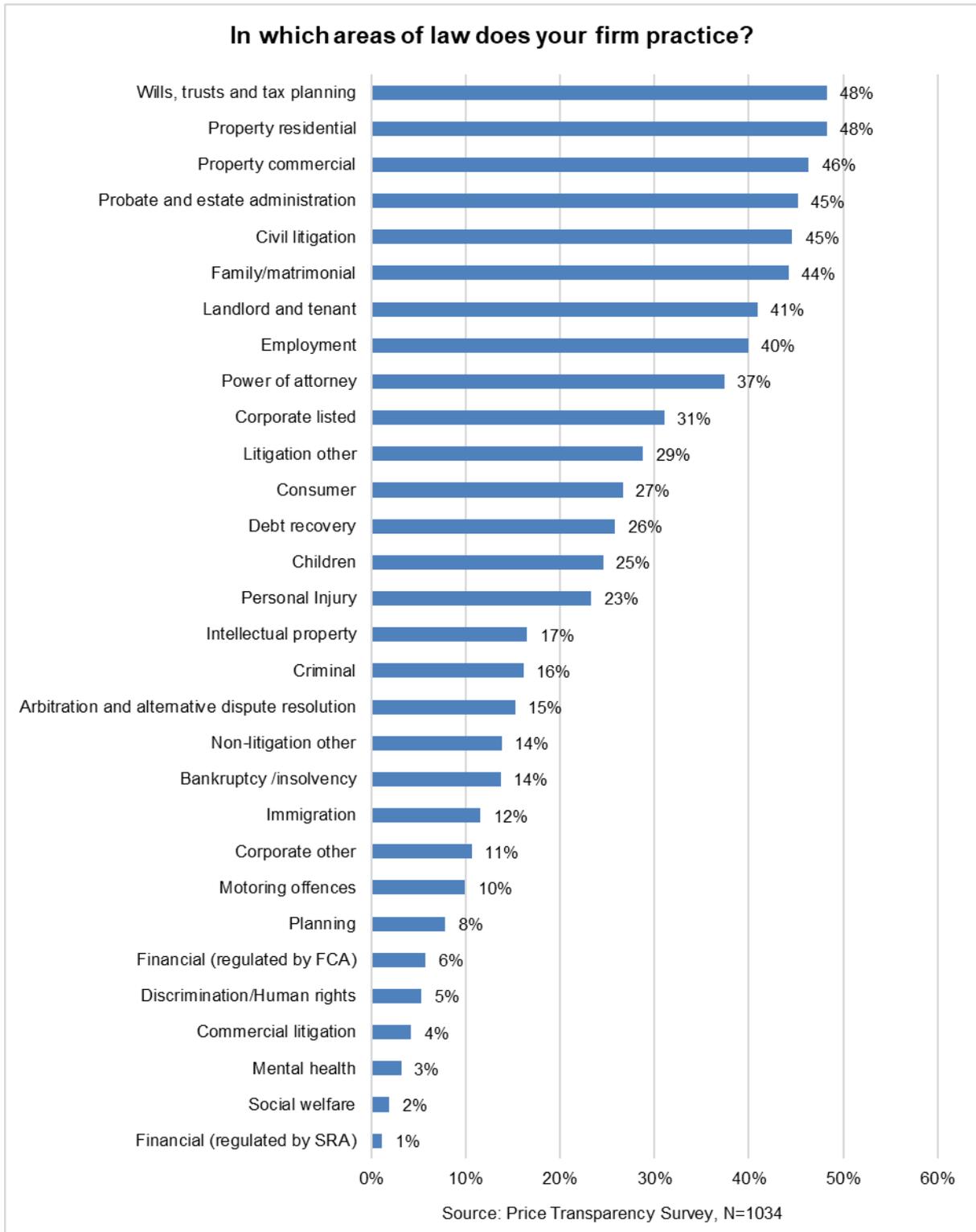
**Figure I.6: Amount of legal aid work overall for the past 12 months**



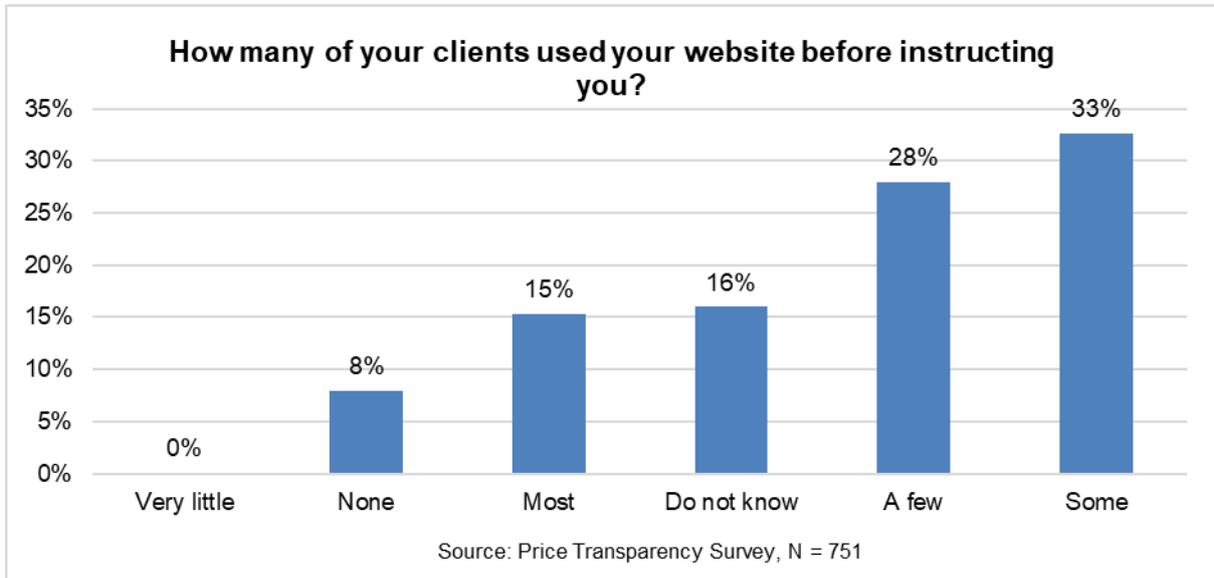
**Figure I.7: Position in the firm/organisation**



