



Michael Mackay
Legal Services Board
7th Floor, Victoria House
Southampton Row
London
WC1B 4AD

The Live Organisation
PO Box HK3
David Street
Leeds LS11 5QJ

info@live-org.com
www.live-org.com

Direct dial: 0844 244 3563
Email: Ben.Carroll@live-org.com

By post and email to consultations@legalservicesboard.org.uk

14th December 2010

Dear Mr Mackay

“Referral fees, referral arrangements and fee sharing”.

In response to the consultation following the publication of the discussion document above, I am pleased to respond on behalf of The Live Organisation (“Live”).

By way of background, Live provide conveyancing services to many leading Estate Agency brands in England and Wales, managing a panel of 120 solicitors and licensed conveyancers, providing conveyancing referrals to these firms, the majority of whom are small local traditional firms.

In essence, Live are very supportive of the ethos of the majority of recommendations made within the discussion document and believe that consumer benefit can be derived from some of the proposals made.

Using the same numbering from the discussion paper as requested

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

- We agree that there is no compelling case for a ban on referral fees within the conveyancing arena.
- We further agree that the existence of referral fees or arrangements has not affected the quality of service received by consumers and indeed our experience has been that those firms that are engaged in arrangements with introducers deliver higher quality services to consumers due to investment in people, processes and systems as a result of securing arrangements on introducer panels.
- We believe that the quality of services provided through introducer arrangements is further enhanced due to the existence of Service Level Agreements. Furthermore solicitors and licensed conveyancers devote considerable resource and effort to maintaining quality on introducer-referred business because of the amount of revenue at stake were their panel membership to be rescinded due to service issues.
- We agree that the cost of conveyancing is not detrimentally increased as a result of referral fees.

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

- We actively support the stance that legal providers should disclose the existence of the referral fee to consumers, both to whom it is paid and the value of it, as soon as is feasible at the start of the relationship with the consumer.
- In essence, we support the proposal that consumers are advised that they have the right to shop around but our experience is that the vast majority of consumers are all too aware that they can source conveyancing from a provider of their choice. We recommend on the basis of your findings that the present proposed approach is not proportionate and would respectfully suggest that every consumer, not just those referred to a conveyancer through an introduced model, should be advised by their conveyancer that they have the right to shop around, particularly due to the higher costs they may have to pay if they go *direct* to their conveyancer as supported by your research.
- However, notwithstanding the above, we feel that there must be specific mention of the fact that the package of services being offered may not be like-for-like amongst all providers. For example:
 - i. Some estate agents package the provision of conveyancing and the sale of the property as one 'all-inclusive' package where the fee the agent charges includes the cost of conveyancing as well as the commission for selling the property. By definition, this can only take place with a legal provider who has entered into an agreement with the estate agent concerned.
 - ii. Many introduced conveyancing schemes have additional benefits often not available were the consumer to source conveyancing services direct from a legal provider. These include, but are not limited to:
 - a. Fixed legal fees
 - b. No sale no fee guarantees
 - c. Email and SMS 'milestone' progress updates through our technology platforms.
 - d. Guarantees or pledges to refund costs (or provide replacements free of charge) of any disbursements incurred should the transaction not proceed
 - e. Extended opening hours

Indeed this is a very tangible example of where the service offered to clients through introduced schemes is of higher quality than that offered direct by many solicitors or licensed conveyancers.

- We support disclosure of agreements by legal providers to regulatory bodies as required but would strongly oppose the publishing of these documents and if that is required we would seek advice on the legality of such proposals. Please see response number 8 for detailed response.
- We do not enter into any arrangements with solicitors or licensed conveyancers unless we have a signed agreement in place so again would actively support this proposal.

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

- The agreements that exist between solicitors, licensed conveyancers and introducers are commercially sensitive and our intellectual property. We have expended considerable sums of money in developing our business model and updating our agreements. Why should we as a business permit publication of these agreements and provide an opportunity for our competitors to copy our business model, processes and procedures without having to pay for the development costs?
- It would not be a level playing field, as similar sanctions would not be imposed on conveyancers who source their work, from direct marketing or existing clients, as their charging structure would not be transparent to the detriment of consumers, notwithstanding the fact your evidence suggests consumers who go direct already pay more!

- It is contrary to the letter and spirit of the Legal Services Act without any evidence it is necessary or proportionate.
- The information is in no way connected to the ethos of the objectives of the discussion document to protect consumers. Moreso, much of the information contain within these agreements bears no relevance in the decision-making process of the consumer and we believe could actually confuse consumers.

Examples of such information typically held within agreements are:

1. Duration of agreement
 2. Consequences of termination
 3. Payment terms
 4. Audit procedures
 5. The amount of the introducers work allocated to a legal provider
- It is common for the supply prices of conveyancers and legal services providers to differ depending on the introducer and therefore the publishing of these would actually serve to standardise pricing across the industry, stifling competitive market forces which ultimately the customer benefits from through keener pricing.
 - Similarly, regional variations in pricing exist and the publication of these would lead to standardised pricing which would again be to the detriment of the consumer.

Thank you once again for the opportunity to respond to this consultation exercise; we would welcome further involvement in this process ongoing.

Please do not hesitate to contact me if I can be of any further assistance.

Yours sincerely



Ben Carroll
Managing Director