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**LEGAL SERVICES  
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11 April 2016

Dear Steve,

### **Requirement under Section 120 of the Legal Services Act 2007**

Since June 2015, the Office for Legal Complaints (OLC) has been asked to comply with a number of requirements placed on it by the Legal Services Board (LSB) under Sections 120 and 121 of the Legal Services Act 2007 (the Act). Those requirements were time bound and expired on 31 March 2016.

The Board has appreciated the manner in which OLC has complied with these requirements, which were designed to respond to the increased risk environment in which the OLC found itself operating. My letter to you of 3 June 2015 set out the LSB's rationale for imposing those requirements and does not require rehearsal.

It remains the case that the LSB believes that a well-functioning Legal Ombudsman scheme is critically important. Its establishment was at the heart of the legal services reform programme and it is therefore understandable that there are high expectations of the OLC as it discharges its functions in administering the scheme.

All of our work to date confirms that providing consumers with access to a swift and effective redress mechanism when things go wrong, and when providers have not been able, or willing, to put things right, is fundamental to giving consumers greater confidence to purchase legal services.

It is clear that there is a firm commitment across the OLC and its new senior management team to delivering the outcomes that are expected from the Legal Ombudsman scheme: that commitment has never been in doubt. It remains the case, however, that performance of the scheme has not yet stabilised and there remains work to be done to demonstrate robustly and routinely that appropriate levels of performance against measures of quality, timeliness and cost are being met.

After careful consideration of the reports we have received from you since June 2015, my Board has concluded that it is proportionate for it to maintain a statutory Section 120 reporting regime for the year ahead. The intention is, however, to build on the work your Board is already leading with respect to performance and so we will not be setting further performance targets under Section 121 of the Act.

Attached to this letter is a formal requirement under Section 120 of the Act for the OLC to provide monthly reports of Legal Ombudsman scheme performance against, at a minimum, timeliness, quality and cost. Our expectation is that you will report against the performance framework provided to LSB in November 2015 save for cost and quality where, until your proposed new measures have been trialled and benchmarked, existing measures should be included alongside any new measures.

Additionally, we will require quarterly narrative reporting describing the OLC's assessment of Legal Ombudsman scheme performance over the preceding quarter, identifying any trends and any root cause analysis underlying them. Where performance over the quarter fails to meet the OLC's expectations for the scheme, the Board would expect to see clear, time-bound information on action proposed and the expected impact. Reports in future quarters should describe the impact that such action has had.

As was the case for the requirements placed on OLC in June 2015, it is our expectation that these requirements will sit alongside your Board's routine arrangements for performance scrutiny and continuous improvement.

I would be grateful if you could acknowledge this requirement by 14 April 2016.

Please note that shortly after 14 April 2016, we will put a copy of this letter on our website along with the formal requirements. I would be grateful if your response could be placed alongside it. We are also required by the Act to publish the reports we receive from you under Section 120 requirements.

Yours sincerely,



**Sir Michael Pitt**  
Chairman

## Annex A:

### ***Requirement: Section 120 Legal Services Act 2007 – performance reporting***

1. This Requirement is served on the Office for Legal Complaints (“OLC”) by the Legal Services Board (“LSB”) under Section 120 of the Legal Services Act 2007. **It requires OLC to prepare and give to the LSB: a monthly report in respect of Legal Ombudsman scheme performance against quality, timeliness and cost; and a quarterly report providing the OLC’s assessment of performance over the preceding quarter.** These requirements are described in more detail at paragraph 2 and 3 below.
2. From **1 April 2016 until March 2017**, the OLC must prepare and give reports monthly (in PDF or Word format) to the LSB providing the following information for its legal complaints jurisdiction:
  - a. **Timeliness statistics showing the actual and percentage numbers of cases resolved within 56 days, 90 days, 180 days and 12 months (measured from the point at which a complainant agrees the nature of the complaint to the point at which it is resolved)**
  - b. **Unit cost statistics showing the unit cost per case per rolling quarter. This should be calculated in accordance with the currently agreed methodology<sup>1</sup> but may also be presented alongside OLC’s proposed new measure.**
  - c. **Quality statistics. These should be calculated in accordance with the currently agreed methodology but may also be presented alongside OLC’s proposed new measures<sup>2</sup>.**
3. In addition, for each quarter of financial year 2016/17, the OLC must prepare and give reports (in PDF or Word format) to the LSB, addressing the following aspects of its administration of the Legal Ombudsman scheme with respect to the legal complaints jurisdiction:
  - a. The OLC’s assessment of LeO scheme performance over the preceding quarter
  - b. Any trends identified and the root cause analysis underlying them
  - c. Where performance over the quarter has failed to meet the OLC’s expectations for the scheme, clear, time-bound information on action proposed to improve performance and the expected impact.

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<sup>1</sup> That is, the methodology used for unit cost reporting from June 2015 to March 2016

<sup>2</sup> That is, the methodology used for quality reporting from June 2015 to March 2016

- d. Reports in future quarters should describe the impact that such action previously reported under c. has had.
4. All reports should be as comprehensive as possible.
5. **Reports under paragraph 2 must be delivered to the LSB within nine calendar days of the end date of each month to which the report relates.**
6. **Reports under paragraph 3 must be delivered to the LSB as soon as possible before the end of:**
  - a. **July 2016 (for quarter 1)**
  - b. **October 2016 (for quarter 2)**
  - c. **January 2017 (for quarter 3)**
  - d. **April 2017 (for quarter 4)**
7. The LSB reserves the right to amend or revoke this Requirement, by giving further notice to the OLC.

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13<sup>th</sup> April 2016

Sir Mike Pitt  
Chairman  
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Dear Mike

**Requirement under Section 120 of the Legal Services Act 2007**

I refer to your letter of 11<sup>th</sup> April 2016, concerning the above subject.

We have noted all of your requirements, as listed out in Appendix A to your letter and confirm that, as ever, we will comply with your requirements.

With best wishes

Yours sincerely,



Steve Green  
Chair  
Office for Legal Complaints

  
LEGAL  
OMBUDSMAN