



premierproperty  
lawyers

20 December 2010  
Our Ref: TJB/RG

Mr Michael Mackay  
Legal Services Board  
7<sup>th</sup> Floor, Victoria House  
Southampton Row  
London  
WC1B 4AD

Dear Mr Mackay

**Consultation: Referral fees, referral arrangements and fee sharing**

We write with reference to your further consultation paper issued in September 2010 and provide our views below.

Premier Property Lawyers Limited is a firm of licensed conveyancers regulated by the Council for Licensed Conveyancers. We are one of the five largest firms of licensed conveyancers in England and Wales and have share of 1.95% of the total residential conveyancing market in England and Wales.

The vast majority of our residential conveyancing business is introduced to us by estate agents (including three of the large corporate estate agents), mortgage brokers and IFAs. We pay referral fees to our introducers.

All of our comments relate to the business of residential conveyancing and not to other any other services.

**Q1. Do you agree with our analysis of the operation of referral fees and arrangements?**

Yes in the main, although we would challenge the comment in paragraph 4.14 that:-

"the increasing amount of legal work allocated via an introducer's panel of law firms was found to raise competition concerns – primarily because there is little change in panel membership and the entry requirements would have the effect of limiting access for smaller firms."

Our parent company, My Home Move Limited, runs a number of panels of law firms, some of which cater for local introducers referring conveyancing work to local solicitors/licensed conveyancers. It does not run a single panel with strict entry requirements. By running these local panels it is keeping work within the locality if so required, and at the same time assisting the consumer should they want to visit their law firm as opposed to dealing with the transaction by telephone/fax/email.

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Taking care of the  
legal side of moving

Premier Property Lawyers Ltd Registered in England and Wales. Registered No. 4323405. Directors: Miss Sally Howitt (Licensed Conveyancer), Mr Robert Gurney (Licensed Conveyancer), Mr Kevin Smith and Mr Patrick Flanagan. Registered Office Address and Head Office Address: 1 Frances Way, Grove Park, Leicester, LE19 1SH.

Regulated by the Council for Licensed Conveyancers. All telephone calls are recorded.

Law firms are admitted to panels based on the recommendation of the introducer, which in turn base their recommendations on the service provided by the law firm and their experience of them. It is not based on how much will be paid as a referral fee or on the size of the law firm.

The introducer will indicate to My Home Move which law firm the consumer is to be referred to based on the consumer's particular needs.

In running panels in this manner entry is not restricted by size of the law firm, but by the service they provide. It also means that access is not limited to a small number of large firms and that additions to the panel can be made as and when required by the introducer.

There are other panels outside the scope of this Consultation which could be examined such as lenders' lawyer panels, where there are strict requirements for entry laid down by lenders. We suffer from exclusion from a number of lender's panels simply because we are a licensed conveyancing firm as opposed to a solicitor firm. The lenders that exclude us are usually the smaller building societies and sub-prime lenders (particularly those coming back into the mortgage market). There do not seem to be competition concerns with lenders because no particular lender has more than a 50% share of the mortgage market. So why should there be competition concerns where no panel provider handles anywhere near 50% of the conveyancing market?

**Q2. Do you have any additional evidence about the operation of referral fees and arrangements that should be considered by the LSB?**

No.

**Q3. Do you agree with our analysis of the operation of referral fees or fee sharing arrangements in criminal advocacy?**

**Q4. Do you have additional evidence about the operation of referral fees or fee sharing arrangements that should be considered by the LSB?**

**Q5. In particular, do you have evidence about the impact of referral fees or fee sharing arrangements on the quality of criminal advocacy?**

We are unable to answer these questions as we deal solely with residential conveyancing.

**Q6. Will the proposals assist in improving disclosure to consumers?**

Yes – we believe that consumers should be made aware as early as possible before being engaged of any financial arrangement with an introducer and how much is being paid. In addition we agree that the consumer must be advised that they have a right to shop around for an alternative provider if they so wish.

**Q7. Are there other options for disclosure that ARs should consider?**

None that we can think of.

**Q8. What are the issues relating to the disclosure of referral contracts by firms to approved regulators and their publication by approved regulators?**

We have no issue with a template of the agreement between this firm and introducers being disclosed to our approved regulator, but with relevant details concerning the amount of the referral fee being deleted from the template. Such information is commercially sensitive, not from the point of view that we don't want consumers to see the amount, but from the point of view of introducers seeing what other introducers are being paid.

Currently we have 145 active introducers (some with a number of branch offices – total 615) and to provide our approved regulator with 145 individual agreements would involve a lot of additional work, plus further work involved subsequently in notifying the approved regulator of new agreements obtained with new introducers or the deletion of agreements where an introducer is no longer introducing work to us.

We use a standard introducer agreement for the vast majority of our introducers, except for some of the large corporate introducers who like to use their own agreement – subject to its acceptability. We would have thought that providing the approved regulator with our standard template would be sufficient.

We are not convinced that consumers' access to published agreements on an approved regulators website will actually aid transparency to the consumer, as we would have thought that the last thing they would want to do is to trawl through a particular firm's introducer agreements.

What the consumer is after is an efficient, value-for-money conveyancing service with good service standards. Our view is that consumers would be satisfied knowing that a written agreement is in place between the conveyancing firm and the introducer, which has been sent to their approved regulator and approved by them.

**Q9. How should these issues be addressed?**

As stated above we believe that the approved regulator should approve introducer agreements between firms and introducers.

**Q10. Will these proposals assist in improving compliance and enforcement of referral fees rules?**

We agree with the recommendations in Chapter 8 of the Discussion Document, in that approved regulators should set out their compliance strategy for referral fees and arrangements when setting out their regulatory arrangements.

We also suggest that the method of disclosure of referral fees to consumers must be consistent across all approved regulators and all firms. For example, some firms may consider that detailing the existence of an arrangement and the introducer fee can be included in their Terms & Conditions only, whereas others may be more upfront about it. There must be consistency as to not only how it is disclosed but also the method of disclosure.

**Q11. What measures should be the subject of key performance Indicators or targets?**

We have no comments to make in this regard.

**Q12. What metrics should be used to measure consumer confidence?**

We have no comments to make in this regard.

Yours sincerely

**Rob Gurney**  
Director  
Premier Property Lawyers Ltd

