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16 August 2016

Dear Elisabeth,

### **LSB commission on information remedies**

Our Business Plan says that we will “ask the LSCP to provide advice on the effectiveness of current information remedies in legal services regulation and how these could be improved”. This letter provides the context for this commission, provides timescales within which we would appreciate receiving the advice and sets out some specific issues that we would like the Panel to consider.

When we refer to ‘information remedies’ in the context of legal services regulation we mean information which an approved regulator **requires** authorised persons to provide to consumers at any stage – this could be when purchasing a legal service, during service delivery or dealing with a complaint. Information remedies are most commonly set in codes of conduct and can either take the form of broad principles (for example an outcome to be achieved that consumers can make informed decisions) or prescriptive requirements (for example specific information that must be provided at a certain time). Examples of the latter include the LSB’s first-tier complaint signposting rules and regulators’ requirements on disclosure of referral fees.

Across the economy, regulators commonly require businesses to provide information to consumers as a solution to correcting problems caused by the asymmetries of information and power that exist between buyers and sellers. However, while information remedies can serve useful purposes, when these are not successful they may not have the impact on consumer behaviour they set out to achieve. Further, they can restrict business freedom and impose unnecessary costs, neither of which benefit consumers.

The LSB wishes to work towards a situation where information remedies are delivering the outcomes for consumers they are designed to achieve without imposing disproportionate costs on providers. Therefore, from your advice to us in response to this commission, using the available evidence and your own insights, we wish to hear your perspective on whether existing information remedies are working well for consumers. In particular, to this end it would be helpful for us to understand:

- the areas where approved regulators currently use information remedies
- the extent to which information remedies can protect consumers and when they are not an effective substitute for other forms of regulatory intervention
- in relation to the design of information remedies, the relative advantages and disadvantages of outcomes-focused and prescriptive approaches
- whether existing requirements adequately address vulnerable consumers' needs
- developments in other sectors and lessons from behavioural science which could be used to maximise the benefits of information remedies in legal services (for example, Financial Conduct Authority and Citizens Advice research)<sup>1</sup>
- any practical suggestions for how information remedies could be improved.

In preparing your advice, as well as explaining the rationale behind your conclusions, it would be helpful for us to understand your methodology and the evidence base used.

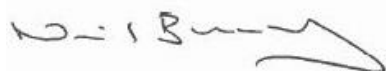
We are keen for this work to maintain a tight focus on regulated consumer information, as defined above. While we wish to have a map of where information remedies are used you may wish to focus in detail on a small number of specific information remedies. Wider related issues, such as the role of public legal education and follow up work on the open data commission (except where existing information remedies are intended to help consumers choose providers), should be considered outside of scope.

Our expectation is that existing secondary data sources and other evidence the Panel may wish to gather, combined with its own expertise and experience, will provide a strong evidence base for the advice. We also expect that the Panel will be able to draw on the insights collected through the collaborative research on client care letters, which we are pleased to note has now been commissioned and is due in October. For these reasons, additional budget is not available to commission primary research.

It would be helpful to receive a final report by the end of 2016, which would enable us to feed your findings into our business planning process for 2017/18. More widely, we anticipate the advice will help us when we assess rule change applications of this type and be of benefit to regulators who are considering information remedies. Further, the Panel's advice is particularly timely since information remedies are a central feature of both the Competition and Markets Authority legal services market study and proposed changes to the SRA Handbook.

Thank you in advance for the Panel's engagement with and response to this commission.

Yours sincerely,



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<sup>1</sup> <https://www.fca.org.uk/news/ps15-27-cash-savings-remedies>  
<https://blogs.citizensadvice.org.uk/blog/applying-behavioural-insights-to-regulated-markets/>