

SRA response

Competition and Markets Authority Digital Comparison Tools Market Study

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The Solicitors Regulation Authority (SRA) is the regulator of solicitors and law firms in England and Wales, protecting consumers and supporting the rule of law and the administration of justice. The SRA does this by overseeing all education and training requirements necessary to practise as a solicitor, licensing individuals and firms to practise, setting the standards of the profession and regulating and enforcing compliance against these standards.

We welcome the Competition and Markets Authority (CMA) market study of digital comparison tools (DCTs) and are pleased to have the opportunity to share our thoughts before the study begins.

There are a number of legal comparison sites operating in the legal services market and one of the large mainstream comparison websites, moneysupermarket.com provides comparison information for conveyancing, including prices and customer satisfaction ratings. Online market places have also started to appear. More sophisticated sites are developing and we are receiving increasing numbers of requests from intermediaries, both for systematic access to a layer of our regulatory data and for an application programming interface, to facilitate the development of applications (such as websites, native mobile apps and enterprise software) that make use of our data.

Despite this progress, the recent CMA interim report into the legal services market highlighted that the use and impact of comparison tools in the legal services market is very limited. A 2015 survey found that just one percent of consumers purchasing legal services had used a comparison site and the CMA survey found that only 22 percent of individual consumers had used any means to compare two or more providers for their most recent legal need.

This is in sharp contrast to other markets, such as insurance and other financial services, which are well served by comparison websites. These place the consumer in a more empowered position of comparing options, and choosing services that best meet their needs.

In our response to the CMA interim report, we expressed the view that increased coverage of the legal services market by comparison websites would be the single best way to enable consumers to compare legal services providers.

We believe there is consumer demand for more DCTs in the legal services market with 42 percent of consumers surveyed in 2012 saying they wanted legal comparison sites ¹ [note1] . We want to support the increased availability and use of DCTs in the legal services market as we believe this would bring many benefits to consumers, particularly as a tool to make informed decisions. In addition, there is evidence that comparison websites which provide customer feedback can stimulate competition over quality and raise standards ² [note2] .

We have recently published a discussion paper, 'Regulatory data and consumer choice [<https://www.sra.org.uk/sra/consultations/discussion-papers/regulatory-data-consumer-choice-legal-services>] ', which sets out information which we may publish on an online register. Providing more accessible information may provide a catalyst for more DCTs for legal services.

We welcome this study and will consider with interest lessons that can be learned from the use of DCTs in other sectors. As the study progresses, we would be very interested in any views the CMA has about how the low coverage of DCTs in the legal services market could be improved and whether there is any further action the SRA could take to increase their use and impact.

Below we have set out a number of specific areas and questions relating to DCTs in the legal services market that people have raised in discussion with us and that maybe of interest to the CMA.

1.

Reluctance by many legal services providers to engage with and provide information to DCTs that do currently operate in this market. The reasons for this may be worth exploring and considering in light of your colleagues' market study. Our efforts to liberalise and deregulate the legal market may facilitate cultural change as well as new entrants.

2.

We expect that in the first instance the market is most likely to develop trusted brands and that this is more likely to be responsive to consumer demand than official status. We are sceptical of any case for regulating DCT as a way for them to be effective in the legal services market. That might change once they are more established.

3.



We doubt whether the legal services market can be treated as a coherent market when reviewing the impacts of DCTs. It will need to be segmented at least into retail, SME and large firm. The market is likely to do this if it is given freedom and access to good data.

4.

There will need to be work to ensure there is enough standardisation of the labels used to describe legal services to enable effective comparisons to be made using DCTs. For example, how would a consumer compare a firm that takes an aggressive approach towards divorce with one that is an exponent of mediation? Our understanding is that emerging DCTs are tackling these issues.

5.

Some stakeholders we have spoken to are concerned about how DCTs are regulated. We feel it is important for consumers to understand how DCTs work and how they are regulated by consumer and competition law. It may for example be helpful for consumers to understand that DCTs are a form of advertising and that they do not cover the whole market.

6.

Incentivising enough consumers of legal services to provide feedback may be difficult in some segments, but we also recognise that consumers of many market segments are likely to be happy to do so.

7.

As common across other sectors, some stakeholders are concerned about the potential for fraud or bias in customer feedback. Similarly some are concerned about the potential risk that DCTs might end up with few listings with maximum positive feedback as those that compare unfavourably with competitors withdraw.

Notes

1. 'Law firms ignoring leads that come through comparison websites, major report finds [<http://www.legalfutures.co.uk/latest-news/law-firms-ignoring-leads-that-come-through-comparison-websites-major-report-finds>] ', Legal Futures, 2012

2. 'Legal Services Consumer Panel report - Comparison websites [<http://www.legalservicesconsumerpanel.org.uk/ourwork/PriceComparisonWebsites.html>] ', February 2012