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# Costs and customer service in a changing legal services market

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# Foreword

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It would be reasonable to expect an introduction to a report on costs and pricing across the legal profession to start with numbers. However, it is, in my view, words that lie at the core of complaints about the costs of legal services.

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Here we tell the stories of people who came to the Legal Ombudsman for help. Every day I see cases like these that illustrate the effect that poor service and a lack of a customer service ethos can have on individuals, sometimes with drastic consequences. All of these stories are about costs, but they are also about poor communication. This is a pressing issue for consumers and legal services providers alike. In this report we look at the changing context to the complaints we are seeing. The legal services market is dynamic, innovating – especially in the area of costs and charging and how legal business models operate. And what we are seeing from complaints is that there are challenges for us all to ensure that consumers do not experience significant detriment as a result of these changes.

In each of those cases where we found that there was poor service, the problem would not have arisen had the lawyer done, at least, a better job of explaining their costs. In some cases, all the information the consumer needed was there but wasn't clear, in some it was incomplete and in still others the lawyer made the assumption that the consumer would realise that they would be charged without being told. Good communication encourages a sophisticated consumer and is key to preventing complaints, not just relating to costs but in all areas of legal service.

I hope that putting this information in the public domain will help people to make informed decisions about how to choose a legal service and, if they need to, where to take their complaints. We have also published our first guides for consumers and lawyers to help avoid the sorts of problem set out in the case studies in this report. I also want businesses in my jurisdiction to see how I consider complaints about poor service and unfair treatment and to encourage them to try and prevent complaints arising.

Adam Sampson  
Chief Ombudsman  
March 2012

# Introduction

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This report contains ten summaries of completed Ombudsman investigations: two are about how confusing it can be to check the costs of engaging a lawyer, four are about getting clear costs information at the outset, the next two are about hourly rates and estimates and the final two are about how a lack of costs and pricing information can prevent consumers making clear choices about using legal services.

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What they have in common is that they all involve poor service in relation to the costs information provided to individual consumers by their lawyer or law firm. In each case, the poor service included a failure by the lawyer or law firm to recognise and respond to those people's concerns and their individual needs.

Since we opened, costs have been the single most common reason for people contacting us with an issue about their lawyer. Costs issues represent 20 – 25% of the problems people come to us with. These include where a consumer felt they had somehow been over-charged or had been confused or surprised by their lawyer's costs. Our experience tells us that issues around the cost and pricing of legal services are a key driver for complaints in legal services. But more importantly, the majority of costs complaints we see could, and should, have been avoided.

It is not the role of the Ombudsman to decide whether or not a case is worth a particular amount or advise consumers how to recover their costs. The latter is a matter for the courts and advisory services. Instead, the role of the Legal Ombudsman is to address poor service and to seek to encourage fair treatment for consumers when they seek legal advice.

This report sets out some of the wider issues posed by costs complaints. It also tells the stories of a number of people who have come to us seeking help to resolve their complaint about costs to show how important it is to understand the impact on individual lives when things go wrong in a legal transaction. Together, the broader context and the case studies illustrate the

Legal Ombudsman's distinctive role in the provision of justice, and, fundamentally for the legal sector, sharing what we learn from the cases we see to inform future approaches to policy making and regulation. This report also illustrates the outcomes that can be achieved when complaints are brought to the Ombudsman.

The Legal Ombudsman is putting this information into the public domain so that someone who has a complaint about a lawyer or law firm can make an informed decision about where to take their complaint. To help with this, as a companion to this report, we have also published our first guide for consumers to try to help avoid the sorts of problem set out in the case studies here.

As with any Ombudsman scheme, our approach includes an overall concept of fairness, a commitment to ensuring that the human impact of poor service is emphasised and that we can learn from it, and a sense of ethics in determining remedies to a case. The issues that underpin many of the complaints we see about costs echo those in other complaints to the Legal Ombudsman. In line with this, and to encourage the legal profession to consider how it can prevent complaints arising, we have published a guide for lawyers. This sets out what we think are the key questions, and a framework to approach good customer service, which we believe will mean better outcomes for consumers and fewer complaints to the Ombudsman scheme. Most importantly, much of this feedback is relevant across all complaints, and not just those featured here.