**Figure I.8: Areas of law**



**Figure I.9: Number of clients using website**



**Advertising price**

**Figure I.10: Firms who advertise price by type of firm**

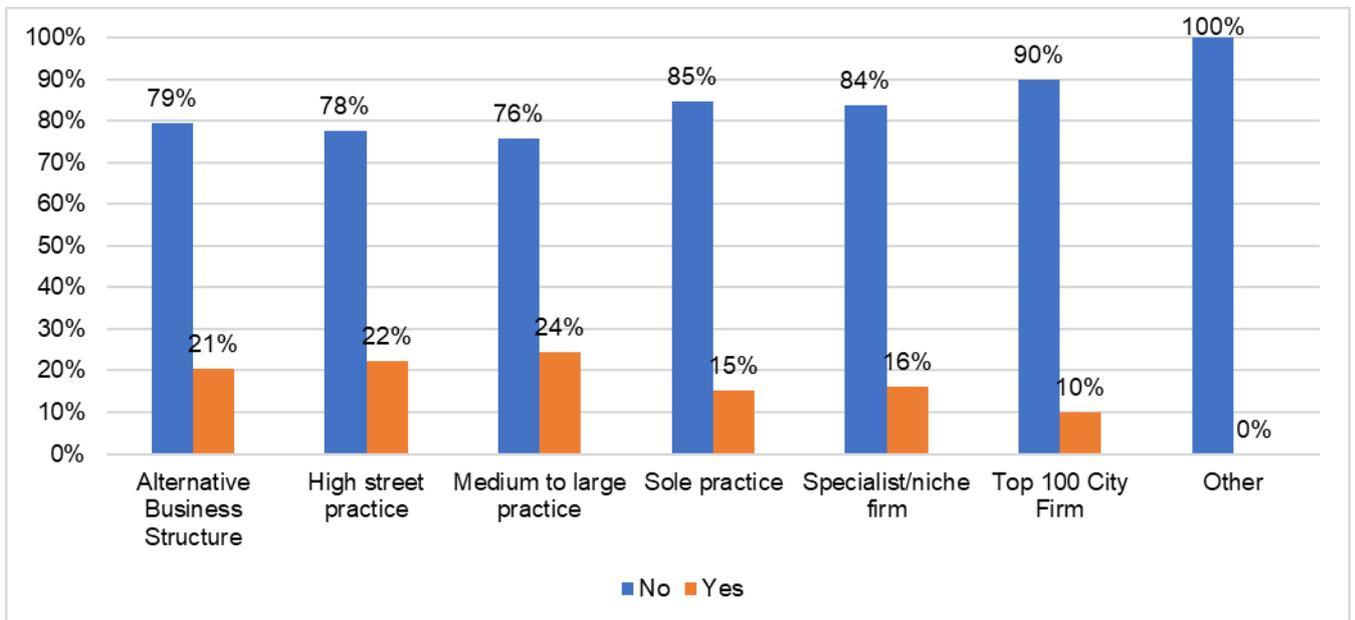
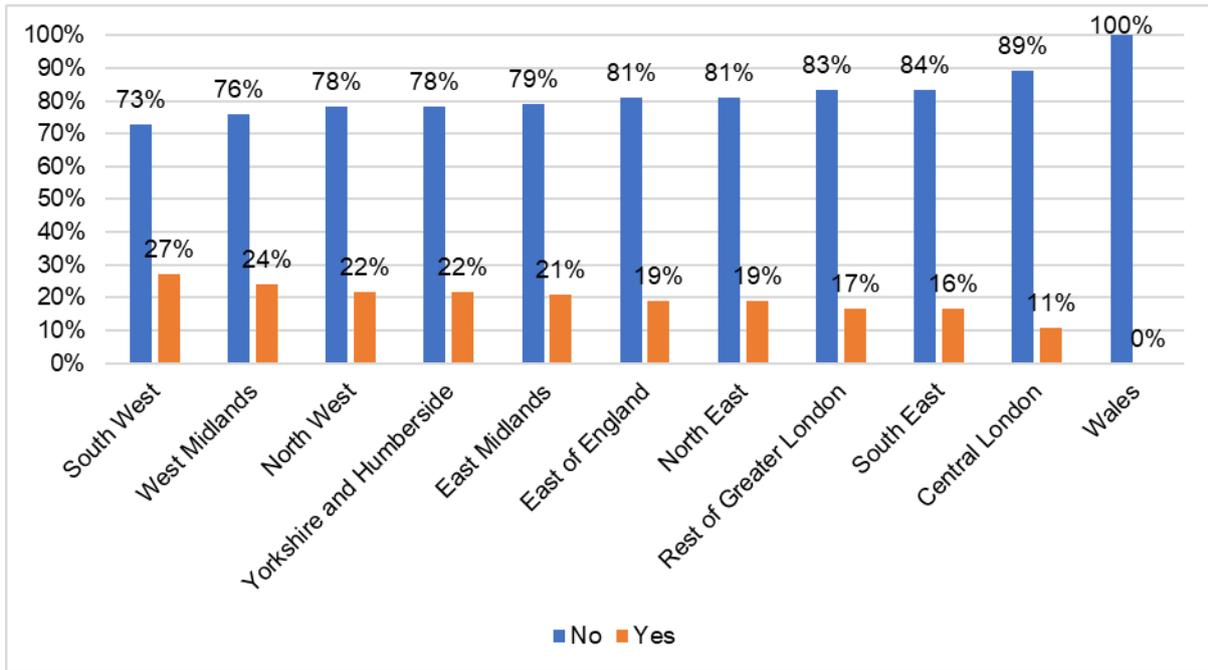


Figure I.11: Firms who advertise price by region



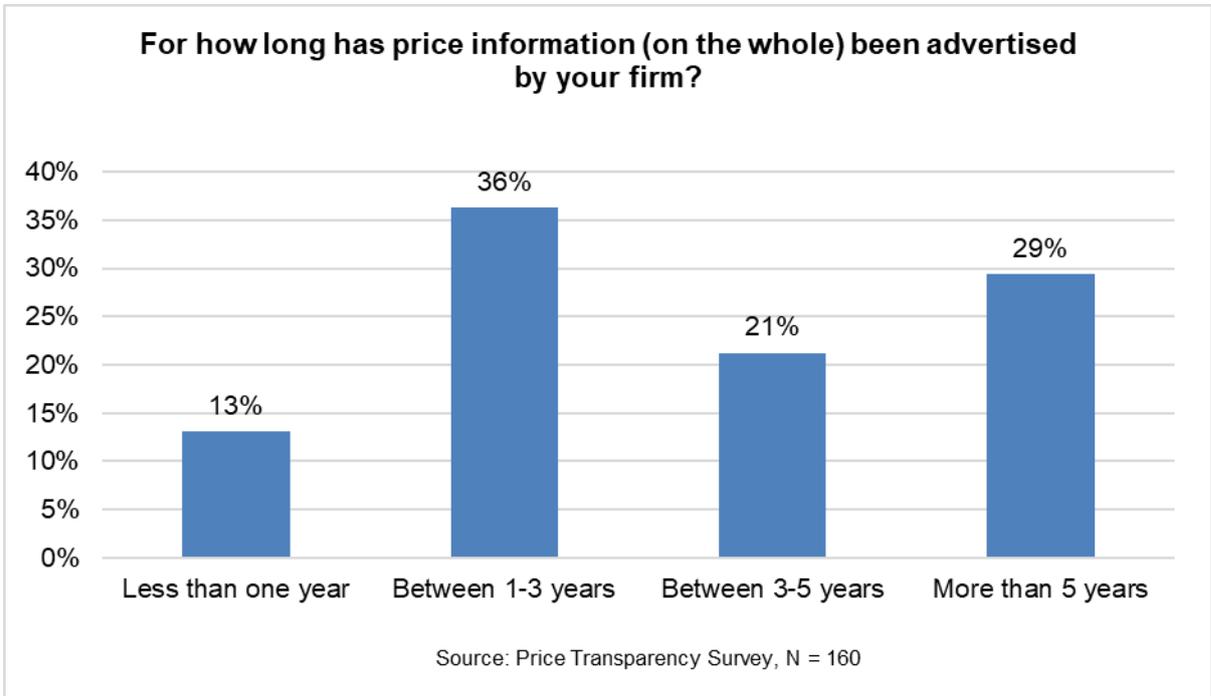
**Figure 1.12: Firms who do not advertise the price of services, by number of partners**

