

The Association of Consumer Support Organisations (ACSO) submission to the Legal Ombudsman's consultation on 'OLC Corporate Strategy 2020-23'

The Association of Consumer Support Organisations ([ACSO](#)) welcomes the opportunity to respond to the Legal Ombudsman (LeO) [consultation](#) on its draft strategy for 2020/23.

ACSO was established in January 2019 to represent the interests of consumers in the civil justice system and the reputable, diverse range of organisations who are united in providing the highest standards of service in support of those consumers. Its role is to engage with policymakers, regulators, industry and the media to ensure there is a properly functioning, competitive and sustainable civil justice system for all consumers.

ACSO supports the stated vision of LeO for 2023 to ensure the work of the ombudsman builds genuine trust and public confidence in legal services throughout England and Wales. It is important to be mindful that consumers tend to engage with legal services at critical, and often distressing, points in their lives. The introduction of initiatives which lead to the empowerment of consumers, in particular vulnerable consumers, helps improve outcomes for individuals whilst simultaneously stimulating competition between firms and raising industry standards.

The focus of ACSO's engagement is to provide insights on behalf of our members and the sector to help support LeO's understanding of evolving legal and associated landscapes and the impact these have on the consumer, those who operate within the sector, and the dynamics of the market itself. We would be pleased to provide any additional insights to LeO as and when required.

Q1. Have we considered all of the external developments that may or may not affect our operations over the lifetime of this strategy? If not, what else should we take account of?

Overall, the list of external developments appears sensible. As noted in the discussion paper, the legal sector is undergoing considerable change, the result of a multitude of factors including technological innovation, regulatory developments, and changing consumer habits. Engagement with industry stakeholders including membership bodies, regulators and other ombudsmen services is essential when navigating any challenges, whether foreseen or unforeseen, that impact upon the legal sector and the operations of the ombudsman. In addition, LeO should seek direct consumer engagement where necessary to help ensure the consumer remains at the fore of its activities.

LeO briefly alludes to 'the growing interest in AI', however greater emphasis should be placed on how technology will continue to disrupt the delivery of legal services and the structure of the UK legal system. For example, a 2018 survey conducted by PwC found that the ten largest UK law firms all identified technology as the most significant challenge which faced the industry in 2019-20.¹

¹ PwC, *Resilience Through Change: Law Firms' Survey 2018*, p.11

<https://www.pwc.co.uk/industries/law-firms/pwc-law-firms-survey-report-2018-final.pdf>

Despite the challenges that may arise, technology should be welcomed as a means to increase efficiency, reduce costs and improve the problem of incomplete or asymmetric information within the legal services sector.² Indeed, the legal sector is characterised as lagging in the absorption of new technologies and there remains a risk that it will fail to recognise that the future will be increasingly technology-based.

We note that little mention is been made of vulnerable consumers within the discussion paper. While technological and economic change offers numerous advantages for the majority of consumers, it can increase the likelihood of some experiencing poor outcomes, such as those with vulnerabilities. An awareness of consumer needs is particularly pressing given the ongoing digitalisation of the UK court system. Access to justice is the foundation of the British rule of law, and it essential that legal services are available to all. LeO should carefully consider the experiences of vulnerable consumers in accessing and using legal services and provide additional measures to ensure their needs are met.

In relation to other external developments not listed in the discussion paper, it is worth highlighting the implementation of the Civil Liability Act (CLA) currently expected on 6 April 2020. The CLA has the potential to affect dramatically the consumer experience within the civil justice system. While some of the challenges can be anticipated, many will only become apparent once the new regime has been enforced and as legal services providers, insurers and consumers respond and adapt to it. We urge LeO to work with a wide range of stakeholders to help prepare for the implementation of the CLA, and, in particular, to help identify its impact upon consumers.

Finally, it is possible that the Competition and Markets Authority (CMA) will conduct a study into the supply of legal services in England and Wales in 2020, as with their previous study of 2016.³ In preparation for the 2020 study, LeO will need to consider the recommendations made by CMA in their previous report and what more needs to be done to ensure healthy competition and growth within the sector.

Strategy and Business Plan

Q2. Have we identified the correct strategic areas to focus on in the next three years? If not, what else should we be addressing?

We agree with the three strategic areas although they are broad in nature.