# The role of the Legal Ombudsman

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The Legal Ombudsman was created to investigate and resolve complaints about the service provided by lawyers. We aim to do this quickly and informally by helping to find a resolution that both the consumer and lawyer can agree on. We are more accessible, flexible and far-reaching than the civil courts and the way we resolve cases reflects this. We can recommend any remedy from a simple apology, to a refund, to up to £30,000 compensation. The cases in this report illustrate some of the different remedies that the Ombudsman can provide.

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We resolve the majority of complaints by informal resolution. When we are unable to resolve a case informally an Ombudsman makes a decision. If the consumer accepts the Ombudsman's decision, it becomes binding on the lawyer. It is unusual for lawyers not to comply with our remedies, but in the rare cases that this happens we enforce our decisions through the courts.

When we investigate a complaint, we look at the way the lawyer handled the complaint and why the customer made it in the first place. We apply similar principles to both. Was the information the lawyer provided clear? Did they treat the complainant fairly? Did they keep them advised so that they could make informed decisions?

It is worth remembering that all the complaints we have used as case studies were first considered by the lawyers involved under their in-house complaints procedures. In each case, coming to the Legal Ombudsman occurred after this first stage had failed to resolve the complaint. The message here is that it's important to prevent – or at least resolve – complaints as early as possible.

# Broader issues

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We look here at the challenges facing the legal profession to adopt a customer service culture to meet modern consumer demands. We regularly are met with statements that people should have access to greater information to make them more effective consumers; possibly an easier challenge to meet in the context of swapping energy companies than in comparing costs for a bespoke legal service.

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This is only part of the challenge though. Traditional views of lawyers as experts, separated from other businesses by this notion of professionalism, still dominate not just the legal sector but also general perception about legal services provision. And nowhere is the battle between the traditional view of client and customer more marked than in the notion of cost and pricing. The term 'client' embodies the traditional view of the relationship between lawyers and those they represent.

The notion of a consumer turns this relationship on its head. In most businesses, the consumer has the power and can choose which services to buy from which provider. The traditions of the law are different, though, and many lawyers have historically been able to treat the notion of customer service as somehow lesser than their professional obligations. What we are seeing now though are market changes forcing lawyers to face the possibility that their traditional view of how they go about their daily work may have to undergo a fundamental change. Those who adapt to the market, it appears, will survive: those who cannot may be doomed to disappear.

The collision between what lawyers are used to providing and what the modern users of professional services are increasingly accustomed to expect is at the root of the 80,000 – 90,000 contacts from disgruntled customers we receive every year and, as we have already said in this report, cost complaints represent by far the largest portion of our workload.

# Broader issues - continued

Take an obvious example of the sort of thing we see. People going to see a solicitor may be told that it is not possible to put a price on what the whole service may cost but the lawyer will charge, say, £201 per hour plus VAT, with fees and disbursements being extra. Even for someone familiar with the law, that provides almost no useful information about how much they can expect to pay and little indication on what options they have to keep costs down. An hourly pricing rate with no limit makes it almost impossible for the consumer to challenge the bill. Nor does it provide any useful information to allow them to compare the cost of one lawyer with another.

We see lawyers regularly using legal jargon, irrespective of whether these words will be understood. Terms such as 'disbursements' regularly appear in costs estimates without adequate explanation of what it means and, more importantly, whether it means additional costs. But it is not just about the language. What the complaints we see tell us is that we need to place the person at the centre of these transactions to make what's happening meaningful for them. We know from the complaints we see how hard it can be for an individual to challenge an expert – and people go to see lawyers for expert views on often complicated personal matters. We also know from research that people place their trust in lawyers. Like doctors, people trust lawyers to do what's right for them: like doctors, people use a lawyer to do something that they can't do themselves.<sup>1</sup> As we see in the cases that come to us, this can make these initial conversations about cost harder than they should be.

<sup>1</sup> 2010 research with the Legal Services Consumer Panel explored consumers' attitudes to lawyers. It found that lawyers were viewed as "respected professionals" who have position, alongside doctors, as people who are "trusted to behave properly and to do what is right for their clients." They felt they "had to trust" their lawyer to do what is right for them. Ref: Acute Insight Market Research (2010) 'Identifying law firms subject to consumer complaints to the Legal Ombudsman.'