	1 (sole practitioner)	2-4 partners	5-10 partners	11-25 partners	26-80 partners	81+ partners
Our prices are available on request via email	45%	63%	63%	42%	70%	40%
Our prices are based on the needs of each client	75%	74%	77%	88%	80%	80%
Our prices are available on request via telephone	47%	66%	69%	50%	60%	30%
Our prices are available via initial (face to face) consultation	53%	67%	71%	73%	90%	30%
We offer complex services that make it difficult to publish a standard price	52%	49%	74%	92%	100%	80%
We do not wish competitors to see our prices	21%	23%	45%	35%	0%	30%
We only provide services for high net worth organisations or individuals	7%	7%	8%	8%	10%	40%
Our prices are driven by external factors, for example, Legal Aid	6%	18%	29%	19%	30%	0%
We do not have the resources to regularly publish prices	15%	14%	10%	4%	0%	0%
We do not provide services to the public	8%	3%	2%	0%	10%	10%
We would have to bear additional costs if service exceeds initial price	10%	12%	16%	8%	10%	20%
We do not want to confuse clients if service exceeds initial price	22%	25%	26%	35%	20%	10%
Other	20%	26%	24%	19%	50%	20%
<b>No. of Firms which answered:</b>	<b>374</b>	<b>251</b>	<b>62</b>	<b>26</b>	<b>10</b>	<b>10</b>

Figure I.13: How firms advertise the price of services, by area of law specialism

	Immigration	Property residential	Criminal	Employment	Personal Injury	Family/matrimonial
Our prices are available on request via email	35%	85%	33%	65%	38%	52%
Our prices are based on the needs of each client	84%	79%	56%	81%	34%	61%
Our prices are available on request via telephone	39%	74%	38%	73%	34%	65%
Our prices are available via initial (face to face) consultation	76%	66%	54%	59%	41%	71%
We offer complex services that make it difficult to publish a standard price	33%	30%	38%	57%	34%	58%
We do not wish competitors to see our prices	22%	45%	18%	22%	9%	26%
We only provide services for high net worth organisations or individuals	8%	4%	5%	8%	3%	0%
Our prices are driven by external factors, for example, Legal Aid	2%	4%	72%	3%	16%	10%
We do not have the resources to regularly publish prices	16%	19%	18%	19%	0%	13%
We do not provide services to the public	0%	0%	3%	0%	3%	0%
We would have to bear additional costs if service exceeds initial price	8%	13%	13%	22%	0%	3%
We do not want to confuse clients if service exceeds initial price	35%	19%	23%	22%	6%	29%
Other	6%	17%	21%	32%	41%	16%
<b>No. of Firms which answered</b>	<b>51</b>	<b>47</b>	<b>39</b>	<b>37</b>	<b>32</b>	<b>31</b>

**Figure I.14: Time since price information has been advertised by firm**



**Figure I.15: Approaches to pricing**

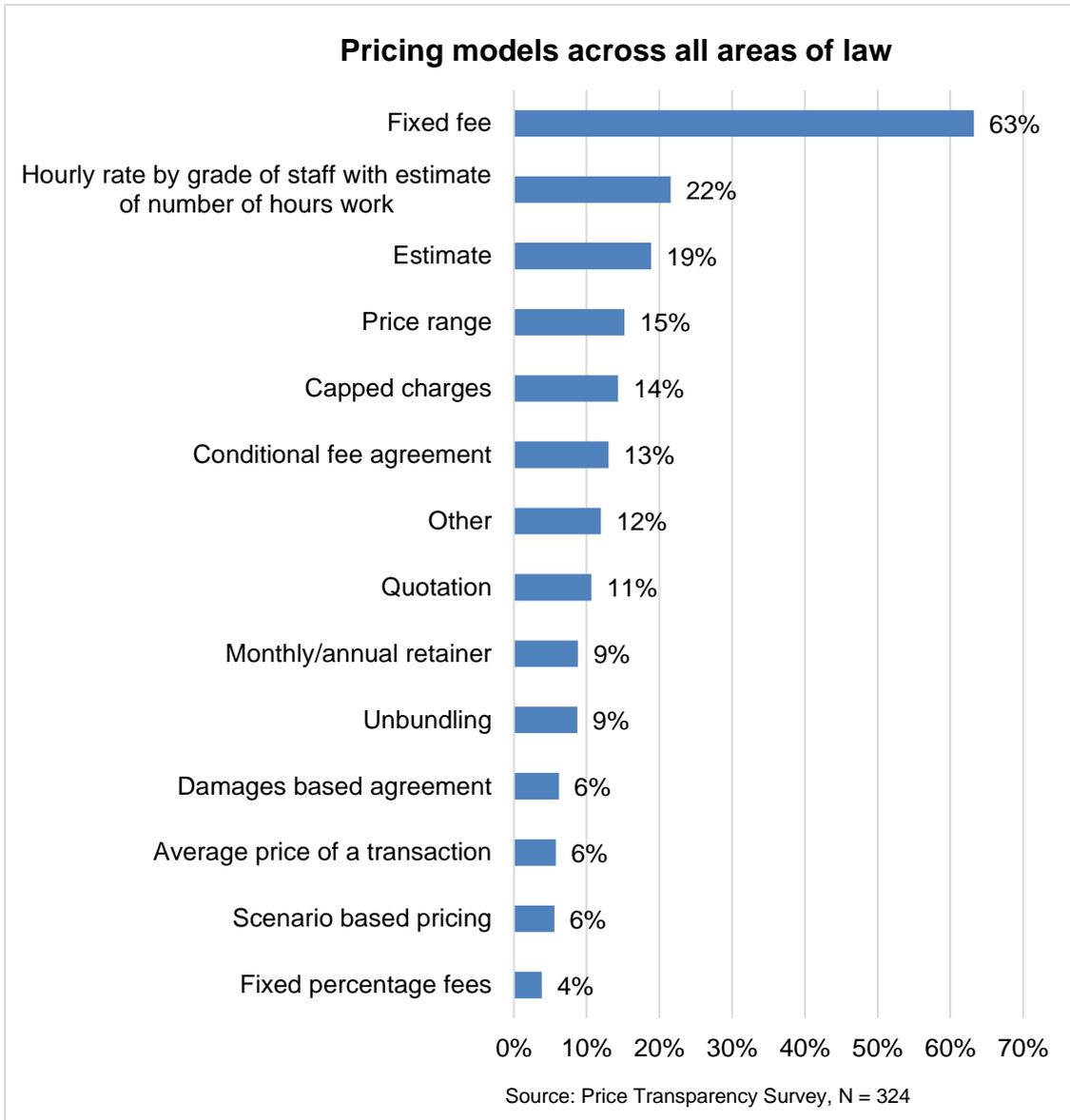
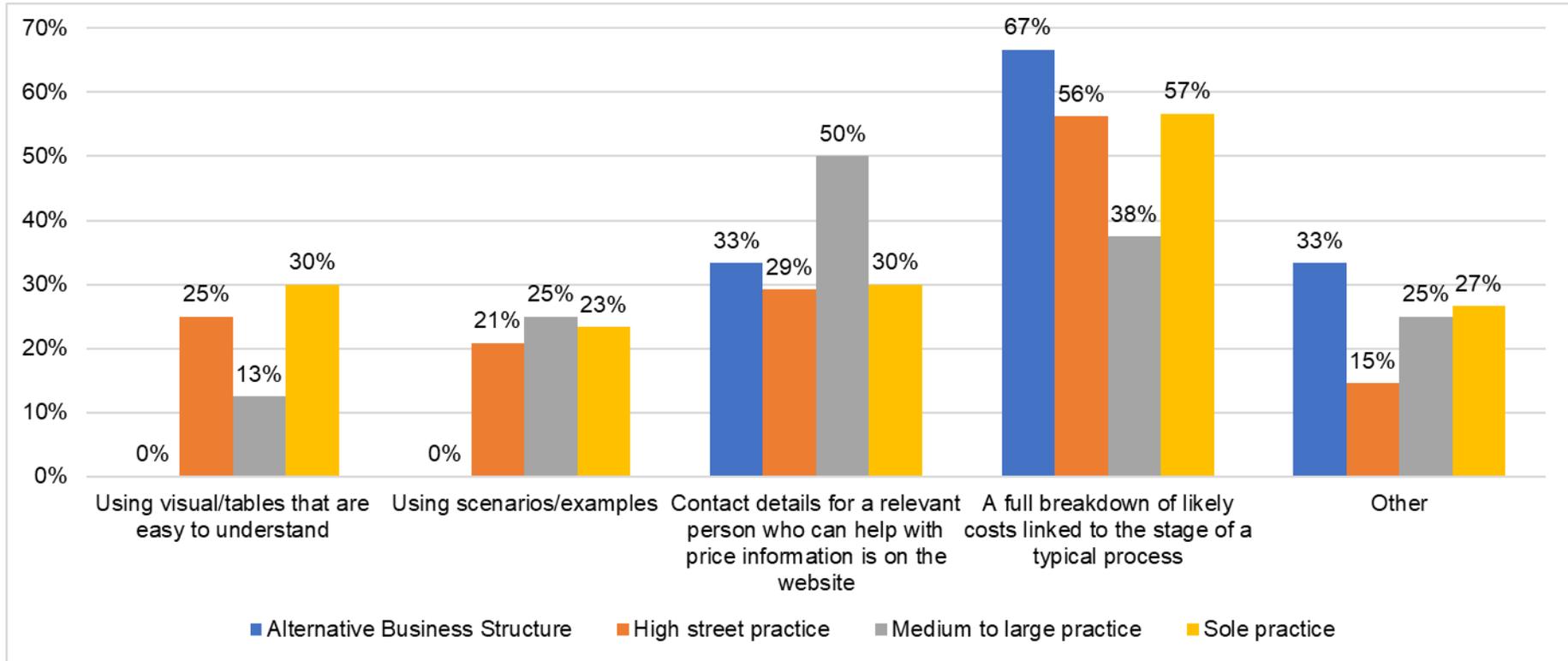