The first strategic focus - to improve the experience of the LeO service for complainants and service providers while using LeO expertise to guide and add value to the complaint journey - should help create a robust framework to monitor, manage and support consumers. Again,

² Competition and Markets Authority, *Legal Services Market Study: Final Report*, December 2016, p. 7. <https://assets.publishing.service.gov.uk/media/5887374d40f0b6593700001a/legal-services-market-study-final-report.pdf>

³ Competition and Markets Authority, *Legal Services Market Study: Final Report*, December 2016 <https://assets.publishing.service.gov.uk/media/5887374d40f0b6593700001a/legal-services-market-study-final-report.pdf>

we urge LeO to consider carefully the specific needs of vulnerable consumers and to identify measures to improve accessibility, service experience and outcomes.

We fully support the second strategic area, to increase the transparency and impact of LeO casework to support greater access to justice. Increased transparency and openness benefits legal firms by promoting best practice and enabling the identification of common or systematic issues. Shared learning by legal services providers holds clear benefits for consumers, and in turn serves to reduce the overall number of complaints.

Furthermore, as stated by the CMA in its important study on the legal services market, much higher standards of transparency are required by legal service providers in order to help consumers understand the price and service they will receive, what redress is available, the regulatory status of their provider, and to compare providers.⁴ In our submission to LeO's recent discussion paper on transparency and reporting we set out these matters in greater depth.

On the third strategic focus, we agree it is necessary to develop LeO's service to ensure it is appropriate for the evolving legal sector. As mentioned above, the character of the legal sector is undergoing considerable change. In addition to the disruptions caused by technology, consumers are finding and accessing legal service providers in new ways, including through the growing unregulated market offering services such as legal advice. Additional research is required in order to ensure consumers understand what to expect from the legal services sector, what protections are in place, and to allow flexibility for the sector to grow and innovate. Again, we would be very pleased to contribute further advice or evidence as required by the LeO.

Q3. Are there any objectives that should take priority amongst these?

Each objective is complementary to the other such that, for example, by developing LeO's service to ensure increased transparency and access to data, as is appropriate for the digital age, consumers will be able to make better decisions as to which legal service provider to use, thereby improving their experience of the LeO service. In this sense, there is no one objective that should take precedence over the rest.

It is, however, essential that LeO ensures consumer needs, and in particular the needs of vulnerable consumers, underpin each aim in order to improve access to justice and consumer empowerment.

Q4. Will our proposed actions for the next 12 months help us to achieve the strategic objectives we have set for 2020-23?

⁴ Competition and Markets Authority, *Legal Services Market Study: final report*, December 2016, p. 18: <https://assets.publishing.service.gov.uk/media/5887374d40f0b6593700001a/legal-services-market-study-final-report.pdf>

In general, ACSO agrees with the objectives outlined by LeO. However, given the limited information provided for each objective it is not possible to determine whether the proposed actions will achieve the broad strategic objectives set for 2020-23.

We welcome LeO's repeated emphasis upon working regularly and directly with stakeholders in order to understand better the changing landscape of the legal sector. By drawing upon a wide range of firms, regulators, other ombudsmen and membership bodies such as ACSO, LeO will understand how best to adapt to these changes and will help to ensure growth and innovation within the sector.

ACSO's members include a number of the UK's leading consumer law firms, as well as a range of other organisations who support consumers on civil justice matters, including charities, representative bodies, legal expense insurers, claims management companies and others. Their considerable insight and specialist knowledge should be brought to bear by LeO in order to improve consumer outcomes.

Budget

Q5. Do you agree with our plans for an increased budget in order to bring about the proposed improvements in customer journey and in learning and feedback to the sector?

In respect of the proposed new budget, the discussion paper provides only a limited cost breakdown analysis and no substantial risk/benefit assessment. As such, we are unable to make an informed decision at present.

Despite these limitations, we acknowledge the correlation between the increased budget of LeO and the volume of case closure and appreciate that a number of the outlined objectives are likely to be costly to achieve, such as with the sharing of more data on LeO decisions.

To conclude, we welcome the strategic objectives listed by LeO provided careful consideration is paid to the experiences of consumers, particularly those with vulnerabilities. Finally, we reiterate the importance of LeO's continued engagement with industry stakeholders when navigating any external developments that may impact upon the operation of the ombudsman and the wider sector.

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