

<b>To:</b>	Legal Services Board	
<b>Date of Meeting:</b>	10 July 2013	<b>Item:</b> Paper (13) 41

<b>Title:</b>	Legal Services Consumer Panel Report on Financial protection arrangements	
<b>Presented by:</b>	Paul Munden, Member Consumer Panel	
<b>Status:</b>	Restricted	

### Summary:

The Legal Service Consumer Panel's report on financial protection arrangements is attached at **Annex A**. The linked report on risk and responsibility is at **Annex B**

The Legal Services Board sought the panel's advice on the adequacy of the approved regulators' financial protection regimes, both in terms of protecting consumers from identifiable loss due to dishonesty or negligence, but also covering lawyers in the event of civil liability claims. In carrying out its assessment, the Panel was hampered by a lack of data, for example in relation to claims made or paid out. Nevertheless, it was concluded that on most occasions, the financial protection regimes do deliver redress against each of the key risks facing consumers, and they assume that consumers should bear a low burden of risk. However, the Panel identified a series of issues and concerns and areas for improvement which are highlighted in their report. The Board will have noted that the Law Society has been sharply critical of the report publicly.

The report on risk and responsibility considers the wider question of what steps it would be fair to ask consumers to take to protect themselves, what obligations providers should have towards consumers and the appropriate role of regulation. It was concluded that the unique features of the legal services market justified a strong and preventative consumer protection framework, but that consumers should be supported to better protect their own interests.

The Executive is currently considering the reports and will revert to the Board in the autumn with advice on the way forward, taking account of the discussion today.

### Risks and mitigations

<b>Financial:</b>	N/A
<b>FoIA:</b>	<p><b>Annex A</b> - Section 21: Information reasonably accessible by other means: <a href="http://www.legalservicesconsumerpanel.org.uk/ourwork/Financial%20Protection/FPAs%202013%2006%2010%20final.pdf">http://www.legalservicesconsumerpanel.org.uk/ourwork/Financial%20Protection/FPAs%202013%2006%2010%20final.pdf</a></p> <p><b>Annex B</b> - Section 21: Information reasonably accessible by other means: <a href="http://www.legalservicesconsumerpanel.org.uk/ourwork/Financial%20Protection/FPAs%202013%2006%2010%20final.pdf">http://www.legalservicesconsumerpanel.org.uk/ourwork/Financial%20Protection/FPAs%202013%2006%2010%20final.pdf</a></p>
<b>Legal:</b>	N/A
<b>Reputational:</b>	N/A

**Resource:** N/A

<b>Consultation</b>	<b>Yes</b>	<b>No</b>	<b>Who / why?</b>
<b>Board Members:</b>		✓	
<b>Consumer Panel:</b>		✓	
<b>Others:</b>			

**Recommendation(s):**

The Board is invited to note the two Reports, and that LSB will present a formal response for discussion by the Board at the October meeting.