Figure I.16: Percentage of firms which do not advertise and pricing models they would use, by area of law specialism

	Property residential	Employment	Family/matrimonial	Corporate other	Property commercial	Wills, trusts and tax planning	Probate and administration	Immigration	Personal injury	Commercial litigation	Civil litigation	Criminal	Landlord and tenant
Fixed fee	68%	54%	59%	57%	54%	61%	60%	75%	48%	54%	56%	77%	55%
Hourly rate	56%	67%	80%	68%	74%	70%	80%	56%	48%	67%	75%	71%	76%
Capped charges	8%	27%	22%	36%	24%	23%	24%	11%	22%	28%	25%	25%	22%
Conditional fee agreement	12%	29%	29%	29%	36%	37%	36%	25%	76%	40%	40%	17%	37%
Damages based agreement	3%	20%	14%	17%	19%	20%	19%	10%	28%	26%	22%	12%	20%
Fixed percentage fees	8%	9%	11%	13%	15%	13%	17%	10%	12%	21%	15%	6%	14%
Monthly/annual retainer	8%	38%	24%	39%	31%	29%	31%	13%	21%	42%	33%	15%	31%
Scenario based pricing	17%	34%	35%	32%	38%	31%	39%	11%	22%	39%	40%	19%	37%
Unbundling	3%	13%	22%	11%	17%	16%	17%	5%	17%	16%	16%	6%	20%
Average price of a transaction	19%	24%	23%	24%	24%	19%	20%	8%	21%	26%	25%	12%	29%
Price range	41%	54%	54%	49%	49%	46%	51%	30%	34%	44%	47%	35%	53%
Quotation	46%	33%	29%	38%	36%	37%	37%	20%	22%	35%	33%	23%	33%
Estimate	61%	64%	68%	62%	68%	64%	64%	43%	43%	61%	64%	40%	65%
Other	5%	9%	10%	8%	6%	7%	6%	0%	7%	12%	11%	8%	10%
No. of Firms	100	96	79	76	72	70	70	61	58	57	55	52	51

Figure I.17: Presentation of price information by firms that advertise, by type of firm