We include in this report the story of Mrs C who approached us with a complaint about the final bill she received when purchasing a new flat. Mrs C didn't understand where the costs had come from and was seeking a refund for the additional expenses. When we investigated that complaint, it became apparent that the bill was, in fact, correct and that the firm had simply failed to adequately explain the costs information. As part of our investigation, we explained the bill to Mrs C, with a little more patience than firm had, and she agreed to withdraw the complaint. The issue in this complaint wasn't the amount of the bill – the firm had been entirely correct and there was no element of over or incorrect charging. However, the firm failed to take the time to explain how their costs were calculated and how they would appear on the final bill. If they had addressed this then our involvement in the complaint could have been easily avoided without the worry for Mrs C.



When asked about this sort of practice, lawyers will argue that the trajectory of many legal transactions is impossible to predict – cases can be quick and relatively low-cost or they can be prolonged and extremely complex, requiring contested court hearings with all the associated expense. And, while lawyers are increasingly bowing to consumer expectations by offering estimates of how much the service might cost, they do not regard those as in any way binding: we have seen estimates of £5,000 translate into final bills of ten times that amount.

Mr R's case shows how this can be distressing and confusing for the people involved. Mr R was a first time buyer who received an initial estimate of £650 all in from an online law firm so he could buy his new home. However, his final bill was a staggering four times higher than the estimate and included additional costs for searches that hadn't been mentioned before. Our investigation found that this was the result of additional items not in the original estimate or not clearly stated in the firm's standard terms of engagement. Where costs were explicable, these were not clearly stated and were hard to decipher. While on occasion, it is possible that this chaos is an accident, unfortunately we see this sort of practice often enough for it to be more likely a deliberate ploy to obscure costs and seek to make money from the confusion of individuals.

Of course there is some truth in their argument (lawyers rarely advance arguments entirely without some element of truth). Litigation can be very unpredictable and costs can vary hugely. But that is only true of a relatively small proportion of legal services. Writing a will, buying or selling a home, even conducting a simple criminal case – all of these activities are in most cases entirely predictable transactions where costs can be calculated well in advance. Even where more complex transactions are involved, it is often possible to predict what each element of the service may cost and offer some sort of conditional pricing dependent upon how the case unfolds.

This is exactly where the leaders of the legal services market are going. We are already seeing the arrival of new, nakedly commercial enterprises offering fixed price wills or conveyancing. They are breaking those transactions down into discrete elements, many of which can be provided by relatively unqualified (low-cost) staff supported by specialist legal software.

# Broader issues - continued

The involvement of large insurers in funding personal injury or employment claims has led to a far more acute understanding of the likely cost of simpler litigation. Law firms who seem powerless to work on a fixed costs model for individual clients appear far more willing to do so for insurers and the Legal Services Commission.

This is echoed in another common complaint we see: the failure of firms to adequately explore and inform consumers of their funding options. This is of particular concern as it doesn't just have a significant impact on the costs of cases, but also has a detrimental impact on the outcome of the legal service. For example, we have seen numerous instances similar to that of Mrs S, who instructed a law firm to act for her in her divorce. The firm failed to correctly advise her about her eligibility for legal aid funding for the case, which was not only a costly omission for the complainant, but also had a direct impact on the decisions she took in pursuing the divorce. We are, of course, mindful of the Jackson reforms and the impact that they may have on such complaints in the future. But the general principle, that costs information and funding options should be clear and transparent holds, whatever the evolving landscape.

And as the legal services market continues to change, with the arrival of commercial giants and big high street brands, and the increasing cross-selling of financial, legal and other services by banks and insurers, it is the lawyers who show that they can adapt their traditional view of clients and put customers at the heart of their business who stand the best chance of prospering. There are risks in that new market: no one wants 'pile 'em high and flog 'em cheap' law, particularly not when our children, our homes or even our freedom are at stake. But if it means cheaper, more predictable pricing, one of the key barriers between citizens and legal services will be removed.

# The Ombudsman's decisions

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But why do complaints matter in this context? Because they are a rich source of information – for lawyers, regulators, policymakers and consumer groups. Through illustrating what consumers feel they aren't getting, they tell us what consumers want.

