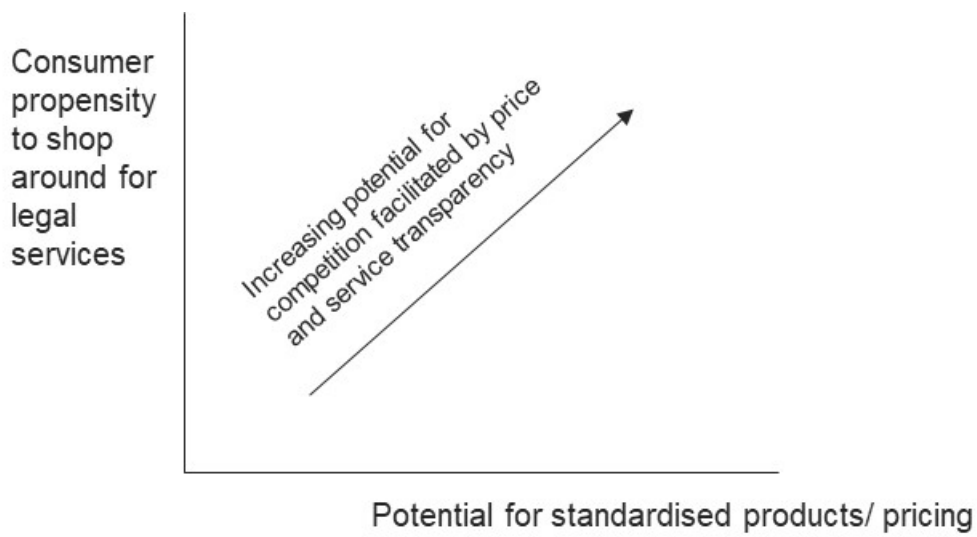


Appendix A: Potential for transparency measures to facilitate competition in different legal services

1. In this Appendix we consider how differences in the characteristics of certain legal services may influence the potential for effective competition based on transparency measures.
2. Current transparency rules cover a number of services, including residential conveyancing; probate (uncontested); motoring offences (summary only offences); employment tribunals (claims for unfair or wrongful dismissal); and immigration (excluding asylum applications). However, some consumer-facing services such as divorce and will writing are not currently covered by transparency rules.
3. Different legal services have very different characteristics which can have an impact on how effective transparency measures may be in improving competition when applied to those services. Some legal services are more standardised and less unique, bespoke services, making them more amenable to standardised, comparable price/service offerings. Some services raise particular issues for transparency and informed choices, for example, when the service is typically purchased in a time of distress or, in the case of some services, consumers may be less inclined to shop around because they typically rely on a recommendation or referral when choosing a provider.
4. The combination of these factors makes some legal services more amenable to effective competition based on price and service transparency than other services as they will influence the extent to which (as illustrated in Figure A1):
 - (a) it is possible to readily present useful information on price and service to consumers (ie the potential for product standardisation); and
 - (b) the consumer is likely to be able to effectively utilise that information to compare providers (ie consumer propensity to shop around).

Figure A1. Potential for effective competition based on price and service transparency competition in legal services



Source: CMA

5. In Table A1 below we set out some indicative analysis of the characteristics of different legal services along the dimensions set out above. The analysis draws on the LSCP Tracker Survey 2020 and the SRA Year One Evaluation.

