



## Summary of Decision

The following table is a high level summary of the decision of the Legal Services Board. It is not a formal part of the decision notice.

<b>Purpose of notice</b>
To set out the LSB's decision to grant the application from the Council for Licensed Conveyancers ("CLC") to make changes to its regulatory arrangements to take account of the Competition and Markets Authority proposals regarding cost and service transparency. This has resulted in amendments to the CLC's Code of Conduct, Estimates & Terms of Engagement Code, Complaints Code and the CLC Glossary.
<b>Alterations that are being approved by this decision</b>
<p>The CLC alterations aim to improve cost and service transparency. Broadly, the proposed amendments will:</p> <ul style="list-style-type: none"><li>• Require CLC regulated firms to publish cost and service information, client protection arrangements and complaints procedures (including in relation to complaints to the Legal Ombudsman)</li><li>• Require digital badges to appear on firms' websites to verify the fact that they are regulated by the CLC.</li></ul>

## Decision notice

### **The Council for Licensed Conveyancers' application for the approval of changes to the regulatory arrangements to take account of the Competition and Markets Authority proposals regarding price and service transparency.**

The Legal Services Board (“**LSB**”) has granted an application from the Council for Licensed Conveyancers (“**CLC**”) to make amendments to its regulatory arrangements to take account of the Competition and Markets Authority (“**CMA**”) proposals regarding cost and service transparency. This has resulted in amendments to the CLC’s Code of Conduct, Estimates & Terms of Engagement Code, Complaints Code and the CLC Glossary (“**the rules**”).

1. This decision notice sets out the decision taken, including a brief description of the changes.
2. The LSB is required by Part 3 of Schedule 4 to the Legal Services Act 2007 (“**the Act**”) to review and grant or refuse applications by approved regulators to make alterations to their regulatory arrangements. The CLC is an approved regulator. The notes at page 7 of this notice explain the statutory basis for the decision.
3. The chronology for the LSB’s handling of this application is also set out at the end of this decision notice.

## Background and proposed changes

### *Background*

4. The changes follow the CMA’s market study report published in December 2016<sup>1</sup> which made recommendations to address its conclusion that competition in the legal services sector is not working well for consumers. In particular, the CMA found that consumers need to be given access to more information to help them navigate the market and make informed decisions and choices when accessing legal services.
5. In implementing the recommendations, the CLC has said that the proposed changes aim to provide better transparency and more information for consumers to empower them to make more informed decisions about their choice of legal services provider. The CLC states that the new requirements should also foster innovation and competition in the legal services market whilst having minimal impact on the regulatory burden on the profession.

### *Code of Conduct*

6. The proposed amendments to the Code of Conduct will require firms to:
  - I. Display, on their website, on all business communications, and at their office premises, the practice license number.

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<sup>1</sup> <https://www.gov.uk/cma-cases/legal-services-market-study#final-report>

- II. Publish, in a prominent place on the firm's website, cost information and to provide it by other reasonable means on request.
  - III. Publish, in a prominent place on their website, their complaints procedure, including how and when complaints may be made to the Legal Ombudsman.
  - IV. Display, in a prominent place on their website, a digital badge that verifies that a firm is regulated by the CLC.
7. The amendments also remove the requirement for firms to publish the names of managers on all business communications, websites and the office premises.

#### *Estimates and Terms of Engagement Code*

8. The proposed amendments to the Estimates & Terms of Engagement Code will require firms to:
- I. Provide clients with a description and cost of any disbursements likely to be incurred and to separately itemise Land Tax.
  - II. Provide clients with details about the experience and qualifications of the individual having day-to-day conduct of the matter.
  - III. Provide clients with a clear description of the services included in the cost. This is to include key stages of the transaction, indicative timescales for the transaction, a summary of services included within the cost and a summary of services not included within the cost. This information is also to be published on the firm's website.
  - IV. Publish, in a prominent place on their website, information about the staff mix, their experience and qualifications.
  - V. Publish, in a prominent place on their website, the name of the individual to whom complaints should be made and the complaints procedure, including how and when to complain to the Legal Ombudsman.

#### *Complaints Code*

9. The proposed amendments to the Complaints Code will require firms to publish, in a prominent place on their website, their complaints procedure, including how and when complaints may be made to the Legal Ombudsman.

#### **Key issues considered in the assessment of the application**

10. The LSB welcomes the CLC's changes, which implement recommendations made by the CMA. Introducing specific rules is a positive step towards improving transparency. In the long term, the LSB considers that this should help to promote competition and contribute to improving access to justice.
11. In reaching its decision, the LSB has taken the following into account.

