

LSE Law



Competition and the Regulation of the Legal Services Market

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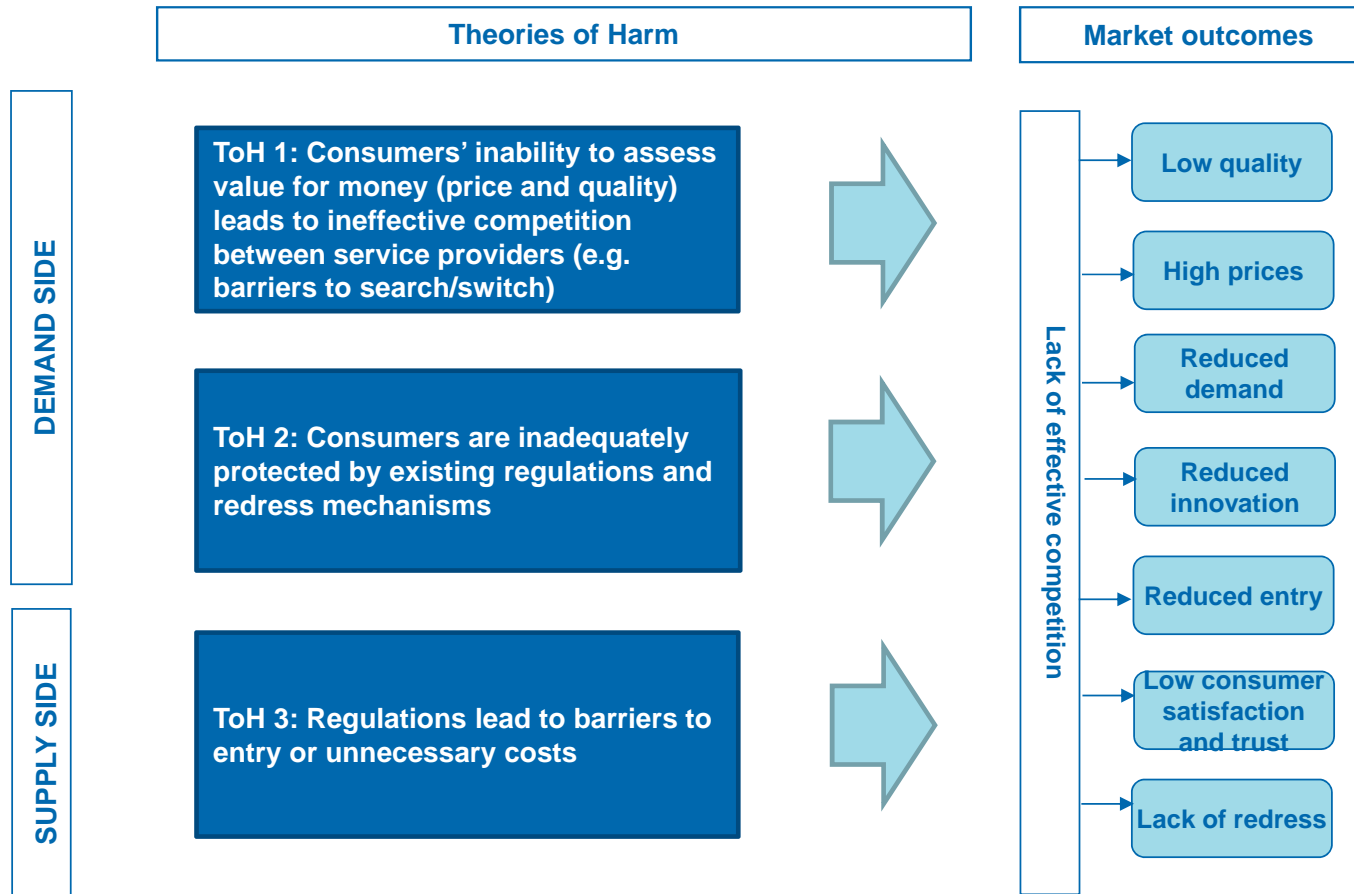
THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE

Legal Services Market Study

Rachel Merelie, Acting Executive Director, CMA

LSE public lecture '*Competition and the regulation of the legal services market*', 19 January 2017