Table A1. Characteristics of legal services

Service Characteristic	Legal Service								
	Covered by transparency rules						Not covered by transparency rules		
	All	Conveyancing	Probate	Employment	Immigration	Debt problems	Motoring	Family	Will writing
Characteristics reflecting the potential for standardised products/pricing									
Providers display price on website (from SRA (2020)) - solicitors only	68%	86%	77%	62%	78%	67%	61%	67%	55%
Consumers paid fixed fees	52%	64%	39%	31%	52%	17%	N/A	30%	71%
Consumers purchased unbundled services (i.e performed some of the service themselves)	16%	7%	33%	30%	47%	31%	N/A	27%	10%
Consumers find it Easy/very easy to find cost information	67%	75%	63%	49%	54%	57%	N/A	41%	74%
Consumers find it Easy/very easy to find quality information	50%	44%	65%	51%	29%	43%	N/A	61%	59%
Consumers found it easy/very easy to compare on price	59%	65%	58%	55%	50%	67%	N/A	46%	68%
Consumers found it difficult/very difficult to compare on price	15%	13%	16%	26%	9%	33%	N/A	28%	10%
Consumers found it easy/very easy to compare on overall	56%	67%	57%	51%	50%	57%	N/A	51%	61%
Consumers found it difficult/very difficult to compare on overall	14%	13%	9%	24%	29%	0%	N/A	25%	10%
Characteristics propensity to shop around									
Consumers rely on recommendation/experience to select provider	52%	69%	59%	39%	40%	29%	N/A	48%	47%
Consumers directly search for providers (website/DCT/Other)	17%	11%	11%	20%	31%	31%	N/A	22%	21%
Consumers consider price important/very important in choosing provider	72%	82%	68%	56%	67%	69%	N/A	70%	76%
Consumers first heard of price from provider	64%	78%	70%	51%	66%	37%	N/A	54%	72%
Consumers first heard of price from website/DCT	9%	4%	7%	10%	16%	3%	N/A	7%	9%
Consumers paid for the service themselves	72%	93%	69%	27%	74%	26%	N/A	75%	84%
Consumers look at more than one provider (Shop around)	30%	38%	18%	35%	41%	20%	N/A	29%	32%

Source: [LSCP Tracker Survey 2020](#) unless stated

6. In many cases the survey results set out in Table A1 are indirect measures of propensity to shop around and potential for standardisation. For example, the number of consumers who were charged on the basis of fixed fees and the ease with which they are able to compare prices and the overall service will likely be related to the potential for product standardisation, but this will also be influenced by many other factors.
7. Nonetheless, we consider that analysis of the characteristics of different legal services, such as that set out in this Appendix, can still yield useful insights. Examples of the types of conclusions – in relation to conveyancing, debt problems and will writing – that might be drawn from such an analysis are set

out in Table A2 below. We note that the analysis set out in the table is intended to be indicative of the kind of analysis that might be carried out by regulators and does not represent a definitive conclusion.

Table A2. Indicative analysis of the service characteristics of conveyancing, debt problems and will writing

Service	Analysis of potential for standardisation and propensity for shopping around
Conveyancing	<p>There appears to be a high potential for product standardisation, and this is reflected in the percentage of fixed fees paid by consumers and the fact that consumers tend to find it easier to compare providers in term of price and service compared to most other legal services. In addition, consumers tend to consume unbundled products.</p> <p>Consumers' propensity to choose is reasonably high as conveyancing displays the highest shopping around rate of all services; also a high proportion of consumers self-fund and consider price as important. Propensity to choose may be undermined by the high number of consumers who choose their provider through referral or recommendation, reflecting that many consumers choose a provider recommended by their estate agent or mortgage provider.</p> <p>Overall this service may be conducive to enhanced or more prescriptive price and service transparency. Gateways such as estate agent or mortgage providers are particularly significant for this service and may inhibit shopping around.</p>
Debt problems	<p>The level of shopping around and importance of price are relatively high, indicating some propensity for consumer choice. Levels of self-funding are low reflecting the fact that many people with debt problems get advice from free services such as Citizens Advice or charities.</p> <p>Potential for standardisation may be lower given the low level of fixed fees and that consumers tend to find it more difficult to compare these services than the average. In addition almost a third of consumers purchased unbundled services.</p> <p>Limited product standardisation may mean that service may be not conducive to enhanced or more prescriptive price and service transparency although a minimum level of price transparency is always desirable.</p>
Will writing	<p>There appears to be a high potential for product standardisation, and this is reflected in the percentage of fixed fees paid by consumers and the fact that consumers tend to find it easier to compare providers in term of price and service compared to most other legal services. In addition, consumers tend to consume unbundled products.</p> <p>Consumers' propensity to choose is reasonably high as there is a high shopping around rate; also a high proportion of consumers self-fund and consider price as important.</p> <p>Compared to most of the other legal services a fairly low number of firms include price information on their websites, probably reflecting the fact that this service is not covered by the SRA rules (the SRA had initially not included it in the list of services covered by its rules at least in part because there was a relatively high level of transparency already). Given the other characteristics of this service it appears to be a candidate for price and service transparency being extended to this service.</p>

Source: CMA