#### *Questions relating to the application*

12. The application states that whilst not prescribed in the proposed changes, firms regulated by the CLC may wish to provide information about staff mix and qualifications on their website. However, new paragraph 13.9 being inserted into the Estimates &

Terms of Engagement Code does in fact prescribe this requirement. The CLC has clarified and confirmed that the requirement for firms to publish information about staff mix and their qualifications is mandatory; therefore the change to the Code itself is correct.

13. The application also states that changes to the rules will require firms to publish Professional Indemnity Insurance (“**PII**”) information on their websites. However, the rule changes themselves are silent on this requirement. The CLC has clarified and confirmed that, following consultation, it did not consider the publication of PII information to be necessary so the rule changes now do not provide for this. The CLC explained that this was due to all respondents to the consultation submitting that publication of a firm’s level of PII did not help inform consumer choice.

#### *Consultation*

14. In line with section 28(3) of the Act, the LSB expects regulators to be demonstrating regard to best regulatory practice, including the principles that regulation should be transparent and accountable. This is particularly applicable to the approach that regulators take to consultation. On this occasion, although the CLC published a short ‘summary of responses’ document following its consultation, it did not publish a full consultation response or any explanation of how it had taken into account the responses received to its consultation. Similarly, there was no reference to post-consultation changes in the rule change application.
15. Through its assessment of the application, the LSB was able to clarify certain changes that the CLC had made post-consultation (see paragraphs 12 and 13 above) which demonstrated that consultation responses had been taken into account in its decision making. The LSB expects the CLC to demonstrate greater transparency and accountability in the way that it conducts consultations. This will be considered through the LSB’s regulatory performance framework and assessment of future rule change applications.

#### *Clarity and consistency of proposed rule changes*

16. The CLC decided to incorporate the new transparency requirements across its Code of Conduct, Estimates & Terms of Engagement Code, and Complaints Code. During its assessment, the LSB identified some instances in which the new requirements were potentially unclear and inconsistent. In particular:
  - a) The LSB sought clarification on the interplay between various references requiring firms to provide details of ‘costs’, ‘cost information’ and ‘price’ throughout the rules. The CLC responded by removing references to ‘price’ in the proposed changes. It explained that while the existing meaning of ‘costs’ in the CLC Glossary remains applicable, the new requirement to provide ‘cost information’ at paragraph 1.3(q) of the Code of Conduct was intended to be wider in scope. The new definition of ‘cost information’ being inserted into the CLC Glossary therefore includes new requirements to provide: a description of the service offered; whether fees are to be determined as a fixed sum or by reference to hourly rates; and whether referral

arrangements with third parties exist, if a referral fee is paid, and the fee payable. See below at paragraph 21.

- b) The LSB enquired as to why the CLC had implemented the changes through different parts of its regulatory arrangements rather than having all of the main transparency requirements at a high level in the main Code of Conduct. In particular, the LSB was concerned about the potential for confusion around the application of paragraph 13.9 of the Estimates and Terms of Engagement Code, which could be read as applying to engagement with individual clients on specific matters, as opposed to requiring more general publication of service, cost and complaints information.

The CLC explained that its intention was to make as few changes to existing regulatory arrangements as possible. It shared with the LSB the draft guidance and draft cost estimates templates that it is developing to support the rule changes, and assist those that it regulates to understand what is required of them. The CLC emphasised that the guidance and other communications activity will explain how it expects the new requirements to work in practice, including clarifying the intended application of paragraph 13.9. The LSB notes that as the guidance and templates will be based on the rules themselves and are not intended to contain any new mandatory requirements, they do not need to be approved as rule changes by the LSB.

17. The LSB remains of the view that the rules, in particular paragraph 13.9 of the Estimates & Terms of Engagement Code, allow scope for a degree of confusion as to what is required of providers. However, on balance the LSB is satisfied that the potential for confusion is not in itself grounds for refusal of this application because the rule changes are enforceable. In reaching this view we have had taken into account the draft guidance which will explain how the rules are intended work in practice and will mitigate the potential for confusion.

#### *Evaluation of impact*

18. The LSB sought further assurance on how the CLC would monitor the impact of these changes. The CLC has confirmed that once the rules are implemented it will be carrying out desk-based evaluations on a sample of regulated practices over a period of time. It carried out a pre-implementation review in August 2018 to provide a benchmark. Further reviews are planned for late January 2019 and May 2019 to determine what changes firms have made. A full review is likely in Q4 of 2019.
19. It will be important that this evaluation of impact includes consideration of the issues set out in this decision notice concerning the potential for confusion within the new regulatory arrangements.

#### **Amendments to the proposed regulations during the LSB assessment**

20. During the course of the LSB's assessment the CLC made amendments to the rule changes being proposed. These were to introduce wording requiring cost, service and

complaints information to be displayed in a prominent place on firms' websites in order to better implement the transparency recommendations made by the CMA.

