

CMA publishes review of progress in legal services sector



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The review follows recommendations made in 2016 after the Competition and Markets Authority (CMA) conducted a market study of the sector in England and Wales, and found it was not working well for consumers.

The CMA made recommendations to legal services regulators to improve transparency by legal firms on price, service and quality to help customers navigate the sector more easily and get value for money. It also recommended that the Government consider whether those using unauthorised providers need stronger protections and that the regulatory framework be reviewed for the longer term.

The assessment published today has found that on

Transparency

There are clear signs of progress. For example, many more legal firms are now providing information on price, service, redress and regulatory status to help consumers shop around. However, while the evidence suggests that some customers are taking advantage of the changes, there is still work to do as there only appears to have been a limited impact on the intensity of competition between providers and on sector outcomes. The CMA now recommends that the Legal Services Board (LSB), working with other regulators in the sector, continues to build on the reforms so far and addresses some aspects of the market study recommendations that still require progression, such as providing more information on quality.

Regulatory reform

A number of the CMA's recommendations, including its initial call for a regulatory review of the Legal Services Act 2007, have yet to be progressed. The CMA considers that the case for reform remains pressing, particularly as there are signs of growth in the unregulated sector, and therefore remains of the view that wholesale reform of the Act is necessary. In the meantime, the CMA considers there is merit in taking shorter term steps which deliver such reform in stages – including, that:

the Ministry of Justice (MoJ) establish a mandatory public register of unregulated providers, requiring them to provide appropriate redress;

the LSB review the activities that are reserved to certain legal services providers to ensure that such restrictions are necessary and proportionate.

The CMA has engaged at length with relevant stakeholders, including the LSB, the regulators, the representative bodies, the Legal Services Consumer Panel, providers and the MoJ, to gain a clear view of what progress has been made to date and has taken their research into account in its review. Alongside this, the CMA has considered all responses to its 'call for inputs', issued at the launch of the review.

The review aims to feed into the ongoing work in the sector, led by the LSB, and the CMA is calling for the MoJ and LSB to build on the progress already made by agreeing to the further actions recommended.

Andrea Coscelli, the CMA's CEO said:

This is an incredibly important sector that people often turn to at a time of great need, which is why the CMA made recommendations to improve consumer outcomes, including through increasing transparency, as well as to address concerns about the way in which the sector is regulated.

It is positive to see changes that have already been made, but more progress is needed.

We encourage the Ministry of Justice, the Legal Services Board

and other legal services regulators to continue to work towards reform and to make sure the sector works well for consumers long into the future.

Notes to editors:

With media queries contact 0203 738 6460 or email press@cma.gov.uk

The CMA previously undertook a review of Scottish Legal Services and made far reaching recommendations in the sector. It can be read on CMA proposes reforms to Scottish legal services sector.

A link to the CMA's legal services market study can be found on Review of the legal services market study in England and Wales.

The LSB is the oversight regulator for legal services in England and Wales, independent from both the legal profession and government. It is responsible for the regulation of other approved legal services regulators and the Solicitors Disciplinary Tribunal, as well as overseeing the Office for Legal Complaints (which is responsible for administering the Legal Ombudsman scheme).

The Legal Services Act 2007 required the designated approved regulators to separate their representative functions from their regulatory functions. This has led to the creation of separate regulatory bodies which regulate the relevant legal profession. These regulatory bodies are:

Bar Standards Board

CILEx Regulation

Costs Lawyer Standards Board

Council for Licensed Conveyancers

Institute of Chartered Accountants in England and Wales

Intellectual Property Regulation Board

Master of the Faculties

Solicitors Regulation Authority.

In addition, the Association of Chartered Certified Accountants is an approved regulator but is in the process of withdrawing from legal services regulation, and the Institute of Chartered Accountants of Scotland is an approved regulator for probate activities only but does not currently authorise anyone to offer this service.

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