**Figure I.18: Providing a breakdown of costs to consumers**

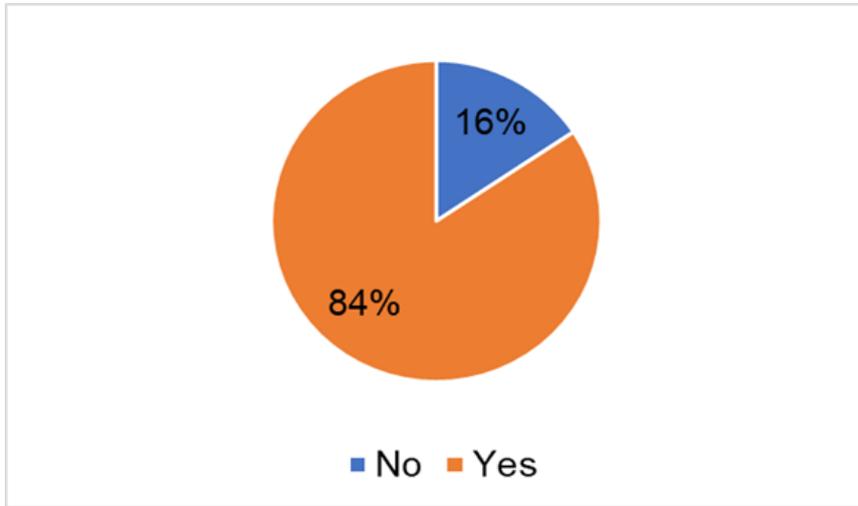
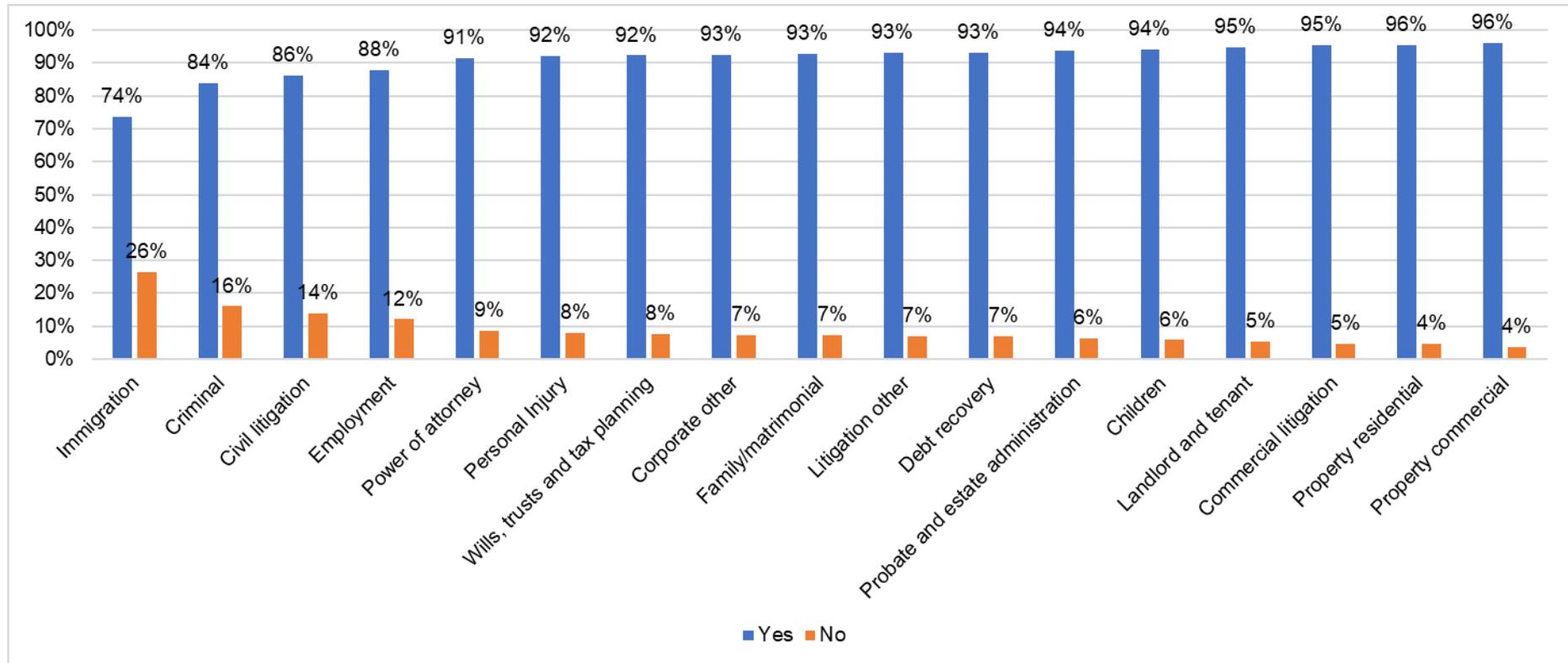


Figure I.19: Percentage of firms which provide a breakdown of costs to consumers, by area of law specialism