21. The CLC also made a minor change by replacing the word "price" with "cost" to assist with consistency and clarity in the terms used within CLC codes and the CLC glossary.

### **Decision**

22. The LSB has considered the CLC's application against the criteria in paragraph 25(3) of Schedule 4 to the Act. It accordingly grants the application in full.

23. The Annexes to this decision notice contain the amendments approved by the LSB. These are as follows:

- **Annex A** the amended **Code of Conduct**
- **Annex B** the amended **Estimates & Terms of Engagement Code**.
- **Annex C** the amended **Complaints Code**.
- **Annex D** consequential additions to the **CLC Glossary**.

### **Chronology**

- The LSB confirmed receipt of an application from the CLC on 26 July 2018.
- The CLC provided additional information and further amendments to the proposed rules on 15 August 2018.
- An extension notice was issued on 21 August 2018 extending the initial decision period to 5 September 2018.
- This decision notice is effective from 30 August 2018.
- This decision notice will be published on our website on 3 September 2018.

**Neil Buckley, Chief Executive**

**Acting under delegated authority granted by the Board of the Legal Services Board  
30 August 2018**

*Notes:*

1. The LSB is required by Part 3 of Schedule 4 to the Act to review and grant or refuse applications by approved regulators to make alterations to their regulatory arrangements.
2. Paragraph 25(3) of Schedule 4 to the Act explains that the LSB may refuse an application setting out a proposed change to the regulatory arrangements only if it is satisfied that
  - (a) granting the application would be prejudicial to the regulatory objectives
  - (b) granting the application would be contrary to any provision made by or by virtue of this Act or any other enactment or would result in any of the designation requirements ceasing to be satisfied in relation to the approved regulator
  - (c) granting the application would be contrary to the public interest
  - (d) the alteration would enable the approved regulator to authorise persons to carry on activities which are reserved legal activities in relation to which it is not a relevant approved regulator
  - (e) the alteration would enable the approved regulator to license persons under Part 5 [of the Act] to carry on activities which are reserved legal activities in relation to which it is not a licensing authority, or
  - (f) the alteration has been or is likely to be made otherwise than in accordance with the procedures (whether statutory or otherwise) which apply in relation to the making of the alteration.
3. The designation requirements referred to in paragraph 2(b) above are set out in paragraph 25(4) of Schedule 4 to the Act and are
  - (a) a requirement that the approved regulator has appropriate internal governance arrangements in place
  - (b) a requirement that the applicant is competent, and has sufficient resources to perform the role of approved regulator in relation to the reserved legal activities in respect of which it is designated, and
  - (c) the requirements set out in paragraphs 13(2)(c) to (e) of Schedule 4, namely that the regulatory arrangements are appropriate, comply with the requirements in respect of resolution of regulatory conflict (imposed by sections 52 and 54 of the Act) and comply with the requirements in relation to the handling of complaints (imposed by sections 112 and 145 of the Act).
4. In accordance with paragraphs 20(1) and 23(3) of Schedule 4 to the Act, the LSB has made rules<sup>2</sup> about the manner and form in which applications to alter regulatory arrangements must be made. Amongst other things, the rules highlight the applicant's obligations under section 28 of the Act to have regard to the Better Regulation Principles. They also require applicants to provide information about each proposed change and details of the consultation undertaken.
5. If the LSB is not satisfied that one or more of the criteria for refusal are met, then it must approve the application in whole, or the parts of it that can be approved.

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<sup>2</sup> Rules for Rule Change Applications – Version 2 (November 2010)

## Annex A – Code of Conduct



### **Code of Conduct**

## Introduction

This **Code of Conduct** was made in accordance with s.20 of the **Administration of Justice Act 1985**; s.53 of the **Courts and Legal Services Act 1990**; and s.83 of the **Legal Services Act 2007**.

All individuals and bodies regulated by the **CLC** must comply with this Code and its associated **regulatory arrangements**. In this Code “you” refers to individuals and bodies (and the **employees** and **managers** within them) regulated by the **CLC**. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code. Your main driver should be the delivery of positive **client outcomes**. The Code comprises **principles** and **specific requirements**, which taken together deliver positive **Outcomes** for your **Clients** and, particularly in relation to **Overriding Principle 6**, for others you deal with.

To effectively secure the protection of, and the provision of choice for, the consumer of legal services, you must at all times comply with the following **Overriding Principles**:

1. Act with independence and integrity;
2. Maintain high standards of work;
3. Act in the best interests of your **Clients**;
4. Comply with your duty to the court;
5. Deal with regulators and ombudsmen in an open and co-operative way;
6. Promote equality of access and service.