Issues we examined

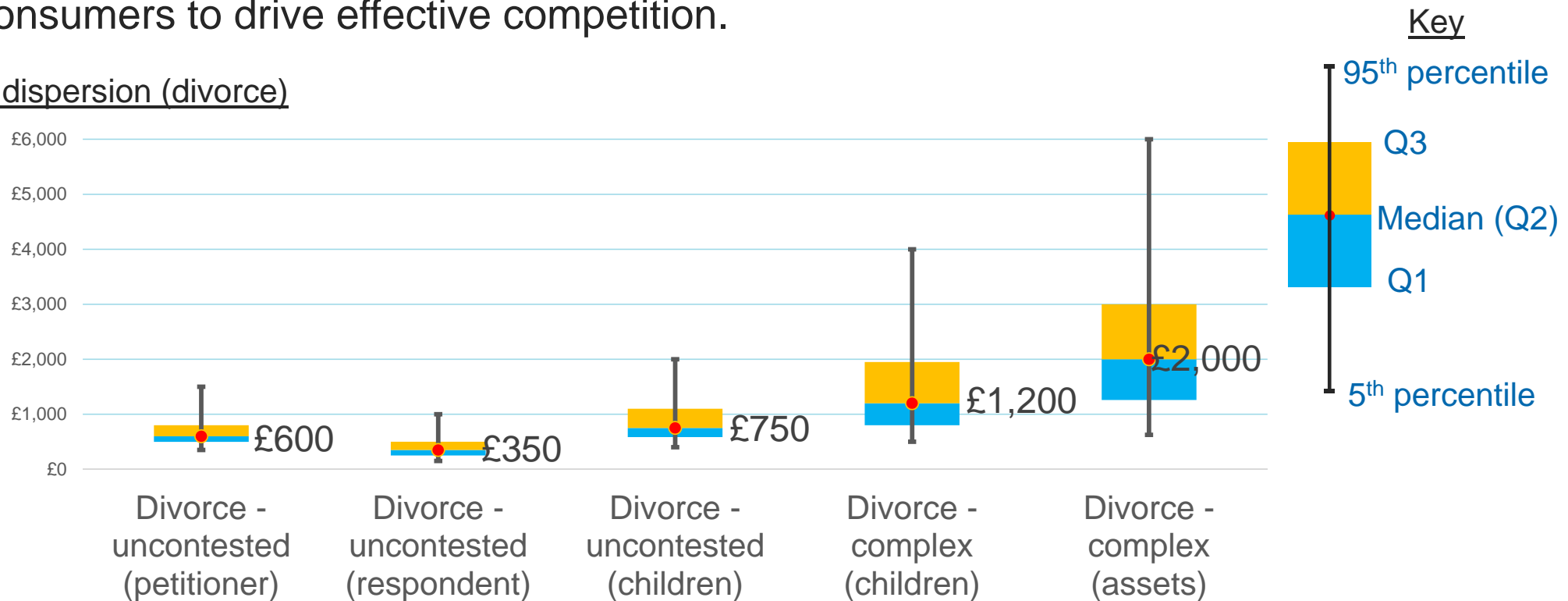


Findings (1)

Competition

- Lack of transparent information (price, quality, service) is limiting the ability of consumers to drive effective competition.

Price dispersion (divorce)



- Need for better information to help consumers identify if they have a legal need, and what options are available.

Findings (2)

Consumer protection

- Lack of evidence on the unauthorised part of the sector, but limited evidence available does not suggest unauthorised providers raise greater quality concerns than authorised providers.
- However, concerns that customers of unauthorised providers do not benefit from the redress mechanisms enjoyed by customers of authorised providers.

Findings (3)

Regulation

- Existing regulatory framework is not currently a major barrier to competition.
- BUT the current regulatory structure is not fully aligned with risk and cannot respond flexibly to changes over time.
- In the long run, the current regulatory framework may therefore not be sustainable.
- Multiplicity of frontline regulators does not have a significant impact on market outcomes now but a reduction in number of regulators may be appropriate in the future.
- Ensuring full independence of the regulator from the providers it regulates is a key principle.

