

Complaint handling – outstanding fees and liens

Model Complaints
Resolution Procedure

Version

Version	Description	Date
1.0	First release of guidance	29 July 2026

Introduction

This guidance sets out options for dealing with outstanding legal fees or liens over files and papers when there is an active complaint relating to a legal matter.

Outstanding fees

One of the most common questions we are asked by the legal sector, is *Can I pursue outstanding or unpaid legal fees whilst there is a live complaint* (either with LeO or the legal service provider)?

Our answer is always that service providers are entitled to exercise their legal rights on contracts they've made. If you believe a debt is owing, you're allowed to seek enforcement of it. That isn't affected by whether the paying party (or the client, if that's a different person) is pursuing a complaint with us.

The advice LeO will always give to consumers is that payment any bill to avoid the risk of any action or proceedings won't affect their right to complain, provided it is clear they have paid the bill purely to prevent legal action and its ramifications. Even if the consumer believes they are being overcharged, or that the work lacks value, they can still pay (including under protest, if they wish), and if needed, following any LeO investigation, we can direct an appropriate refund.

However, it is also important for legal service providers to consider whether they should take action in respect of unpaid fees. This is of course a business decision for you, but there are also some factors you may wish to consider.

- **Does the complaint relate to costs?**

You should consider LeO's guidance **An Ombudsman's View of Good Costs Service** when assessing consumer cost complaints. This includes where the consumer was not equipped to understand the likely level of their final bill, where there is a possibility that we will uphold the complaint and direct a costs reduction. This is something you should consider in your final complaint response and any action to recover unpaid fees (especially if you have made a first tier offer to reduce those fees).

- **Does the complaint relate to the value of the work?**

One of the rare circumstances where LeO may direct a full fee refund is where we are satisfied that there was no value in the work undertaken, such as where a particular action would never have succeeded, because it was taken out of time.

In those circumstances, you should consider whether to pursue fees or wait for the complaint to be determined.

- **Are there any unusual circumstances relating to the complainant?**

Whilst the consumer is likely to have given you instructions to act, having been told the cost of that work, there may also be difficult, or extenuating circumstances which you could take into consideration when deciding whether to pursue unpaid fees.

It's important you understand that pursuing a debt doesn't affect the consumer's right to complain about the service, including escalating the complaint to LeO.

Ordinarily, the consumer gets to choose whether to challenge the costs and cost information through the courts or through LeO. If they issue a counterclaim to the debt recovery action, there is an argument for this to mean they have chosen the court forum. If not, and they only submit a defence against the debt recovery action, it is likely LeO would still consider a complaint.

If the question does come to us, we will consider each case on its own facts."

Liens

Legal service providers are entitled to withhold files whilst their fees remain outstanding, provided the consumer is aware of how much their bill is.

LeO can and does investigate complaints about legal service providers withholding files and documents, but we will only direct the release of a file where we are satisfied a lien is being exercised unreasonably.

When considering whether a lien is being exercised unreasonably, we will:

- Check if the consumer has been provided with a bill (or other written notification of costs) and is aware of the costs outstanding (so they know exactly how much they have to pay to release the file).
- Assess if the lien is obviously disproportionate. For example, the file is being withheld prior to an important court date for a £100 outstanding bill.

As part of any investigation into a complaint about a failure to release papers, we will take the relevant conduct rules into account, which includes those governing which documents on a file belong to the client. There are times where we receive a complaint on this issue and it transpires that the documents being argued over belong to the service provider, so there is no lien to exercise, and the complaint has no merit.

Technical Advice

Questions about debt recovery, billing practices and liens tend to be fact-dependent and need individual consideration. Our Technical Advice Desk is run by Senior Ombudsmen with significant experience of the spectrum of complaints. If you encounter a case featuring this sort

of issue and want to avoid or manage a complaint, contact us by email at:
Technical.Advice@LegalOmbudsman.org.uk