

We wish to submit brief comments on the above consultation paper. AdviceUK is a member of the Advice Services Alliance and has contributed to and is fully supportive of its response. We will not repeat the detailed points that the ASA has made.

### **About AdviceUK**

AdviceUK is a membership organisation for not for profit (NFP) organisations that provide advice services. AdviceUK has 860 member organisations throughout the UK, 777 of which work in England and Wales - most of which are community-based and many are volunteer-led. Our members work in some of the poorest areas, helping people to solve social welfare problems, providing advice and legal support to over 2 million people a year.

We believe that around 50 AdviceUK member organisations employ solicitors and undertake reserved legal activity. This includes several Law Centres, the views of which will be represented by the Law Centres Federation.

We have consulted member organisations regarding this response. However the views expressed are not necessarily representative of the views of all AdviceUK members.

### **Consumer protection issues**

Our experience as a broker and provider of professional indemnity insurance (PII) for over 25 has give us a good understanding of the risks to consumers from non-commercial advice services. We require our members to have PII.

The most common cause for claim is a technical fault and nearly always regarding late filing of claim.

The number of claims exceeding £50,000 during the past 25 years has been under ten. The typical insurance pay-out is under £8,000. The contrast with claims against commercial providers of legal services is stark.

Legal aid agencies have been inspected rigorously by the Legal Services Commission for several years.

While we agree that protection for consumers of NFP reserved legal activity services should not be lower, we firmly believe that the regulatory framework must be simple, light-touch and inexpensive to reflect the risk posed. Costs must be substantially lower than those levied for commercial bodies. Many of the AdviceUK members undertaking reserved legal activity will also be coping with significant reductions in income as a result of legal aid cuts in 2013-14.

### **Ending the transition period**

Ending the transition period from April 2014 is only realistic if the regulatory framework is simple and low cost. As many of our members have pointed out, the timescale poses real problems for agencies having to adapt to legal aid cuts. To cope with this and implement new structures to comply with a new regulatory regime in 2013/14 may be 'the straw that breaks the camel's back' for some agencies.

The potentially wide definition of reserved activity has caused considerable confusion among some of our members. Student Union advice services in particular have been concerned that many of their activities would be regulated in future. We have advised them that we do not believe this to be the case, but it illustrates the potential for confusion.

For reasons of general under-resourcing we believe that the risk of lack of understanding, affordability and resulting non-compliance will be highest amongst NFP advice agencies led-by or focused on BME communities and other protected groups.

If the transition period is to end in April 2014, good provisions should be put in place to assist non-commercial bodies to understand the new regulatory requirements and whether they apply and if so, plan to meet them. It cannot be assumed that advice infrastructure bodies such as AdviceUK have the resources to support members to understand and comply with requirements. We suggest, therefore, that funding is made available for the support of NFP agencies to cope with the changes. This support would involve tailored written briefings, training events and organisational consultancy bursaries.

Our members have raised questions about how the 'fit' of new regulation with the OISC regime. Lack of clarity around this is confusing for agencies and consumers. They have also asked where the responsibility for quality will sit under the new regime. These questions must be addressed clearly for NFP agencies if the transition period is to end in 2014.

As stated above, fees for regulation should also be kept as low as possible.