



By e-mail

Dear Sirs

Market Study Notice - Supply of Legal Services in England and Wales

We write in reference to your recently announced Market Study and your invitation for representations as to whether the CMA should make a market investigation reference under section 131 of the act. This representation is made on behalf of Redde PLC and its constituent subsidiaries.

Redde PLC

Redde PLC is a multi site business with locations throughout the UK. It has significant operational presences in Cardiff, Huddersfield and Peterlee; a head office in Bath and over thirty smaller locations across England, Wales and Scotland. As a whole the PLC had a turnover of £250m in the year to June 2015, this will be exceeded in the current financial year, it employs over 2,000 staff. Redde is traded on the stock exchange (AIM) and at 19th January of this year had a market capitalisation of £540m. Through VAT, payroll related taxes, IPT, business rates and Corporation Tax, Redde makes a significant contribution to the UK economy.

You may not have been aware of Redde's activities. The Group mainly promotes its services to businesses rather than direct to the consumer. Amongst its customers are large insurance companies, insurance brokers and fleets that operate large numbers of motor vehicles. The services it provides, however, are provided primarily (but by no means exclusively) to the general public.

The core services of the Group are providing:

- Mobility and support to innocent victims of non-fault accidents.
- Legal services to the public.
- Fleet accident management, helping businesses manage their accident related costs.

Legal Services

The Group is both a consumer, and provider of legal services. Contract Law; civil litigation; debt recovery; employment law; acquisitions; property law and many other legal services are purchased or provided by in-house solicitors. Uninsured loss recovery including personal injury is the single largest form of legal service provided to the general public. As such, the Group has great interest in the market study.

Should there be a market investigation

Redde PLC welcomes the attention that the CMA is going to give to legal services, but we would caution that the remit is so wide, that attention should be focused on to areas of real concern where consumers/SME interests may be at risk. Whether legal services warrants a full market investigation is a moot point. We would say that, by and large, the market works well. Evidence of this is that disputes in many other jurisdictions choose to conduct litigation in England and Wales. There have been a number of structural changes to the Legal Services market, some we feel are at too early a stage to be investigated fully as they have not had time for the full impacts to be realised. Conversely there are changes proposed that will have a profound impact on the market and the CMA's assessment of this changes will be a valuable addition to the public debate.

Some areas we think should be excluded, and some we think merit closer attention are described below.

Alternative Business Structures (ABSs)

We note that the performance of ABSs and their impact on the legal services market is to be considered (section 2.13 of the statement of scope). Whilst the Legal Services Act is indeed 9 years old as the scoping document suggests, the provisions enabling ABSs to be licensed were only implemented in late 2011 with the SRA granting the first wave of ABS licences in April 2012. As far as that aspect of the Act is concerned we are not yet 4 years in and it is still be too early to draw any sensible conclusions in relation to the impact and take up of ABSs. We would suggest that the CMA's time is better spent on other concerns.

Unregulated services

In recent years we have seen certain areas of law deregulated and the wholesale entry of non-lawyers into conveyancing and wills/probate has resulted. This has not, in our view, resulted in any material benefit to the consumer in either price or service. We would ask the CMA to look at this area and seriously consider making these once more reserved activities. The Legal Services Board received a report from the Legal Services consumer Panel that considered the service of will-writing (see appendix A). We also attach a case study of an elderly lady taken advantage of in her home by an unscrupulous, unregulated will-writer that gave bad advice and overcharged a vulnerable person.

Personal Injury

We note that the Chancellor's intention is to raise the Small Claims Limit to £5,000 from its current limit of £1,000. We would urge the CMA to look closely at what this might do to the interests of innocent claimants. Many observers have commented, and indeed the Transport Select Committee recognised, that such a move would open injured victims up to unregulated entities purporting to provide pseudo legal services taking significant proportions of client damages and offering expensive insurance (that may not be necessary) in pursuit of profit. One need only look at the behaviour of some Claims Management Companies involved in the PPI scandal.