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The Ombudsman has considerable flexibility to determine what constitutes a fair and reasonable service. It is true that we occasionally see complaints from consumers who just want to pay as little as possible for the service they have received. More often though, the issues at the heart of a cost complaint are fairness and clarity: have I been charged a fair amount for the service I received? I don't understand the costs information I have been given – or I haven't been given any costs information, so how can I be sure that the cost is fair?

The provision of poor costs information and estimates is prevalent across our investigations. Lawyers say to us that it is the consumer who may not always be asking the right questions about costs, but it does not seem right or ethical to continue with behaviours that generate complaints. A consumer may be at a disadvantage in terms of their understanding of legal transactions because they don't fully understand their rights and what they can expect from a legal professional.

The nature of these complaints varies considerably, as is to be expected, given that every legal transaction is personal and specific to the people involved. But costs complaints do tend to have one thing in common. Each could have easily been avoided if the lawyers had been more open and transparent about the cost of their services. Take Mr G's story of a situation which must occur many times a year. For Mr G, his firm assumed a level of knowledge and understanding about how lawyers work that was divorced from the reality that, despite needing legal advice, cost is a vital element of deciding who to seek help from to resolve a dispute.

# The Ombudsman's decisions - continued

When consumers cannot get what they regard as satisfactory answers from the lawyer, they come to the Legal Ombudsman. We formulate our response by looking at the facts of the case, provided by both complainant and lawyer and judging whether or not the service provided was reasonable.

By itself, the word 'reasonable' is vague and its meaning is open to wide interpretation. It is important to say that we are not regulators and are not seeking – or entitled to seek – to lay down rules that lawyers must follow. If a lawyer has what we regard as a good reason for departing from these assumptions, that will be enough to satisfy us. However, throughout our work we will look to see that lawyers have complied with what we regard as some of the key components of good customer service: transparency, accuracy, fairness and informed choice.

Part of the aim of producing this report, along with the two guides is to give a greater level of specificity to the Ombudsman's approach to looking at complaints about costs. And while this report focuses on cost and pricing complaints, it is a theme of the need for better communication that threads its way through each of the stories we set out here, and the guides we encourage you to read.

# Conclusion

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The case studies in this report demonstrate the difficulties faced by consumers of legal services in accessing good customer service from the legal profession.

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The lack of awareness by some lawyers and law firms, that good legal advice is intrinsically linked to the level of service they offer is heavily linked to complaints, poor service and unfair treatment of their customers. These case studies also highlight the role the Ombudsman can play in righting individual wrongs and driving improvements across the legal sector.

We hope this report will be helpful to people, their representatives, policy makers and lawyers alike, who may be grappling with a complaint or considering coming to the Legal Ombudsman.

# Stories

## The cost of consultation

### **Mr G's story**

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Mr G approached a firm for an initial consultation. The firm did not discuss costs with him and, because he had been shopping around and saw that many lawyers offered free consultations, he thought it was free – or that they would have said if it wasn't. After the meeting, Mr G was surprised to receive an invoice in the post for £400. When he went to the firm and complained, they said that it should have been obvious that he would be charged because he had received a service. Mr G was unhappy with the response from the law firm so he complained to us.

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### **What our investigation found**

The firm confirmed that they had not told Mr G that he would have to pay for the consultation. It was clear that their take on the situation was that Mr G should have known how their firm worked without needing information from them.

We concluded that Mr G's approach was reasonable; he had looked around, checked what information he had available and decided to use this firm based on what he knew. There was no way that he could have known how much he would have to pay because he simply hadn't been told. Mr G told us that he was frustrated and upset that he had been charged a lot of money for one meeting – money that he hadn't factored into the overall costs of seeking legal help.

### **What happened next**

After the involvement of the Ombudsman, the law firm agreed to informally resolve the complaint and waived the fees for the meeting. Mr G did not have to pay the £400. Mr G told us that if he needed help from a lawyer in the future, he would be a lot more careful about checking what the costs were before he made a decision about who to employ.