These are underpinned by **principles** of behaviour which must be demonstrated and **specific requirements** which must be complied with in order that the **Overriding Principles** are supported.

Disciplinary proceedings may be taken against you if the **CLC** believes there has been a breach of this Code, meaning that **clients** do not receive the standard of legal services they should reasonably expect to receive. The **CLC**'s response will be informed by the **CLC**'s Regulatory and **Enforcement** Policies.

In exceptional circumstances the **CLC** may waive a provision, or provisions, of the **regulatory arrangements** for an individual, body or circumstance for a particular purpose, or purposes, and with the **conditions** specified in the waiver.



# Overriding Principle 1. Act with independence and integrity

**Outcomes** – you must deliver the following **Outcomes**:

- 1.1 **Clients** receive good quality independent information, representation and advice;
  - 1.2 **Clients** receive an honest and lawful service;
  - 1.3 **Client money** is kept separately and safely.
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**Principles** - delivery of these **Outcomes** requires you to act in a principled way:

- a) You do not allow your independence to be compromised.
- b) You act honestly, professionally and decently.
- c) You do not conduct yourself in a manner which may result in a breach of the law nor in any other manner which may bring the legal profession into disrepute.
- d) You **carry on Reserved Legal Activity** only through a person entitled to **carry on** that activity.
- e) You do not give false or misleading information relating to the provision of **Regulated Services**.
- f) You do not allow fee arrangements to prejudice your independence or professional judgement.
- g) You do not conduct business under a misleading name.
- h) You keep **Client money** safe.
- i) You do not publicise your business through unsolicited communications in person or by telephone.
- j) Your advertising is clear, accurate and fair.
- k) You keep **Client money** entirely separate from your money or the money of the entity.
- l) You do not take unfair advantage of any person, whether or not a **Client** of the business.

**Specific Requirements** - you must also comply with the following **specific requirements**:

- m) You comply with **anti-money laundering and prevention of financing terrorism legislation**.
- n) When acting as a **CLC** licensee, you accept instructions only to act in a matter which is regulated by the **CLC**.

- o) All business **communications**, websites and office premises display information confirming the entity is regulated by the **CLC**, and the practice licence number, and the names of the **Managers** (identifying those who are **Authorised Persons**).
- p) You display the CLC secure badge in a prominent place on your website.
- q) You provide cost information in a prominent place on your website and by other reasonable means on request.

## Overriding Principle 2. Maintain high standards of work

**Outcomes** – you must deliver the following **Outcomes**:

- 2.1 **Clients** are provided with a high standard of legal services;
- 2.2 **Client** matters are dealt with using care, skill and diligence;
- 2.3 Appropriate **arrangements**, resources, procedures, skills and commitment are in place to ensure **Clients** always receive a high standard of service.

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**Principles** - delivery of these **Outcomes** requires you to act in a principled way:

- a) You provide the level of service appropriate for, and agreed with, the **Client**.
- b) You keep your skills and legal knowledge up-to-date.
- c) You ensure all individuals within the entity are competent to do their work.
- d) You supervise and regularly check the quality of work in **Client** matters.
- e) You comply fully with any undertaking given by you.
- f) You **systematically** identify and mitigate risks to the business and to **Clients**.
- g) You promote ethical practice and compliance with regulatory requirements.
- h) You enable staff to raise concerns which are acted on appropriately.
- i) You maintain proper governance, management, supervision, financial, and risk management **arrangements** and **controls**.
- j) You administer oaths, affirmations and declarations properly.
- k) You deliver services in accordance with timetables reasonably agreed with the **Client**.

**Specific Requirements** - you must also comply with the following **specific requirements**:

- l) **Control** of an entity is from a permanent fixed address in England or Wales.
- m) A **Manager** who is an **Authorised Person** is responsible for ensuring that all of the entity's **employees** are properly supervised.

- n) You make provision for alternative supervision **arrangements** in case of illness, accident or other unforeseen event.
- o) You maintain proper records to evidence your **arrangements** and **controls** and how they are applied.

## **Overriding Principle 3. Act in the best interests of your Clients**

**Outcomes** – you must deliver the following **Outcomes**:

- 3.1 Each **Client's** best interests are served;
- 3.2 **Clients** receive advice appropriate to their circumstances;
- 3.3 **Clients** have the information they need to make informed decisions;
- 3.4 **Clients** are aware of any referral arrangements and that they are consistent with your responsibilities both to them and to the **CLC**;
- 3.5 **Clients** are aware of any limitation or any condition resulting from your relationship with another party;
- 3.6 **Clients'** affairs are treated confidentially (except as required or permitted by law or with the **Client's** consent).

