

Dear Sirs,

We read the LCB's report on referral fees with interest and as requested are providing you with our feedback on the recommendations you make. We made a full response to the initial consultation paper you released earlier this year and that contains some background information on Contact Law (a Thomson Reuters business) and its business model, which might be helpful context in consideration of our comments below.

In general we agree with your analysis and conclusions and we support the general nature of your recommendations. We do however believe it is important that those recommendations be implemented effectively and without driving up the costs of delivering legal services, and we outline below some comments we have in regards to this (referenced according to your specific questions).

Points 1 and 2

We agree with the analysis and conclusions set out. Most of your conclusions are reached based on evidence collected in the personal injury and conveyancing markets, and based on our substantial business in other parts of the civil law market, we believe the situation to be similar with regards to family law, employment law, commercial law (etc) referrals. As such, we consider referral arrangements to have had a positive impact on consumer and solicitor outcomes across the civil law industry as a whole.

Points 3 to 5

We don't operate referral arrangements in the criminal advocacy market so have no insights or comments to make in this regard.

Points 6 to 9

We agree that it is important that referral arrangements are disclosed to consumers and indeed as this is already a key requirement of the SRA regulations on referrals, we and many other referral firms already comply. It is important though that *all* organisations that make referrals do comply.

We handle thousands of referrals every month and our experience is very much that consumers are not interested in the exact nature of the referral arrangement – as long as they know that referral fees are paid by the solicitor (rather than by them) and in any event are free to choose another solicitor. We would very much doubt that many consumers would visit a website which disclosed all of the referral agreements in operation within the industry, but we can understand that from a compliance perspective there would be some benefit – if all referral arrangements are available to view then it is unlikely that any would be non-compliant for long. However, the LSB should consider how much resource would be required to manage the website service. Once all referral arrangements are in the public domain, there will be frequent challenges from third parties (law firms and other referral companies, rather than consumers) as to whether certain clauses of those arrangements are compliant with the Referrals Code. Many sections of the Code are open to subjective interpretation and as such handling these challenges could be very time consuming.

As for the exact nature of what is disclosed from a referral arrangement, we would be happy to disclose all information, with the possible exception of the price that the law firm pays to subscribe to our service. There are issues of commercial confidentiality which would need to be resolved in this regard, as well as practical implications – we work with hundreds of law firms, so would we have to publish every one of those contracts because the subscription price differs for every firm? Having thousands of contracts published on the website could have the contrary impact of making it harder to access information. Even if commercially sensitive aspects of contracts were to be withheld from disclosure, the LSB should consider whether it would just want to publish the standard terms and

conditions that a referral firm offers, or the terms of every contract where one or more clauses deviates from the standard, even if trivial in nature.

In terms of frequency of update, we, like most companies, have one year terms to our referral arrangements, so individual contracts usually only change on an annual basis. That said, we do update our contracts two or three times every year and make these new contract versions the standard for all new and renewing law firms. Repeated across the industry, we would expect that the administrative burden of managing the website service would be considerable. Serious thought needs to be given to create a system that is admin-light. We would be more than happy to discuss this topic with the regulator concerned to ensure that a workable and effective system is implemented.

We hope you find our response helpful.

Yours faithfully,

Dan Watkins

Dan Watkins
Director
Contact Law

Thomson Reuters

thomsonreuters.com

contactlaw.co.uk