

FOR IMMEDIATE RELEASE

28 JULY 2011

MODERNISING THE SCOPE OF LEGAL SERVICES REGULATION

LSB PROPOSES NEW PUBLIC AND CONSUMER INTEREST TESTS FOR REGULATION IN A DIVERSE MARKET

The Legal Services Board - the independent body overseeing the regulation of lawyers in England and Wales – is today launching a [discussion paper](#) about the nature and reach of legal services regulation.

The current regulatory regime reflects the self-regulatory approach that the legal professions have developed over many years. The new approach proposed today puts a clearer focus on the public and consumer interest and is designed to inform decisions about whether activities should be added to or deleted from the list of activities that must be regulated as legal services ('reserved legal activities'). It has been designed to support consumer protection without inhibiting innovation or placing undue regulatory burdens on legal services providers.

The LSB is addressing this area because there are concerns about differing levels of consumer protection between different legal activities, without any clear rationale. The outcome of the LSB's work will be a consistent approach to deciding whether a legal service warrants 'reservation' and the consumer protection levels that go alongside that status.

The list of '*reserved legal activities*' (those that only qualified lawyers, such as a solicitor or barrister, can undertake) includes conveyancing, litigation, probate and advocacy. However, it does not include other common services such as will-writing, employment law or general legal advice. Recourse to the Legal Ombudsman is only available to customers of regulated lawyers, thus denying a simple and effective route to redress for most of the common problems with legal

services - such as overcharging, failing to keep the customer informed and not returning documents.

The list of reserved legal activities has grown haphazardly over centuries, with the most recent set of reforms enacted by Parliament stopping short of reviewing its appropriateness. Instead, the Legal Services Act 2007 includes a mechanism for the LSB to recommend to the Lord Chancellor for additions or subtractions to be made to the list of those services subject to the scope of legal services regulation. These proposals aim to set out a consistent approach when exercising those statutory powers, alongside an immediate action plan to take this work forward.

This project forms the wider context to the statutory investigation, announced earlier this month, into whether will-writing, all probate services and estate administration ought to be regulated as legal services. That announcement followed the publication of advice from the Legal Services Consumer Panel to the LSB, which provided a prima facie case for will-writing to become regulated.

Legal Services Board Chairman David Edmonds said:

“Ensuring that consumers get a good deal from all advice services is important, but there is currently no rationale to underpin substantially different levels of consumer protection. Because of this, we are reviewing the appropriateness of the list of services which are reserved to lawyers. This will underpin decisions on reserving activities when protections are currently insufficient, or un-reserving activities where the level of risk means that consumers can be protected by less burdensome restrictions.

Liberalisation is already happening with regard to ownership of law firms, external investment and control. That liberalisation will accelerate as these proposals begin to take effect. But it needs to be underpinned by the right consumer protections and oversight, in particular proper redress from firms and the Legal Ombudsman. Whichever direction we take, the objective is simple: the legal services market must work for the consumer and the public, for it is they to whom we all, regulators and professionals alike, are accountable.”

For more information please contact Craig Jones, Media and Public Affairs Manager, on craig.jones@legalservicesboard.org.uk or by calling 020 7271 0068 / 07702 428210.

Notes for editors:

1. The discussion document can be found on the [LSB website](#).
2. Details of the work of the Board on will-writing can also be found on the [website](#). The report of the Legal Services Consumer Panel, which prompted the recently announced statutory investigation, can be found on the Panel's [website](#).
3. The Legal Services Act ("The Act") created the Legal Services Board as a new regulator with responsibility for overseeing the regulation of legal services in England and Wales. The new regulatory regime became active on 1 January 2010.
4. The LSB oversees eight Approved Regulators, which in turn regulate individual lawyers. The Approved Regulators, designated under Part 1 of Schedule 4 of the 2007 Act, are the Law Society, the Bar Council, the Master of the Faculties, the Institute of Legal Executives, the Council for Licensed Conveyancers, the Chartered Institute of Patent Attorneys, the Institute of Trade Mark Attorneys and the Association of Costs Lawyers.
5. In addition, the Institute of Chartered Accountants in Scotland and the Association of Chartered Certified Accountants are listed as Approved Regulators in relation only to reserved probate activities.
6. The legal profession currently consists of some 15,000 barristers, 119,000 solicitors and 12,000 individuals operating in other aspects of the legal profession such as conveyancing. The sector is currently valued at £24.74 billion per annum (total turnover in 2009).