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**Principles** - delivery of these **Outcomes** requires you to act in a principled way:

- a) You only accept instructions and act in relation to matters which are within your professional competence.
- b) You keep the interests of the **Client** paramount (except as required by the law or the **CLC's regulatory arrangements**).
- c) You do not act for a **Client** where you judge it is not in their best interests for you to do so.
- d) You do not accept instructions from a person nor continue to act for a **Client** whose interests conflict directly with your own, the entity's, or another **Client**.
- e) You disclose **client** information only as the **Client** has instructed (or as required by the **CLC's regulatory arrangements** or by law), keeping effective records of any disclosures you make.
- f) You only recommend a particular person, business or product when it is in the best interests of the **Client**.
- g) You cease acting in a matter if the **Client** so instructs or, in the absence of such instructions where it is reasonable to do so.

- h) You provide the **Client** with information which is accurate, useful and appropriate to the particular **Client**.
- i) You only provide **Regulated Services** whilst you have **CLC**-approved **professional indemnity insurance** in force.
- j) You provide the **Client** with all relevant information relating to any fee arrangements or fee changes.
- k) You advise **Clients** of the name and status of the person dealing with their matter and the name of the person responsible for overall supervision.
- l) You consult **Clients** on key decisions in a timely way.
- m) You **promptly** advise **Clients** of any significant changes to projected **costs**, timelines and strategies.

**Specific Requirements**- you must also comply with the following **specific requirements**:

- n) Where the entity represents parties with different interests in any transaction each party is at all times represented by different **Authorised Persons** conducting themselves in the matter as though they were members of different entities.
- o) You ensure there are adequate indemnity arrangements in respect of **claims** made against you for work carried out by you before you have ceased to practice by **purchasing professional indemnity insurance** for a minimum of 6 years from the expiry of the period of **professional indemnity insurance** stated in your evidence of insurance or policy document.
- p) If you seek to exclude or limit liability, you do so only to the extent that such exclusion or limitation is above the minimum level of cover provided by **CLC**-approved **professional indemnity insurance**; you must obtain the written informed consent of the **Client** for such exclusion or limitation to be effective.
- q) When offering and providing services which are not regulated by the **CLC**, you advise your **Client** of this and inform them in writing that the activity is not covered by **CLC**approved **professional indemnity insurance** or the **CLC**-administered **Compensation Fund**.
- r) Before or when accepting instructions, you inform **Clients** in writing of the terms on which the instructions are accepted, a complete, accurate estimate of fees and **disbursements** to be charged and if and when they are likely to change.
- s) You **promptly** inform the **Client** in writing of the existence and amount of any sum payable (whether directly or indirectly) as a result of receipt of that **Client's** instructions.
- t) With the exception of **disbursements**, you do not delay completion because fees are outstanding to you.
- u) You discuss and agree with the **Client** how **costs** will be paid, whether directly by the **Client**, by public funding, through an insurance policy or otherwise.

## **Overriding Principle 4. Comply with your duty to the court**

**Note:** this Principle will only be applicable if the *CLC's* application to regulate *advocacy* and *litigation services* is successful

**Outcomes** - you must deliver the following **Outcomes**:

- 4.1 You act in the interests of justice;
- 4.2 You act in good faith towards **Clients**.

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**Principles** - delivery of these **Outcomes** requires you to act in a principled way:

- a) You promote and protect the **client's** best interests.
- b) You do not compromise your professional standards or independence.
- c) You assist the court in the administration of justice.
- d) You do not knowingly or recklessly mislead or deceive the court, or allow the court to be misled.
- e) You ensure that the Court is informed of all relevant decisions and legislative provisions (whether this has a favourable or unfavourable effect on the case you are advancing).
- f) You comply with any Court Order (unless an application for a stay is pending or the Order has been revoked by the Court).
- g) You advise your **Client** to comply with Court Orders and of the consequences of failing to do so.
- h) You properly protect sensitive evidence.
- i) You safeguard the well being of children and other vulnerable persons.

**Specific Requirement** - you must also comply with the following specific requirement:

- j) You ensure that the court is made aware of any relevant legal or factual matters which are likely to have a material effect on the outcome of the proceedings.

**Overriding Principle 5. Deal with regulators and ombudsmen in an open and co-operative way.**

**Outcome** - you must deliver the following **Outcome**:

- 5.1 You act in accordance with your regulatory responsibilities.

**Principles** - delivery of these **Outcomes** requires you to act in a principled way:

- a) You are open and honest in your dealings with us.
- b) You comply with the **CLC Code of Conduct** and the **CLC's other regulatory arrangements**.
- c) You comply **promptly** and fully with a **CLC** direction or request.
- d) You comply with any **authorisation, permission** or **condition** endorsed on your **licence, Recognised Body Certificate** or **Licensed Body Licence**.
- e) You co-operate with any **CLC** investigation.
- f) You co-operate with any **Legal Ombudsman** investigation.
- g) You comply **promptly** and fully with any **Legal Ombudsman** Order.
- h) You co-operate with other regulators and ombudsmen.