Minor soft tissue injuries

An even more contentious proposal is to prevent innocent claimants that have been the victim of 'minor' (yet to be defined) soft tissue injuries from receiving compensation in monetary form. This is an affront to the rights of the claimant. The courts have determined that compensation is appropriate in such cases. These are real injuries to real people. The head of claim is susceptible to fraud and exaggeration, but no-one is suggesting that even a large minority of claims are fraudulent. This means that the majority of honest claimants rights will be abrogated to address the 'sins' of the minority.

There is a long list of unresolved questions arising from this proposal. For example:

- Banning cash compensation for such injuries in Road Traffic Accidents could result in the bizarre consequence that similar injuries caused in, or out of a car, will be treated differently.
- If the PI limit is raised to £5,000 then the vast majority of claimants will get legal representation through a Damages Based Agreement. If there are no damages, how does the claimant get representation? Who instructs and pays for a medical assessment? There will be no 'level playing field' as the defendant insurers will be represented by experienced claims handlers (if not in-house lawyers).

We would like the CMA to assess the impact of this proposed reform, together with the change in the PI small claims limit with particular emphasis on the disproportionate effect they will have on those on lower incomes.

Court fees and access to justice

We would contend that any market investigation must include the performance and cost of the judicial process as this has a massive impact upon the delivery of legal services to the general public and SME's. Lord Dyson (Master of the Rolls) has publicly denounced the massive increase in court fees as a substantial deterrent to claimants in bringing any sort of suit for claims (in an appearance before the Justice Committee 26 Jan 2016). He used an example of a builder seeking £50,000 from a client would have to pay a £2,500 hearing fee.

Those using the courts on a regular basis are faced with long delays; cases cancelled without notice; documents lost; no response from the courts to queries; inability to recover fees when a hearing is vacated. All of which comes ill when the fees are radically increased. The administration of the courts system is not, in our view, keeping pace with the modernisation of other services.

We offer our support in your ongoing work. We will provide input and assistance wherever asked, or permitted to do so.

Regards

For an on behalf of Redde PLC

Alan G Gilbert

Technical Director
Helphire Ltd

Appendix A

Legal Services Consumer panel research

<http://www.legalservicesconsumerpanel.org.uk/ourwork/Willwriting.html>

http://www.legalservicesconsumerpanel.org.uk/publications/research_and_reports/documents/consumerpanel_willwritingreport_final.pdf

Appendix B

A case study

New Law (a subsidiary of Redde PLC) runs legal services for the charity Age Cymru. It provides 30 minutes of free legal advice on private client matters to empower clients to understand the legal services they need. If appropriate the client can then choose to instruct New Law or another firm of solicitors.

A lady attended one of these sessions as she wanted to have a chat to us about legal documents that she had put in place as she was not happy with them.

She explained that a man had turned up at her house one night at about 8pm from Bristol and wanted to talk to her about her affairs. She invited him in and she proceeded to discuss her estate planning with him.

The gentleman was at her house for a long time and she kept hinting that he should leave as it was late. She felt uncomfortable as he was there until almost 10pm. He did not leave as he said that needed to get everything finalised.

He talked to her for some time about her affairs and he suggested that she could lose her house if she did not get her affairs in order. He suggested that the house was at risk from care home fees and she thought that making a will would protect her house. This is not the case. She proceeded as she was worried about her affairs and assumed he knew what he was talking about.

She confirmed that she had been charged approximately £3000 to prepare a Will and Lasting Powers of Attorney.

When the documents arrived they included many errors and in New Law's opinion do not achieve what the client thinks they achieve. The lady was very surprised to find out that as Solicitors New Law would have charged a fraction of the price.

After the meeting the client tried to cancel her instructions but was advised that this was not possible. New Law is now advising the client on her affairs 'pro bono' to try to extricate her from the contract.