**Figure I.20: Description of the services included in price**

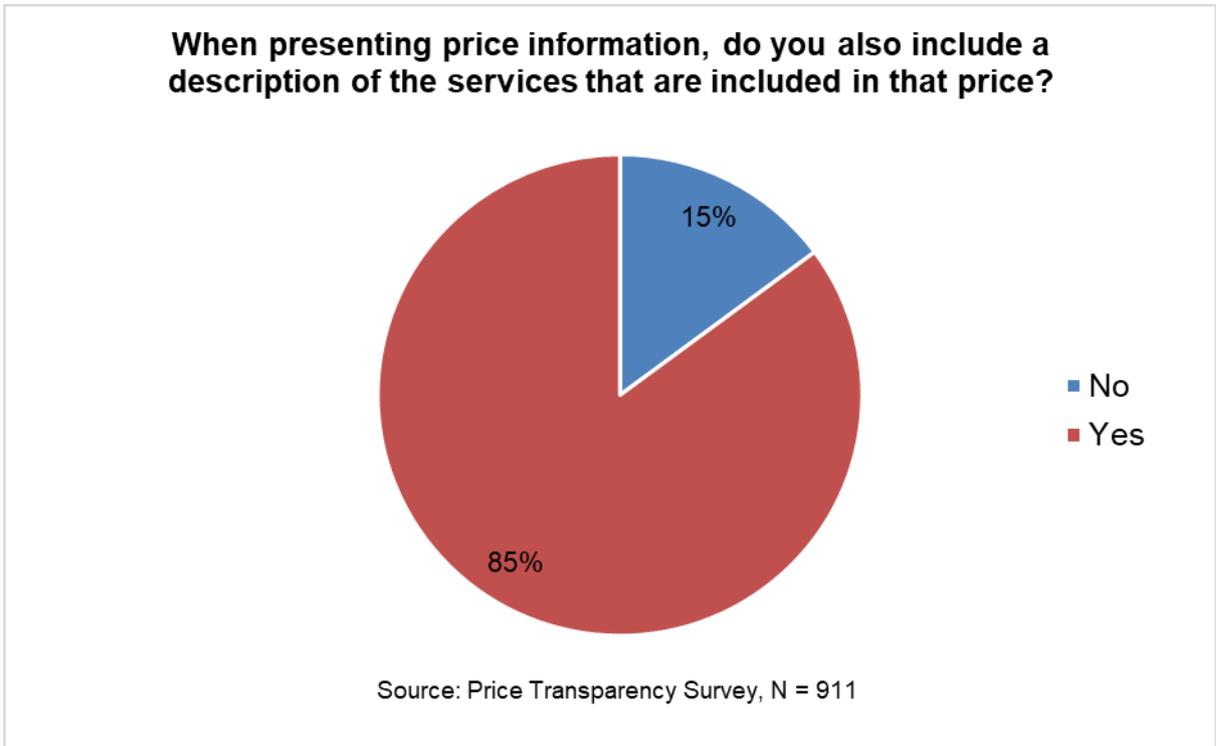


Figure I.21: Factors considered when setting prices, by number of partners

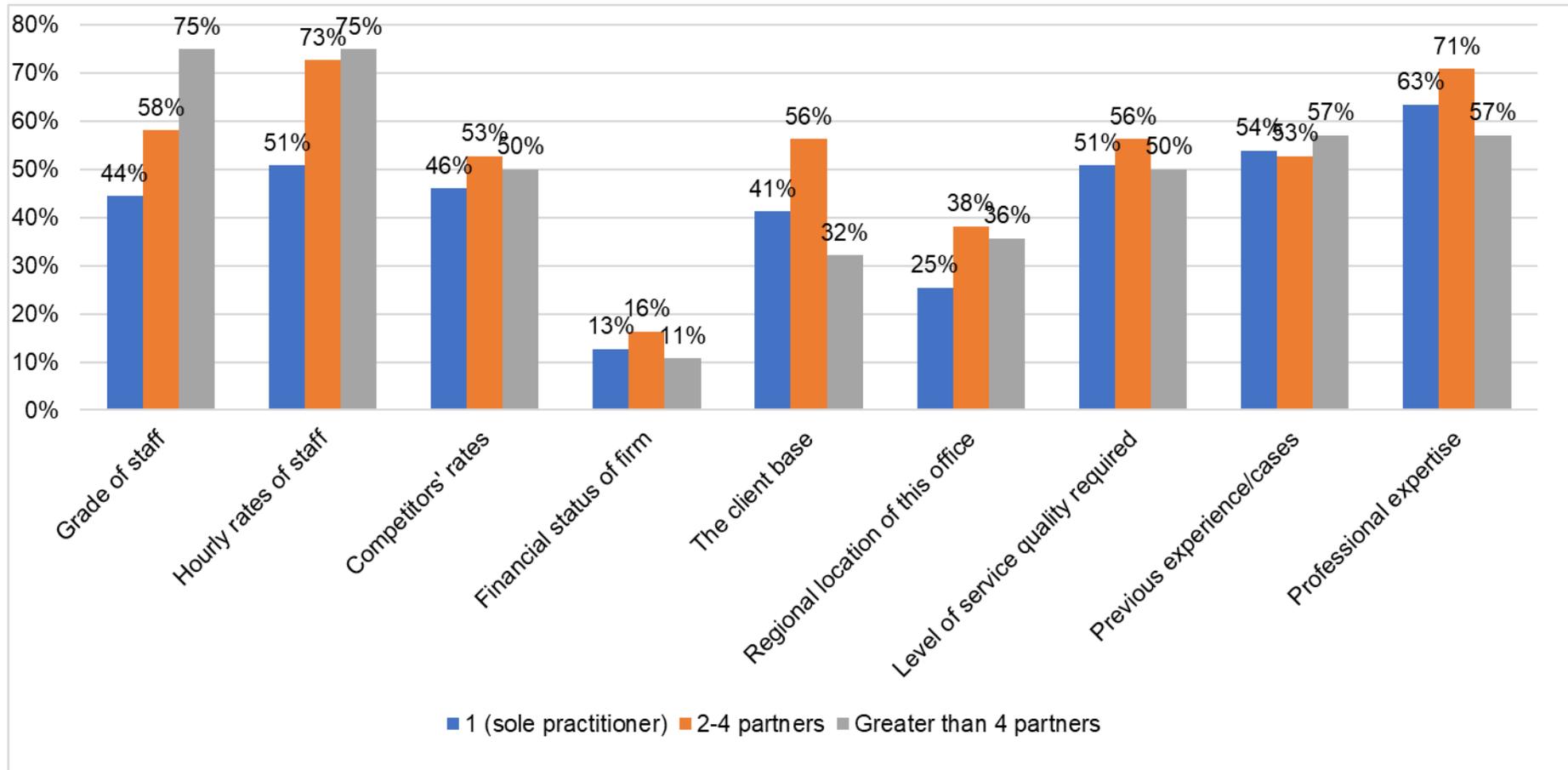


Figure I.22: Factors considered when setting prices, by area of law specialism

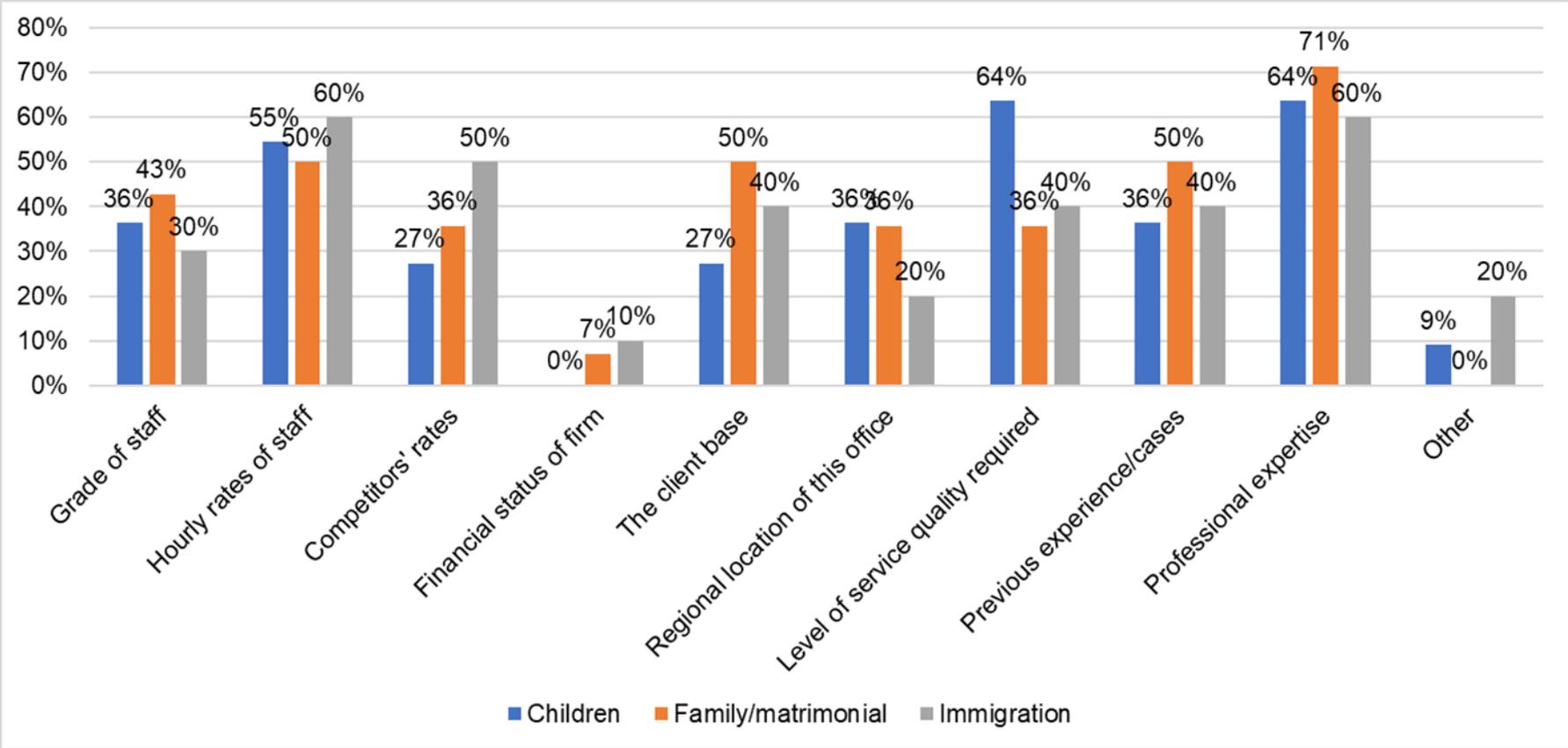
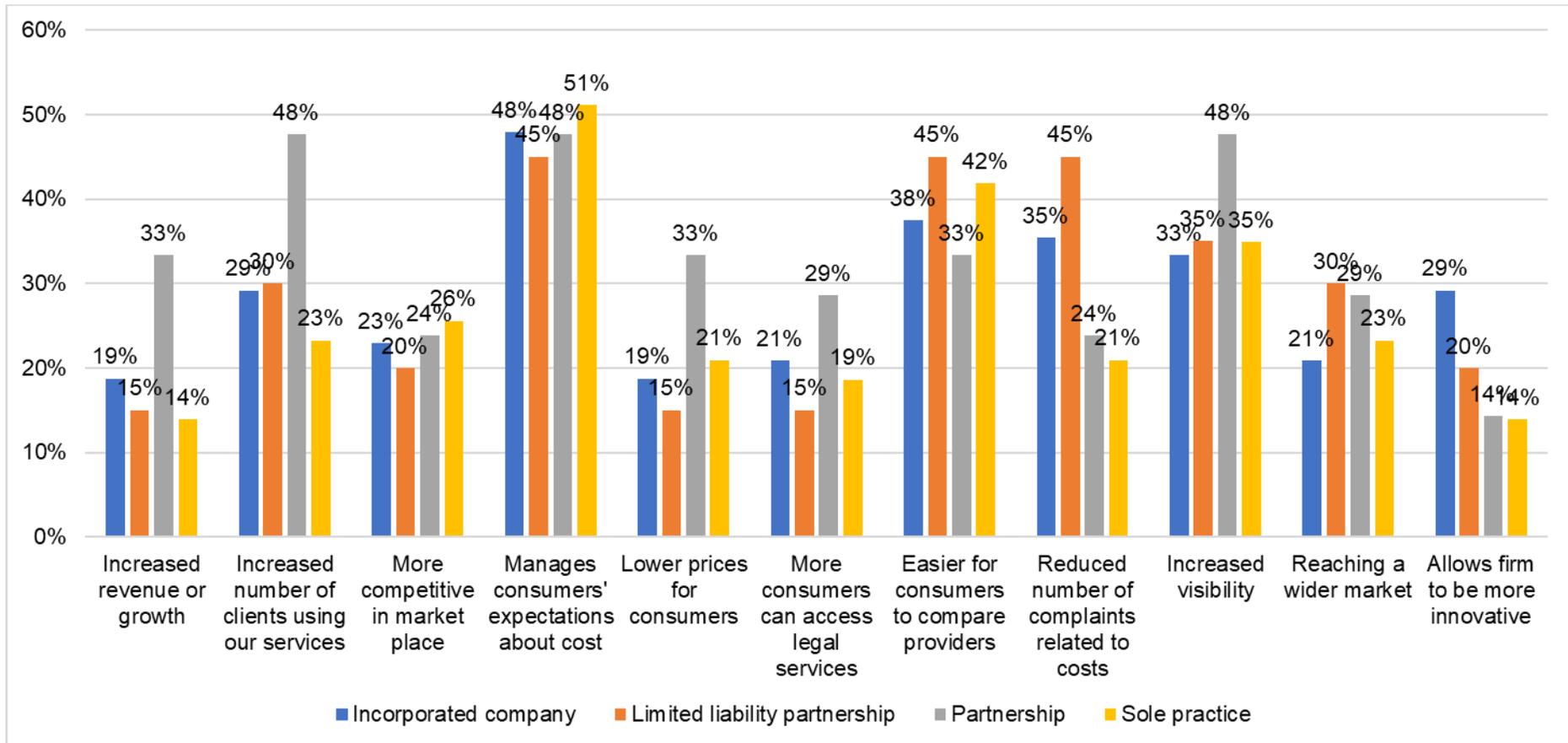