**Specific Requirements** - you must also comply with the following **specific requirements**:

- i) You make the **Compensation Fund** contribution determined by the **CLC**.
- j) You **systematically** identify, monitor and manage risks to the delivery of this Code's **outcomes**.
- k) You **promptly** notify insurers in writing of any facts or matters which may give rise to a **claim** under **CLC**-approved **professional indemnity insurance**.
- l) You **promptly** notify the **CLC** in writing of any facts or matters which may give rise to a **claim** under its **Compensation Fund**.
- m) As a **CLC** licensee operating in an entity regulated by another regulator you must comply with that regulator's regulations at all times in a way which is reasonably consistent with this Code.
- n) You obtain permission from the **CLC** before offering **Reserved legal activities**:
  - as a new business;
  - in an entity regulated by another **Approved Regulator**; or
  - through an entity with a **Manager** who is not a **CLC lawyer**
- o) You notify the **CLC** of any material breach of this Code, whether by you, the entity or any other person.
- p) You notify the **CLC** of a change as set out in the **CLC's** Notification Code.

**Overriding Principle 6. Promote equality of access and service.**

**Outcomes** - you must deliver the following **Outcomes**: -

- 6.1 The service is accessible and responsive to the needs of individual **Clients**, including those who are vulnerable;<sup>1</sup>

- 6.2 No-one - **Client, employee**, colleague, job applicant, trainee or other party - you deal with feels discriminated<sup>2</sup> against (whether directly or indirectly), victimised or harassed;
  - 6.3 You accept responsibility where the service you provide is not of the expected standard and provide appropriate redress for the **Client** where necessary;
  - 6.4 Handling of **complaints** takes proper account of **Clients'** individual needs, including those who are vulnerable;
  - 6.5 **Complaints** are dealt with impartially and comprehensively.
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**Principles** - delivery of these **Outcomes** requires you to act in a principled way:

- a) You comply with **Equalities legislation**.
- b) You make reasonable adjustments to prevent persons with disabilities from being placed at a substantial disadvantage.
- c) You provide equal opportunities for all partners, **employees** or applicants in employment and training.
- d) You make all reasonable efforts to ensure your service is accessible and responsive to **Clients**, including those with vulnerabilities.
- e) The **complaints** procedure is clear, well-publicised and free.
- f) You treat **complaints** seriously and provide appropriate redress options.
- g) You deal with **complaints** fairly and within 28 days.
- h) You identify and address systemic **Client Complaints** issues.

**Specific Requirements** - you must also comply with the following **specific requirements**:

- i) Any allegation of (direct or indirect) discrimination, victimisation and harassment is investigated thoroughly, resulting, where appropriate, in disciplinary action.
- j) From the outset you advise **Clients** in writing of their right to make a **complaint**, how to make it, to whom, and the timeframes involved. **You also make this information available in a prominent place on your website and by other reasonable means on request.**
- k) You advise **Clients** in writing of their right to have their **complaint** escalated to the **Legal Ombudsman** and provide them with contact details and timeframes of that body. **You also make this information available in a prominent place on your website and by other reasonable means on request.**
- l) You keep a record of **complaints** received and any action taken as a result.

<sup>1</sup> a **Client** may be vulnerable because of a range of characteristics, including (but not limited to): basic skills: literacy and numeracy; complexity and confusion: difficulty of accessing and understanding large amounts of information; disability or other impairment; mental health issues; distress or sudden change in circumstances e.g. bereavement, divorce, illness or loss of employment; low income; age; caring responsibilities; limited knowledge of, or limited skills in, use of English; balance of power: lack of competition and or choice; or inexperience or lack of knowledge of a particular subject. Vulnerability can only be assessed on a case-by-case basis.

<sup>2</sup> On the grounds of age, disability, gender reassignment, marital and civil partnership status, pregnancy and maternity, race, religion or faith, sex or sexual orientation.