## **Miss D's story**

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Miss D attended a free consultation with a lawyer for advice on a transfer of her house from her ex-partner's name into hers. After half an hour's consultation, the lawyer agreed that he would write to Miss D's bank to confirm the transfer. Meanwhile, Miss D telephoned the bank herself as she wanted to know what was involved and was told that the transfer was not possible. Miss D telephoned the lawyer, explained what the bank had told her and asked him not to do any more work. A couple of days later, the lawyer sent her a bill for £100 for the work he had done.

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### **What our investigation found**

When we looked into what had happened, we found that the consultation was free but the lawyer had charged Miss D for the letters he sent to the bank. During the consultation he hadn't said that she would need to pay for it – or how much it would cost. And he didn't say that he would be charging Miss D when she called him to tell him to stop working.

Miss D told us that she knew that the lawyer had done what she wanted by writing to the bank for her, and she didn't think that he should have done that work for free, but she was surprised by the size of the bill.

### **What happened next**

After our investigation, we suggested that Miss D should pay two-thirds of the bill, to reflect the work that he had done. They were both happy with this and, also, the lawyer agreed to look again at how he gave out cost information to his customers.

In cases like these, we recommend to lawyers that they should be upfront about the cost of the consultation as soon as the consumer walks in the door. They must also make it clear if they will do work after the consultation, like the letters in Miss D's case, and how much that will cost.

# Stories

## Clear costs from beginning to end

### **Ms E's story**

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Ms E bought an overseas property 'off plan' but then the developers breached the contract. She employed a lawyer to negotiate a settlement with the developers. She agreed to pay £1,000 for the negotiations and another £5,000 if the case went to court. The firm then told Ms E that if she wanted the firm to negotiate further on her behalf it would cost £7,500. That was more than £1,500 on top of what she had originally agreed. She complained (first to them and then to us) that she hadn't been kept up to date, nor was she sure what her solicitors had actually done for the money.

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### **What our investigation found**

We found that, for the most part, the firm had provided Ms E with a satisfactory service and that the extra costs reflected work they had needed to do to follow out what Ms E had asked of the firm. However, they hadn't told Ms E that her costs might increase; similarly, although they had given her information about costs at the outset, the client care letter didn't say what they thought the costs might be, or that they might increase if certain things happened.

### **What happened next**

We recommended to both parties that the firm should pay Ms E £150 in compensation to acknowledge that they could have been clearer with her about the fact that costs can change throughout a transaction. Ms E asked for an Ombudsman's decision. The Ombudsman agreed with the original conclusions of the investigation. Ms E accepted the decision and our reasons – and accepted the gesture by the firm to apologise for the fact they hadn't explained the costs as well as they should have done.



## **Mrs C's story**

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Mrs C approached a local lawyer to help her with remortgaging her house and with buying a flat for her son. Both transactions went through without difficulty and Mrs C's son was overjoyed when he got the keys to his new flat. However, when Mrs C received the final bill from the lawyer she was convinced they had overcharged her. The bill included a service charge, which Mrs C thought she had already paid.

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Mrs C tried to contact her lawyer to dispute the charge but he didn't reply. After a lengthy delay, by which time Mrs C was now quite annoyed, the solicitor got in touch. He said that the bill was correct and tried to explain where the service charge came from. However, Mrs C still didn't understand the bill and the lawyer wouldn't go through it with her a second time. She then came to the Legal Ombudsman.

### **What our investigation found**

The investigator had a long conversation with the lawyer, who explained why Mrs C had to pay the service charge. The lawyer had charged her correctly but hadn't explained himself as clearly as he could have; it took the lawyer quite a while to explain it to us. We concluded that a muddled breakdown of the costs had also confused Mrs C, and this was made worse by the way the lawyer handled her enquiry.

Mrs C told us that she wanted to understand why the bill was different to what she was expecting – and if she had been overcharged, she wanted a reduction in the bill.

### **What happened next**

After we took the time out to explain the bill to Mrs C, she withdrew the complaint and paid the outstanding costs. She agreed, once she understood what the charges were for and how they related to other charges she had already paid, that the bill was fair for the work done. If the lawyer had given a clear explanation in the first place, it would have saved the firm and Mrs C a lot of time and frustration.

# Stories

## Clear costs from beginning to end

### **Mr R's story**

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Mr R was a first time buyer and to keep his costs down he decided to use an online firm of conveyancers. He looked online to compare costs from different companies, and it seemed to be more straightforward than calling around local law firms to look at who to use when he was buying his house.