Figure I.23: Benefits of advertising price, by constitution type



**Table I.24: Benefits of advertising price by area of law specialism**

	Children	Employment	Family/matrimonial	Immigration	Property residential
Increased revenue or growth	33%	25%	15%	10%	44%
Increased number of clients using our services	33%	25%	23%	10%	56%
More competitive in market place	25%	25%	23%	30%	56%
Manages consumers' expectations about cost	67%	75%	62%	30%	56%
Lower prices for consumers	33%	0%	23%	20%	22%
More consumers can access legal services	33%	0%	31%	10%	11%
Easier for consumers to compare providers	58%	50%	46%	60%	78%
Reduced number of complaints related to costs	8%	38%	8%	40%	44%
Increased visibility	42%	13%	38%	40%	56%
Reaching a wider market	17%	13%	23%	20%	33%
Allows firm to be more innovative	0%	38%	23%	0%	33%
<b>No. of Firms which answered</b>	<b>12</b>	<b>8</b>	<b>13</b>	<b>10</b>	<b>9</b>

## Challenges of advertising price

Figure I.25: Challenges in advertising price information, by number of partners

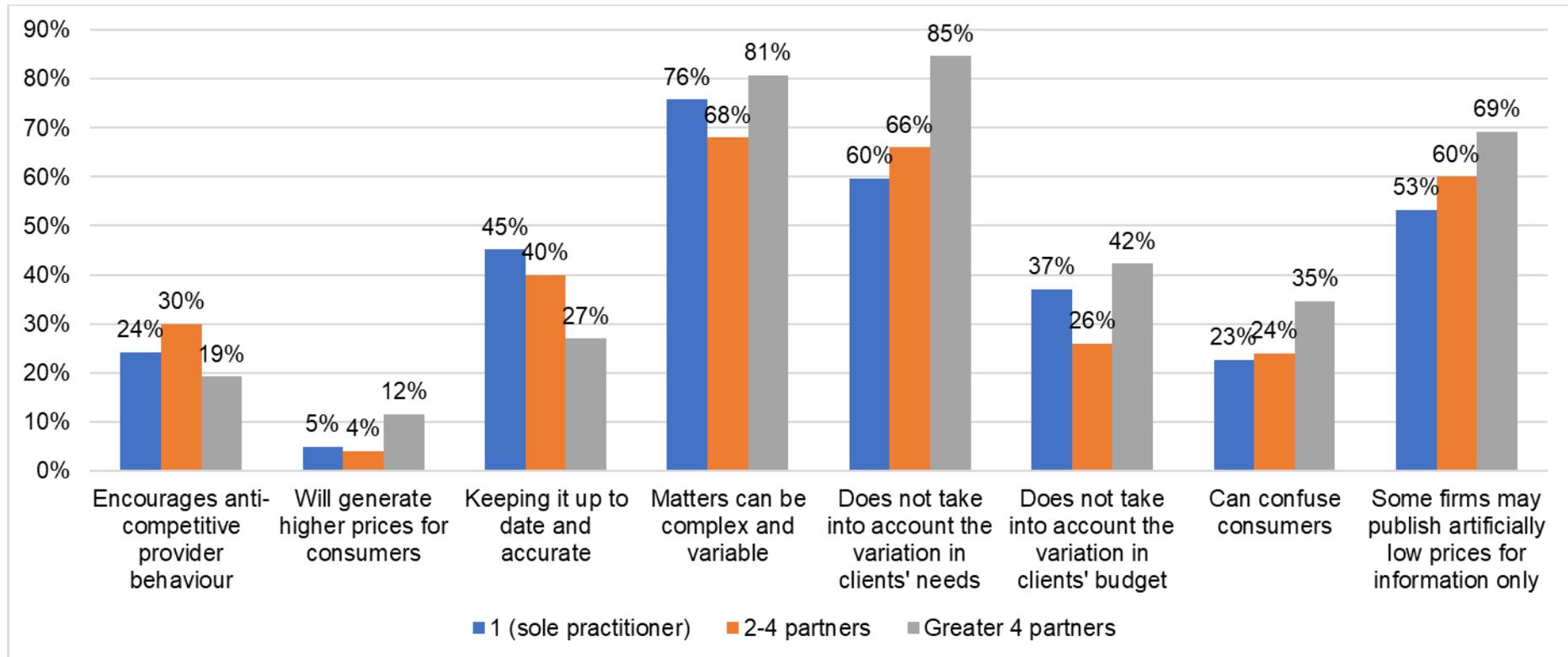


Figure I.26: Challenges in advertising price information, by area of law specialism