## Annex B – Estimates & Terms of Engagement Code



### Estimates & Terms of Engagement Code

In this Code 'you' refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

### Outcomes-Focused

The **Code of Conduct** requires you to deliver the following **Outcomes**:

- **Clients receive good quality independent information, representation and advice; (Outcome 1.1)**
- **Client matters are dealt with using care, skill and diligence; (Outcome 2.2)**
- **Clients have the information they need to make informed decisions. (Outcome 3.3)**

Providing timely Estimates and **Terms of Engagement** which are easy to understand helps you deliver these **Outcomes** and to act in a principled way:

1. **Act with independence and integrity. (Overriding Principle 1)**
2. **Maintain high standards of work. (Overriding Principle 2)**

### Act in the best interests of your **Clients**. (Overriding Principle 3)

4. You act honestly, professionally and decently. (CoC P1b)
5. You do not give false or misleading information relating to the provision of **Regulated Services**. (CoC P1e)
6. You **promptly** advise **Clients** of any significant changes to projected **costs**, timelines and strategies. (CoC P3m)
7. Where the entity represents parties with different interests in any transaction each party is at all times represented by different **Authorised Persons** conducting

themselves in the matter as though they were members of different entities. (**CoC P3n**)

You must also comply with the following **specific requirements**:

## Estimates

8. Any estimate of **costs** is stored on a **Durable Medium** and states:-
  - 8.1 the name of the **Client**, and the nature of the transaction;
  - 8.2 the basis on which fees for abortive work will be payable;
  - 8.3 the proposed fees and other expenses (such as **bank** transfer fees) payable to you (such fees and other expenses are deemed to be inclusive of VAT unless VAT is separately itemised);
  - 8.4 a description of, and cost of, any disbursement likely to be incurred on the basis of the instructions received (such **disbursements** are deemed to be inclusive of VAT unless VAT is separately itemised). Where applicable, Land Tax should be separately itemised;
  - 8.5 where the total sum payable as estimated under paragraph 8.3 is likely to be exceeded that the Body will advise the **Client** of that fact and provide an explanation and a revised estimate;
  - 8.6 in respect of paragraphs 8.3 and 8.4:
    - 8.6.1 unless otherwise stated fees will be deemed to be inclusive of the costs of post, telephone calls, facsimile communications and email;
    - 8.6.2 unless separately specified, the estimate of proposed fees payable to the body will be deemed to include fees for:-
      - representation of the lender;
      - service of notices on a landlord or management company.
    - 8.6.3 the **Client** is advised where it is not possible to provide an estimate of fees and **disbursements** because the relevant information is not available.
9. If it becomes apparent that the total sum payable as estimated under paragraph 8 is likely to be exceeded or that the relevant information has become available, as soon as practicable you:-
  - 9.1 advise the **Client**; and
  - 9.2 provide the **Client** with a written explanation on a **Durable Medium**.

10. Any fees, expenses, **disbursements** and VAT to be charged in respect of an abortive transaction are notified to the **Client** on a **Durable Medium** as soon as those matters can reasonably be calculated whether or not an invoice is delivered at this time.

### **Terms of Engagement**

11. You provide **Clients** with **Terms of Engagement** with a request that the **Client** confirms their agreement to the terms.
12. The **Terms of Engagement** summarise the nature of instructions and with sufficient clarity so as to be readily understandable to the **Client**.
13. The **Terms of Engagement** include:-
  - 13.1 your name, address, telephone and other contact details;
  - 13.2 if not included in paragraph 13.1, the name of one of your **Managers**;
  - 13.3 the name, **experience and, if applicable, qualifications of the individual** having day-to-day conduct of the matter and, where applicable, of the individual responsible for its overall supervision;
  - 13.4 if the matter is to be conducted by a team, the identity of that team and the name of its leader(s);
  - 13.5 **a clear description of the services included in the cost, including**
    - 13.5.1 **the key stages of the transaction**
    - 13.5.2 **indicative timescales for the transaction**
    - 13.5.3 **a summary of services included in the cost, and**
    - 13.5.4 **a summary of services which are not included in the cost**
  - 13.6 the name of the individual to whom any **complaint** should be made;
  - 13.7 an explanation of the procedure to be adopted where the **Client** is dissatisfied with the services or conduct of any of your **Managers** or **employees**. This information must also include the **Client's** right to complain to the **Legal Ombudsman** at the conclusion of the **complaint** process, the time limits for doing so and full details about how to contact the **Legal Ombudsman** (see **Complaints Code**).
  - 13.8 the following wording:-

“If you make a valid **claim** against us for a loss arising out of work for which we are legally responsible, and we are unable to meet our liability in full, you may be entitled to **claim** from the **Compensation Fund** administered by the Council for **Licensed Conveyancers** (from whom details can be obtained”).

13.9 Information about the staff mix, their experience and qualifications and the information contained in paragraphs 13.5-13.8 must also be made available in a prominent place on your website and by other reasonable means on request.

13.10 You keep a copy of, and any evidence that the **Client** has agreed, the estimate and **Terms of Engagement** on a **Durable Medium**. Should you require information on how to meet your responsibilities under this Code, please see the **CLC's** Estimates and **Terms of Engagement Guidance**.

