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## Press release

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### **Confusion clouds landscape for consumers of legal services, says new Ombudsman**

The confused system of regulation for legal services risks leaving consumers without protection when things go wrong, the new Legal Ombudsman warns today. Against a backdrop of a rapidly changing legal landscape, there are particular difficulties in areas such as claims management and will-writing companies, he says.

The warning from Chief Legal Ombudsman Adam Sampson comes as he publishes his first Annual Report to Parliament following the launch of the organisation in October 2010. More than 38,000 people contacted the Legal Ombudsman during its first six months in operation, with the organisation launching some 4,000 investigations into the service provided by lawyers, and resolving 1,450 cases.

For the most part, the quality of legal services being provided is reasonable, the report says. "We know that most lawyers do a good job for their clients and, when things do go wrong, we generally see a great willingness from the profession to work and to learn with us," says Sampson. "But some of the stories we hear are shocking, and all have a heavy impact on the people involved."

More problematic is the fact that there are gaps and confusion in what legal services are regulated and what are not, Sampson argues.

"One service which crops up a lot is will-writing. It's a service carried out often by will writing firms who aren't regulated. Because of this customers are left with little means of redress when things go wrong.

"We've seen similar confusion about claims management companies, with lots of consumers believing they're getting a legal service even though most of the work is carried out by a non-authorized person. Again, we can't help."

Consumer organisation, 'Which', supports the need for a more comprehensive protection regime for customers. Which? executive director Richard Lloyd says: "Which? undercover investigations into both

will-writing firms and claims management companies have revealed examples of poor practice. As the legal services market continues to grow in both size and complexity, it's crucial that consumers who have paid for a legal service that's not up to scratch know where to turn to get help. We want the Government and regulators to wake up to the current lack of clarity and to provide a clear and straightforward route of redress for consumers."

"The arrival of a legal services market in which consumers will, potentially, have complaints about 'hybrid' services poses some serious questions about who they'll be able to turn to for help."

Des Hudson, Chief Executive of the Law Society for England and Wales says: "The gap in regulation which allows unregulated cowboys to operate in areas like will writing does not just cause unfair competition to solicitors, who provide a regulated, professional service. It is also damaging to consumers, because the unregulated providers are not insured, do not provide a Compensation Fund, and are not covered by the Legal Ombudsman's scheme for consumer redress."

The report also highlights the need for urgent action to ensure customers aren't left confused and vulnerable in the rapidly changing legal services market. The increased bundling together of legal services with financial services and other products, including more being offered via the internet, poses serious dangers for consumer protection.

Mr Sampson says: "In many cases it will be the Legal Ombudsman taking the matter on, but sometimes we are aware that we may not be the first point of call for the consumer. In some cases, the issue might go instead to another Ombudsman. In some, Trading Standards. Sometimes, there may be no-one in a position to help. There is a huge risk of overlap and confusion here which it is important that the regulators and policy-makers begin to focus on."

He added: "Some firms offer 'expert' online legal advice which is often bundled with financial or insurance services, and many of these are backed by large corporations. Naturally, consumers expect the same standard of care as from their local lawyer, but in some cases it's woefully lacking.

"Things aren't helped by many unregulated companies masquerading as traditional law firms, branded with more legal wigs and gowns than you can shake a quill pen at."

Notes for editors

1. Copies of the full report are available at [www.legalombudsman.org.uk](http://www.legalombudsman.org.uk). It will be laid in Parliament and officially launched on 18 July in Portcullis House, London. Contact Alison Robinson on 07741 035 967 for further details about the report or the event.
2. The Legal Ombudsman service was established in October 2010 after a set up period, 2009. It's remit is to make sure legal complaints are "resolved quickly and with minimum formality by an independent person". (section 113(1) of the Legal Services Act).
3. The difference between 'regulated' and 'unregulated' legal services means that for consumers, if you buy from a regulated lawyer (a solicitor, barrister, legal executive, licensed conveyancer, notary, costs lawyer, patent attorney or trade mark attorney you can rely on some protection if anything goes wrong. The professional obligations of these lawyers and their regulators are set out in the Legal Services Act 2007. It means the legal regulators also uphold certain standards of conduct for these lawyers. Unregulated legal services can be set up by anyone without skills or training and there is no safety net for consumers if things go wrong.
4. By law, the Legal Ombudsman is a free service for consumers. It is funded by a levy on the legal profession, but with Government controls in place to ensure it is independent and free from influence when it comes to resolving complaints. There is no cost to the taxpayer. The Ombudsman provides a more effective service, using technology to ensure that it resolves complaints quickly and at less cost than the previous arrangements. It operates within a budget of £19.9m. The old system cost £32.5m, according to independent analysis commissioned by the Ministry of Justice.
5. Chief Ombudsman Adam Sampson has had a distinguished career in the public and voluntary sectors. Following a period as Junior Dean at Brasenose College, Oxford, he worked as a probation officer in London until being appointed Deputy Director of the Prison Reform Trust in 1989. Adam joined the Home Office as Assistant Prisons Ombudsman in 1994, returning to the voluntary sector as Chief Executive of national drugs charity RApT from 1997-2002. Immediately prior to joining the OLC, Adam spent seven years as Chief Executive of Shelter, the country's leading housing and homelessness charity, where he broadcast and campaigned vigorously on housing and broader social policy issues. He also is on the Board of a number of non-Governmental bodies, including Chairing a new housing social enterprise and acting as a Commissioner on the UK Drugs Policy Commission.

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