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Dear Nicholas

LSB Consultation – First-tier complaints handling: LSB requirements for approved regulators

Thank you for providing the opportunity to respond to the LSB's consultation on First tier Complaints Handling.

From the CLC's perspective the requirements for practices to provide clients with details of ADR providers as well as the Legal Ombudsman continues to be deeply unsatisfactory for both clients and CLC practices. It runs directly counter to the drive for transparency. In our view, both the Legal Ombudsman and the Legal Services Board should provide a clear statement how this issue is to be resolved and within what timescale.

Turning to the Consultation itself, to give some idea of scale, the CLC estimates that in the calendar year 2014 CLC practices conducted over 250,000 (primarily residential) conveyancing transactions, they reported having received a total of 1,895 complaints, of which the Legal Ombudsman accepted 210 (according to data received from LeO).

Commenting on the draft Guidance (and adopting the same headings):

Complaints

The CLC adopted the definition of complaint set out in the draft guidance in 2011.

Guidance for authorised persons

The CLC's Complaints Code and Guidance set out concisely what is required of CLC practices. The CLC's monitoring activity includes reviews of the policies the practices have in place and the extent to which there is compliance with those policies. The majority of practices (60% in 2014) do not have records of service complaints having been received. In so far as this is possible this is checked through with a practice eg through file sampling. (LSB will remember that we have also undertaken

some primary research with clients of firms). Enquiries received from clients of a CLC practice dissatisfied with the service provided are referred promptly to the practice.

Gathering, analysing and responding to first and second-tier data

The CLC has started a process for regular analysis of complaints data. As the CLC's Annual Regulatory Return 2015 (at <http://www.clc-uk.org/CLCSite/media/Corporate-Docs/CLC-ARR-Analysis-2015.pdf>) comments:

Dealing quickly and efficiently with customer complaints is essential to the success of individual practices, but it is also important for the reputation of the sector as a whole. The credibility of all CLC practices rests on providing competent, timely services to clients. When problems arise, it is crucial that practices respond appropriately.

It is evident that higher turnover bands received more complaints in raw numbers, but we cannot tell if this is proportionally more complaints than were made against practices in lower bands. By creating another variable – “Number of complaints per 1,000 clients” – we are able to gauge the relative client approval levels of each band.there was a small but definite increase in the level of complaints from one band to the next: for every thousand clients at a practice with a turnover of £100,000 or less there was an average of just 0.7 of a complaint; in the next band for every thousand clients there were 1.9 complaints; that increased to 4.1 complaints per thousand clients in the third band; and 7.9 complaints for every thousand clients of practices with turnovers over £3,000,000.

	Turnover of £0 to £100,000	Turnover of £100,001 to £500,000	Turnover of £500,001 to £3,000,000	Turnover of more than £3,000,000	All practices
Proportion of practices carrying out customer satisfaction surveys (%)	25.6	25.7	48.3	87.5	31.6

Table 3.7 shows the proportion of practices in each turnover band that carried out customer satisfaction surveys. Their use becomes more prevalent as turnover increases, with around a quarter of practices in the bottom two bands employing them, compared to almost half of practices with turnovers between £500,001 and £3,000,000, and almost 9 out of 10 in the top band.

Whilst we are not in a position to comment on areas of legal services which are not regulated by the CLC, it is evident from our discussions with CLC practices that, in parallel to the CLC's monitoring activity of CLC practices, there are clear drivers to encourage practices to resolve complaints promptly:

- (a) lenders and referral panels require CLC practices to evidence of approval ratings and demonstrate how they have managed service complaints.
- (b) it is increasingly rare for practices providing conveyancing services to determine their fees on time spent. It means that margins are quickly eroded where a client becomes dissatisfied with the service provided and therefore gives a powerful incentive for any complaint to be swiftly resolved.

The data provided by the Legal Ombudsman provides very useful context for the CLC's monitoring activities. The CLC will be in contact with the Legal Ombudsman to investigate whether it is possible for the data to be presented in a way which makes analysis of data relating to individual practices less time consuming.

Sharing analysis

The CLC publishes findings (such as its Annual Regulatory Return) where it considers it relevant and appropriate.

Yours sincerely



Simon Blandy

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