

Better information in the legal services market

June 2018

Better information in the legal services market (PDF 147 pages, 3.2MB)
[<https://www.sra.org.uk/globalassets/documents/sra/research/better-information.pdf?version=4a1ac1>]
Annex: Better information in the legal services market (PDF 156 pages, 8.7MB)
[<https://www.sra.org.uk/globalassets/documents/sra/research/annex-better-information.pdf?version=4a1ac0>]

Summary

Beginning in 2014, our ‘Looking to the Future’ programme

[<https://www.sra.org.uk/sra/policy/future/looking-future/>] seeks to make sure we regulate solicitors and law firms in the right way. This means a sharp focus on what matters: the high professional standards that mean we can remove outdated bureaucracy constraints and make it easier for firms to provide the legal services that the public and small businesses need.

Key to improving accessibility is understanding what factors the public consider and what information they would like to know more about, when they have a potential need for professional legal support.

The Competition and Markets Authority (CMA) published a report [<https://www.gov.uk/cma-cases/legal-services-market-study#history>] in December 2016 which said that a lack of clear information is making it difficult for the public and small businesses to access legal services. Only one in ten people use a regulated professional when they have a legal problem, and it is hard for them to make informed choices. This is weakening competition in the sector and reducing access to justice.

In October 2016, we published a discussion paper [<https://www.sra.org.uk/sra/consultations/discussion-papers/regulatory-data-consumer-choice-legal-services/>] about what could be done to help people make more informed decisions when choosing legal services. Then in September 2017 we issued a consultation paper, Better information, more choice [<https://www.sra.org.uk/sra/consultations/consultation-listing/lttf-better-information-consultation/>], which proposed making information about law firms, the services they offer, the prices they charge, the complaints they receive and the protections they have in place more easily accessible.

In order to inform our decisions [<https://www.sra.org.uk/sra/consultations/consultation-listing/lttf-better-information-consultation/>] on these proposals, we commissioned

Economic Insight to undertake two pieces of research.

The first, Price Transparency in the Conveyancing Market

[<https://www.sra.org.uk/sra/how-we-work/archive/reports/price-transparency-legal-services-market/>], was published in January 2018. This tested how pricing models, and the way that prices are presented to consumers, affects their ability to make legal choices. We also tested firms' perceptions of price transparency with an online survey.

Secondly, we explored the CMA's recommendations regarding the publication of regulatory status and protections in the legal services market. For this project, we collaborated with the Legal Ombudsman (LeO).

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This research involved:

- An online survey of 1,020 recent users of legal services, across 15 areas of law, exploring their awareness and understanding of different regulatory protections, as well as what additional information they would like, to help make decisions.
- Three behavioural trials:
 - Firstly, with 1,899 people testing their understanding of LeO's published Ombudsman's decisions data, in family law.
 - Secondly, with 1,899 people, testing the effectiveness of an 'SRA Regulated' clickable logo, when choosing a conveyancing solicitor.
 - Thirdly, with 1,286 people, testing their understanding of information about regulatory protections, in will writing.
- A review of information and literature of 36 regulators/entities from the UK and abroad, across nine different sectors (including healthcare, financial services, transport, communications and utilities), as well as six comparison sites from both the public and private sector.

A key recommendation of the CMA's report was for regulators to use consumer testing and behavioural research methods to assess the impact of policies aimed at increasing transparency in the market. The main methods used in this research were randomised controlled trials, which are widely considered as the gold standard for policy evaluation and behaviourally-informed research.

What did the research find?

Through this combination of methods, we have been able to develop an in-depth picture of consumer perceptions of legal services, what type of information they look for when choosing legal providers, and most

importantly, gather robust evidence regarding how our reforms will help firms to win more clients, and help consumers to make more informed choices.

Some of the headline findings of the research are outlined below:

- When choosing a legal services provider, most people (85%) want information before making their decision, usually relating to price (53%) and quality (37%). 27% of respondents wanted information on regulatory protections.
- Over half (57%) of respondents thought that all legal services providers were regulated, which is not always the case. Of those who have used a regulated provider in the past:
 - 24% are aware of the SRA Compensation Fund.
 - 36% are aware their provider is insured.
 - 41% are aware of the Legal Ombudsman.
- Despite this, when they were provided with clear information regarding regulatory protections:
 - People's awareness increased.
 - They engaged with it and used it to make decisions.
- In general, people stated that they wanted more information on price, the quality of the service, and the provider's regulatory protections.
- In one of the trials, firms that used an SRA regulated logo were significantly more likely to be selected by consumers (14% increase), providing a commercial benefit for firms using the logo.
- 79% of consumers said they felt more comfortable selecting providers that had a logo.
- 86% of consumers felt that it would be useful to be able to click on the logo to find more information on the firm's protections.
- Finally, we found that when people were given access to information on price and protections, they made informed decisions.
 - We found that people were willing to trade off between the type of provider, and their associated regulatory protections, and the cost of the service.
 - 54% of participants said that they would be willing to pay more to have more regulatory protections.
 - The research showed that protections and price are both important, and people do not simply choose the cheapest option.

What we will do with these findings

Findings from both of our Better Information reports, along with wider feedback from the public and profession have been integral to guide our thinking, and to make sure that our reform programme is designed in a way that works for both the users and the providers of legal services. As a result, we have now finalised our regulatory reforms. These reforms, including new rules, are being submitted to the Legal Services Board (LSB) for approval this summer (2018). Subject to the LSB's approval, these changes will be implemented from December 2018 onwards.

We have learnt a lot from this research, about how both people and firms react to different types of information, and we will continue to take this thinking into our ongoing reform programs

[<https://www.sra.org.uk/sra/consultations/consultation-listing/litf-better-information-consultation/>] . We will also continue to use the most robust research methods to make sure our policies are developed in the light of strong evidence and good information.

Infographic: Better information