## Annex C – Complaints Code



### **Complaints Code**

## **Complaints Code**

In this Code ‘you’ refers to individuals and bodies regulated by the **CLC**; all individuals and bodies regulated by the **CLC** must comply with this Code. You must not permit anyone else to act or fail to act in such a way as to amount to a breach of this Code.

### **Outcomes-Focused**

The **Code of Conduct** requires you to deliver the follow **Outcomes**:

- **You accept responsibility where the service you provide is not of the expected standard and provide appropriate redress for the *Client* where necessary (*Outcome 6.3*);**
- **Handling of *complaints* takes proper account of *Clients*’ individual needs, including those who are vulnerable (*Outcome 6.4*);**
- ***Complaints* are dealt with impartially and comprehensively (*Outcome 6.5*).**

Effective handling of **complaints** helps you deliver these **Outcomes** and requires you to act in a principled way:

1. **Maintain high standards of work. (*Overriding Principle 2*)**

### **2. Promote equality of access and service. (*Overriding Principle 6*)**

3. You make all reasonable efforts to ensure your service is accessible and responsive to **Clients**, including those with vulnerabilities. (**CoC P6d**)
4. The **complaints** procedure is clear, well-publicised and free. (**CoC P6e**)
5. You treat **complaints** seriously and provide appropriate redress options. (**CoC P6f**)
6. You deal with **complaints** fairly and within 28 days. (**CoC P6g**)

7. You identify and address systemic ***Client complaints*** issues. (CoC P6h)
8. You operate a procedure which is appropriate to the needs of ***clients*** and which allows ***complaints*** to be made by any reasonable means.
9. You deal with ***complaints*** constructively and impartially, basing decisions upon a sufficient investigation of the circumstances.
10. Where redress offers are accepted, these are actioned within 28 days.
11. You treat fairly members of staff who are the subject of a ***complaint***.

You must also comply with the following ***specific requirements***:

12. From the outset you advise ***Clients*** **in a prominent place on your website and** in writing of their right to make a ***complaint***, how to make it, to whom, and the timeframes involved. (CoC P6j)
13. You advise ***Clients*** **in a prominent place on your website and** in writing of their right to have their ***complaint*** escalated to the ***Legal Ombudsman***, and provide them with contact details and timeframes of that body. (CoC P6k)
14. You keep a record of ***complaints*** received and any action taken as a result. (CoC P6k)
15. ***Complaints*** are investigated under the supervision of one of your senior ***managers***/members.
16. You respond in writing to ***complaints*** within 7 days. Where a full response cannot be given in this timeframe, you acknowledge receipt of the ***complaint***, give the reason for the delay and commit to responding fully within 28 days of receipt of their initial ***complaint***.
17. The response includes:
  - a clear explanation of your assessment of the ***complaint***;
  - your decision on it,
  - offer of remedial action and/or redress where a ***complaint*** is upheld;
  - information on your ***complaint***-handling review procedure (if applicable), its timeframes and how it can be accessed;
  - information on the complainant's right to refer the ***complaint*** to the ***Legal Ombudsman***, its timeframes and contact details<sup>3</sup>;
  - information about a named complaint body approved by The Chartered Trading Standards Institute<sup>4</sup> which is competent to deal with complaints about legal services, if both you and Clients wish to use such a scheme;

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<sup>3</sup> These requirements are unaffected by the [EU Directive on consumer alternative dispute resolution](#)

<sup>4</sup> See the Trading Standards website. Complaints bodies which are currently approved for this purpose are Ombudsman Services, ProMediate and Small Claims Mediation.

- a statement whether you agree to use such a scheme<sup>5</sup>.

18. Should your procedure make provision for review of how a **complaint** was handled, the review must be carried out in a timely manner and not inconvenience the complainant.

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<sup>5</sup> Although you must provide information about a complaints body, there is no requirement for you to use that complaints body's complaints scheme

## **Annex D – Additions to the CLC Glossary**

### **‘Cost information’:**

- a) the total cost of the service or, where not practicable, the average cost or range of costs;
- b) a description of the service offered;
- c) your fee, or where not practicable your average fee or range of fees
- d) whether your fees are determined as a fixed sum or by reference to hourly rates;
- e) a description and the value of disbursements, including Land Tax. Where the actual cost of a disbursement is not known, a range of the likely cost of that disbursement;
- f) whether VAT is payable on your fees or disbursements and if so in each case the amount of VAT payable;
- g) whether you have referral arrangements with third parties, whether a referral fee is paid and, if so, the fee or average referral fee payable.

**‘Land Tax’:** Stamp Duty Land Tax payable in England or Land Transaction Tax payable in Wales.

**‘Secure badge’:** A validation logo supplied and controlled by the CLC which enables consumers easily to check that the practice is regulated by the CLC.