

CMA report

We invite responses, accompanied by relevant evidence, to the following questions about the development of the sector since the CMA's 2016 market study :

1. Q1. What challenges have legal service providers faced in complying with transparency measures, and how could these be addressed?
 - a. There are many reasons why law firms often express reluctance when it comes to providing transparency for clients. One of the most common is that by publishing a price online, they may lose business to a lower-cost competitor, without the opportunity to give justification for their higher charge. They therefore lose the chance to explain what a higher price means for the standard of service a client would receive. On its own therefore, displaying prices is often counterproductive as clients will always look towards the cheapest option when making their primary search. This means that some firms are inclined to manipulate the early stages of the client journey by promising low prices, which are then raised once they have been instructed. Some firms are also hesitant to collect reviews from all of the clients that they deal with, but testimonials that discuss the service a firm offers are necessary to justify such pricing data.
 - a. There is a reluctance to provide this transparency. Many law firms feel that by publishing a price online, they will lose business to a lower-cost competitor, without being given a chance to explain why that higher price is justified.
 - b. Having information just about price isn't useful in isolation. It may seem useful when the client is at the early stages of the client journey but clients may be taken in by cheap prices. It allows some firms to manipulate prices in order to attract clients - then jack the price up once instructed.
 - c. Law firms are still hesitant to collect reviews from all clients - this is needed to justify any pricing data
2. Q2. Are consumers engaging with the new transparency measures including the availability of price information, eg by accessing the pricing information on the provider websites and/or using this information in their interactions with providers? Does this differ between different areas of law?
 - a. Some firms still lack transparency when it comes to measures that make information easily available to clients, including pricing. Some for example will conceal this information behind two or three clicks before the client can see anything, meaning the firm is displaying the information, but making it as difficult as possible for the client to see. It is certainly not openly promoted on the initial visit to the firm's webpage. However, those firms that are collecting reviews are more than happy to display this information and will do so through a widget, which openly showcases their best testimonials. This encourages the firm to take pride in their feedback and when clients see their willingness to display such information, a level of trust is established between a potential client and the firm they may instruct.

- a. Some law firms are hiding this information behind 2 or 3 clicks meaning that the information is never seen by clients.
 - b. Those collecting reviews are quite happy to provide this information prominently on their homepage and this is making a difference
3. Q3. How effective have transparency measures been in driving competition? Does this differ across areas of law?
 - a. In most cases, the impact of increased transparency measures has been insignificant in driving competition, as most firms are simply choosing to not adopt them.
 - a. The impact has been negligible as many firms are not adopting them.
4. Q4. To what extent has the Legal Choices website helped consumers to navigate the legal services sector ? To what extent has improved content been actively promoted by regulators, consumer/industry bodies and service providers?
 - a. The Legal Choices website has been somewhat neglectful of promotion. The marketing that has been seen of it has appeared insignificant, and unlikely to lead to any real impact.
 - a. This site has not been well promoted. We have seen negligible marketing of it.
5. Q5. To what extent are quality indicators needed to drive consumer engagement and competition? Which further indicators are needed and what are the barriers to these indicators being developed?
 - a. Quality indicators are absolutely necessary for any firm wishing to drive consumer engagement and competition. Displaying pricing information in isolation for example will make very little impact. When consumers encounter pricing details without any information on the service they can expect to receive, showing cost becomes futile. When it comes to a high-value purchase like instructing a solicitor, cost is certainly not the primary pull factor. Standalone pricing information also denies a consumer opportunity to make effective comparisons when the level of service provided could differ so greatly. This is where review sites such as ReviewSolicitors aim to fill in the gaps. By showcasing their best reviews, firms can give clients a great sense of the service they can expect and even in the cases of negative feedback, a sense of the worst case scenario can be equally reassuring.
 - a. Pricing in isolation does not give consumers much information - it is hard to compare offerings when the service provided is so different.
 - b. Consumers need to have an idea of the quality of service they can expect - this is where review sites such as ReviewSolicitors become extremely important.
6. Q6. To what extent are DCTs currently operating in the legal services market? What are the main barriers to greater use of DCTs in legal services and how can they be overcome?
 - a. At present, there exists very few digital comparison tools available in the legal market, especially in terms of price and service offerings. However, a specifically dedicated review site like ReviewSolicitors can give potential clients the most

transparent idea of the quality of service they can expect to receive. This information is presented for the firm as a whole, and can also be narrowed down by area of law and the individual solicitors that practice there. Whilst the site does not actively display any specific pricing information, clients are asked to comment on the cost of the service they received in terms of value for money. This is often enough to give another consumer a good idea of the kind of price range that the firm offers. Of course there are some more generic review sites that list legal services, including Trustpilot and Feefo, although neither are legal specific. For price information alone, sites such as Reallymoving and the Law Superstore will provide data for a limited number of firms.

There are a few digital comparison tools in the legal market:

- a. There are dedicated legal review sites like ReviewSolicitors and Solicitor.info giving consumers an insight into the quality of service they are likely to receive. This information is for the firm as a whole, by area of law and down to the individual solicitor level. ReviewSolicitors does not publish prices but does give information on how past clients have viewed the firm in terms of value for money.
 - b. There are generic review sites like TrustPilot and Feefo that some law firms use to collect client reviews.
 - c. There are price comparison sites like Reallymoving and the Law Superstore that provide pricing data but typically for a limited number of firms.
7. Q7. What impact have ABSs and lawtech₂₄ had on driving innovation in the legal services sector? Are there any barriers deterring further innovation?
- a. Whilst there has appeared to be much hype around the development of artificial intelligence based technology in the legal sector, the rate of adoption across UK law firms still remains relatively low. ABSs have however had a very positive impact on innovation within the legal sector. Allowing non-lawyers to invest and become partners in firms increases the likelihood of them offering new legal services, as well as the ability to 'step back' and offer a completely fresh perspective that is independent of legal experience. This can have positive impacts on the way legal services are delivered and changed over time.
 - a. The adoption of artificial intelligence-based technology among lawyers to date remains low despite the hype.
 - b. ABSs have had a positive impact on innovation - they are generally more likely to offer new legal services. Non-lawyers can provide a different perspective on how legal services should be delivered.
8. Q8. Are there other developments which have had or will have a significant impact on competition in the sector?
- a. Covid-19 will certainly have some significant impacts upon competition in the legal sector, although the full impact is yet to be seen. Whilst this will undoubtedly unfold over the coming months, there are already concerns that a large number of law firms will inevitably fail as a result of it. Potentially, this could also lead to a surge in M&A activity, as struggling firms find themselves being picked up for a

far lesser cost than they before could have expected. In turn, this could also reduce the number of firms that exist in the market.

- a. The impact of Covid 19 is yet to be fully played out. There is concern about a large number of law firms failing as a result of it. Potentially, there could be more M&A activity too, through struggling firms being picked up on the cheap, potentially reducing the number of firms in the market.
9. Q9. Are further measures needed to drive consumer engagement and competition in legal services in addition to the areas we have identified above?
- a.
10. Q10. Are there any issues specific to the provision of legal services for small businesses that should be considered in order to improve competition for such customers?
- a.