Dear Sir/Madam

Digital Comparison Tools market study: response to updated paper

The Legal Services Consumer Panel (Panel) welcomes the Competition and Market Authority’s (CMA) consultation on its market study into digital comparison tools (DCTs).

DCTs in the legal service market
As the CMA has noted, there is limited development of DCTs in the legal services market. This is mostly due to:

- a fragmented supplier base,
- lack of standardisation,
- service providers’ unwillingness to have their services displayed on comparison websites,
- limited information on key choice factors for consumers, specifically on price and quality.
- and reduced technological sophistication of DCTs in this market.

The Panel has called for improved information and transparency to encourage the entrance of DCTs in this sector. Additionally, the CMA’s own recent assessment of the legal services market has proposed extensive transparency measures. We continue to believe that improved information provision, particularly on price and quality, will address some of the entry barriers for DCTs in this market. And in turn, consumer engagement and competition would improve.

Improved access to information
DCTs have the potential to fill the gaps in information provision or to make comparison easier and quicker. Our annual Tracker Survey shows that only 27% of legal services consumers shop around prior to procuring a service, and just 2% have used intermediaries like price comparison websites.¹

DCTs do not have access to the information consumers need to make an informed decision. Therefore, DCT's will require improved access to pertinent information that aid consumer choice e.g. pricing, consumers’ feedback, and complaints data.

The Panel, together with the Legal Services Board (LSB), has worked to remove barriers that prevent DCTs from entering the market. We have been successful in ensuring that comparison websites obtain access to basic regulatory information, e.g. contact details and membership of accreditation schemes.

In 2016, the Panel recommended that approved regulators should publish relevant information to empower consumers make informed decisions and do more to present this information meaningfully. We highlighted the role DCTs might play in being a conduit for this information to consumers and the benefits DCTs offer, such as reduced search costs.

**Transparency on how consumers’ information is being used**

The Panel would like policy makers and regulators to guard against some of the shortcoming of DCT’s observed in other markets. To this end it would be important for consumers to know how their information will be used by DCTs and the presence of any conflicts or potential for conflicts of interest.

The CMA has identified comprehensive market coverage as one area of concern. As it has been highlighted by the LSB previously, legal services differ to the other markets due to their fragmented supplier base comprised of thousands of businesses operating in a sub-segments format.

Our Tracker Survey shows that more knowledgeable consumers, those with greater knowledge of what a lawyer does, are benefiting more from market improvements. This suggests that the needs of some consumer groups may not be met by market wide solutions. Thus, we would welcome more focus, and where feasible, more research on segments of consumers, e.g. vulnerable consumers, to identify varying needs and tailor solutions accordingly.

We would be very happy to meet and discuss any aspect of this response in further detail. Please contact Lau Ciocan for further queries.

Yours sincerely

Dr Jane Martin
Chair

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2 Legal Services Consumer Panel ‘Opening up data in legal services’, February 2016.
3 In terms of comparison websites’ transparency in their market coverage, the Panel developed 20 good practice standards for comparison websites that we consider would underpin consumers’ trust. For more details see, Legal Services Consumer Panel, ‘Good practice standards’, April 2013.