Transparency remedies (1)



We have recommended that regulators introduce new minimum standards on the information that lawyers provide to their customers on websites and in person. This will make shopping around easier.

Providers will, for the first time, have to provide prospective clients information on the price and service they can expect, at the point it matters.

Introducing new minimum standards on transparency

Transparency remedies (2)

Customers need to understand **price, service and quality** to fully compare providers.

Recommendations are an important feature of the legal services market. We see a greater role for aggregated reviews and recommendations.

We have recommended that regulators both encourage providers to engage with quality signals, such as online reviews **and** provide guidance on how to engage with online reviews.

Engaging with
 **quality**

Transparency remedies (3)

1

We have recommended that regulators make more data available through open data licence and in machine readable formats

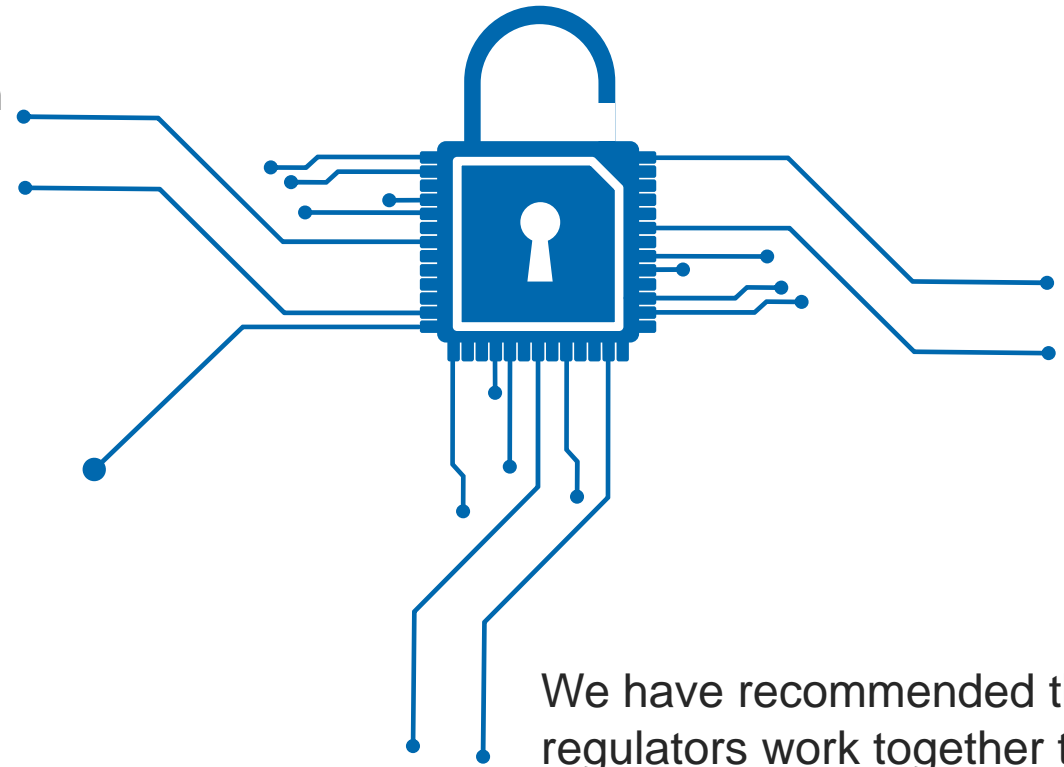
2

This data can then be used by new and existing comparison tools

3

Consumers will be better able to compare legal services providers on price, quality and service

unlocking regulatory data



We have recommended that regulators work together to adopt a consistent approach with the potential for a single digital register across regulated professions.

Transparency remedies (4)

To provide a single definitive source of information on the legal market we have recommended that **regulators develop the content of the existing Legal Choices website.**

To make sure customers access **Legal Choices** at the right time, we have recommended that more needs to be done to promote it.

We see a role for **consumer and business groups** in providing guidance on how to develop content.

Helping consumers with their **Legal Choices**



Incremental changes



Thank you



- More information can be found online: bit.ly/CMA_LegalServices
- Thank you to the many stakeholders in the legal services sector who contributed to this study by sharing their expertise, time and resources.

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