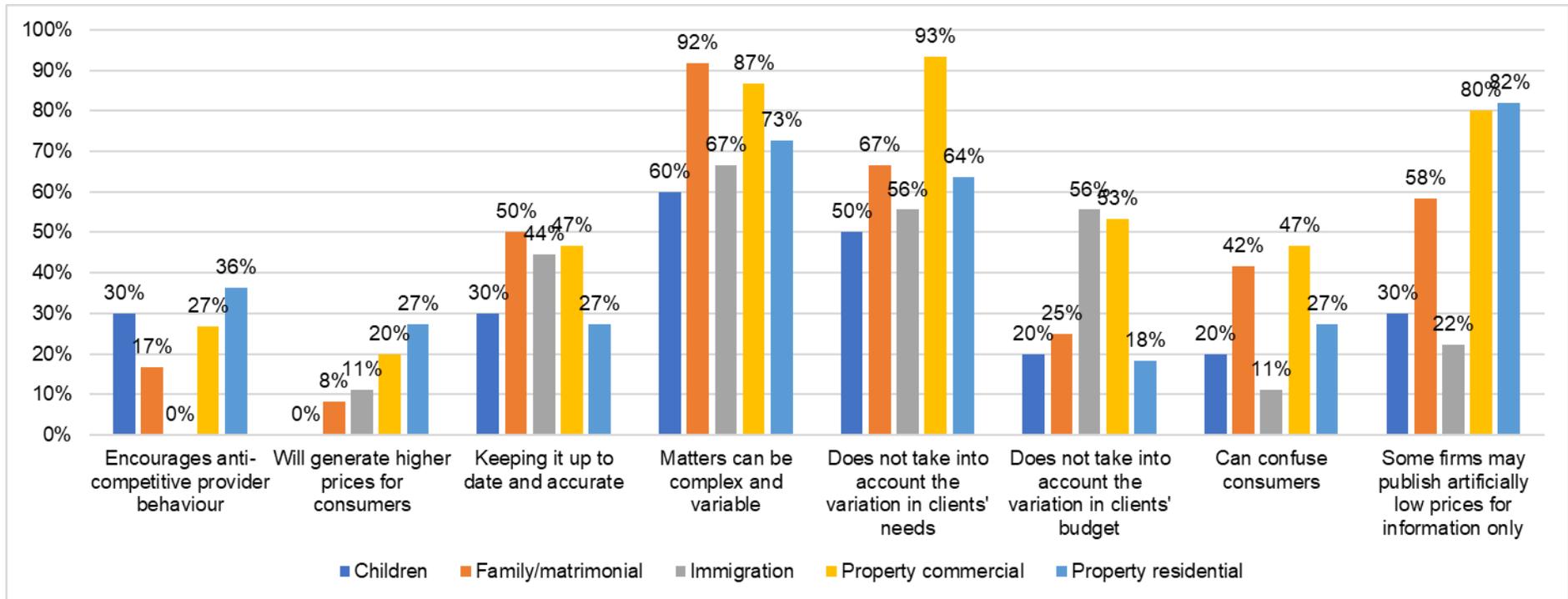
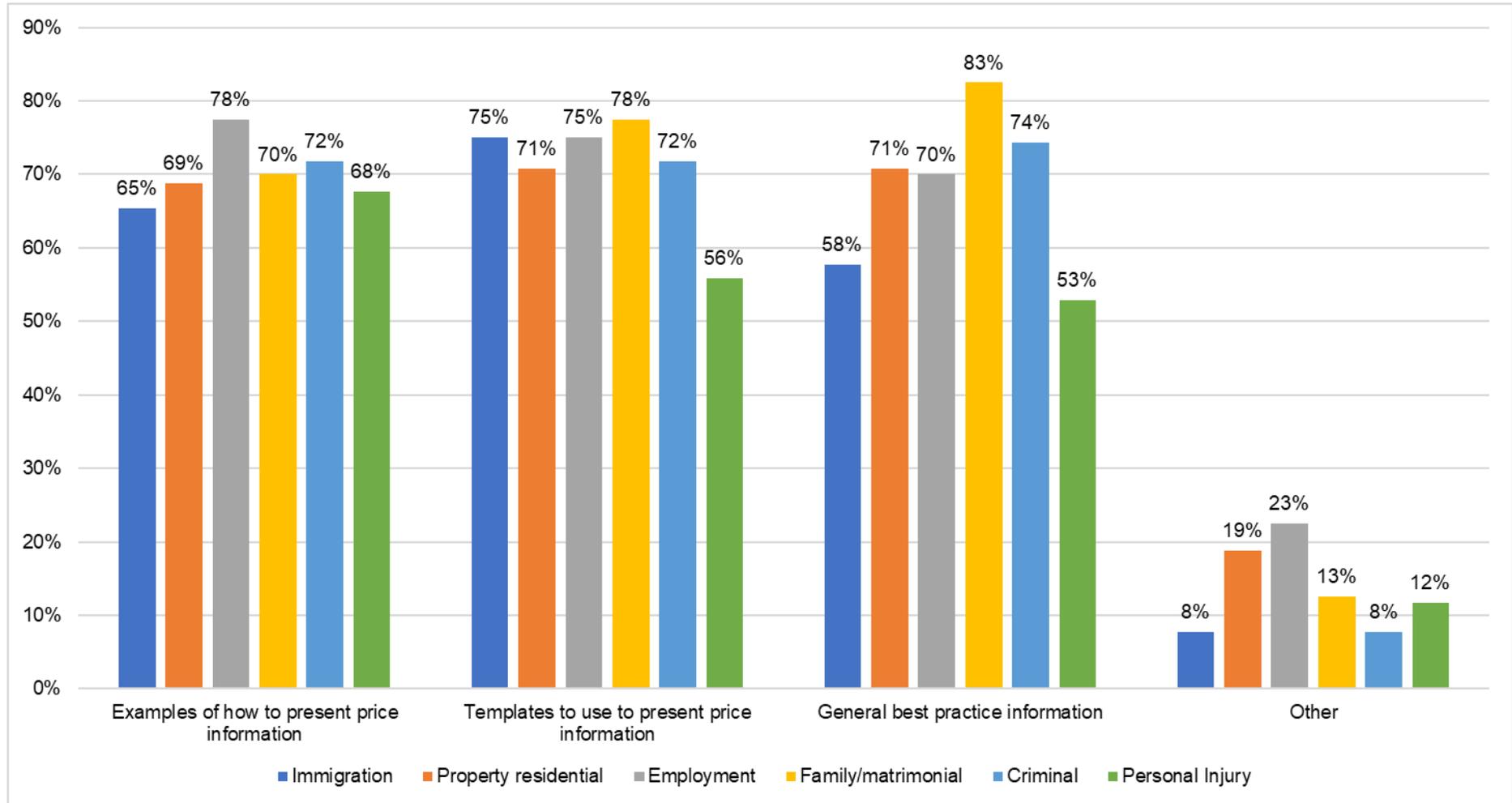


Figure I.27: Useful guidance, by area of law specialism



## Comparison websites

Figure I.28: Percentage of firms providing price information to comparison websites, by area of law specialism