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The firm he chose sent Mr R a lot of information and estimate for a little more than £650. The final bill was more than four times greater than that. It also included costs for work that wasn't mentioned in the estimate. Mr R had trouble contacting the firm but was eventually able to complain. The firm agreed to reduce the bill but that still left him with about £1,650 to pay.

Mr R told us that he was upset and confused by both the amount – and because he couldn't work out where he stood with the firm. The paperwork was so complicated he felt he had to pay or he would get in trouble somehow. Part of why he was upset was because he'd chosen to use this online service as it seemed simpler and more straightforward than a traditional lawyer.

### **What our investigation found**

We looked into this complaint, and asked both Mr R and the firm to provide us with the documents that set out the charges and fees. After we looked at these, we agreed that several of the things that the firm had charged for weren't included in the estimate. We thought that the costs information was unclear, was poorly structured and had been provided in an unnecessarily cumbersome way. However, we also found that most of the costs had been mentioned somewhere else in the firm's paperwork, just not in the estimate. But overall, how the costs were worked out was unclear, hard to read, and had no relation to the quote Mr R had received.

### **What happened next**

We decided that firm should refund Mr R £300 – the cost of the searches and expenses that he hadn't been told about when he employed the firm. We also helped Mr R understand the overall bill and what was included in it. He told us that this helped him feel better about the overall costs as he knew what he was paying for. The firm agreed to this informal resolution and the case was closed.

### **Mr K's story**

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Mr K was worried he was going to be taken to court for some money it was said he owed. He didn't agree that he owed any money and so he employed a lawyer.

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The lawyer sent him a client care letter, explaining how much it would cost and how it would be paid for. The letter suggested that Mr K would be funding the case himself but also said that, if the matter got to court, a 'conditional fee' agreement might be available. The firm also said in their letter that, if the case didn't go ahead, they would usually waive their right to the costs. Mr K told them that he wanted to go ahead on this basis.

The firm worked on the case until one day it became clear that it was unlikely that they would succeed if they went to court. Then the firm told Mr K that they wouldn't waive their fees and he would have to pay them. This was a surprise to Mr K, who would need to borrow £5,000 to pay the firm. Mr K complained and the firm offered to reduce the original bill by £1,000, agreeing that they could have explained things more clearly.

Mr K felt this was still a lot of money, even with the reduction, as he hadn't expected to be charged anything if he didn't go to court. So Mr K contacted the Legal Ombudsman.

### **What our investigation found**

We looked into what information the firm has given Mr K about their fees and agreed that the firm's client care letter could have been much clearer about how the fees worked and the circumstances under which they would waive them. However, we concluded that the firm's decision about the case's prospects of success was reasonable in the circumstances.

# Stories

## Clear costs from beginning to end

### **What happened next**

We recommended that the firm reduce the bill by a further £1,000, so the bill would drop to £3,000 from £5,000. Mr K and the firm agreed and the case was settled that way. Mr K understood the firm's decision about the case, and he didn't mind paying for the work that the firm had done, but he wished that he had known in advance how much it was going to cost, especially as he had to take out a loan to make the payment. The firm told us they would improve the information they provided up front to customers.

In cases like these, we look at the work that the lawyer did as well as the costs information that they provided. In all these cases, the firms acted reasonably and did work that was necessary; the problem was that they hadn't provided clear and complete costs information. We recommend that firms review their client care letters, cost estimates and bills to make sure that they are as straightforward as possible.

## Hourly rates and disbursements

### **Miss L's story**

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Miss L employed a lawyer to act for her in her personal injury case. The lawyer provided her with his hourly rates but told her that he would be paid for by a Conditional Fee Agreement. The only thing she would have to pay for was a medical report and a 'success fee' if she won her case.

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The time came for the case to go to court and the lawyer told her that she would have to pay the barrister's fees. Miss L couldn't afford that and so she decided that the lawyer should stop work. She was shocked when she received the lawyer's bill, which was for over £20,000.

Miss L raised her concerns with her lawyer directly, but this didn't resolve the issue. So she came to the Legal Ombudsman.

### **What our investigation found**

The investigator discovered that Miss L was so shocked by the bill because, although the lawyer had provided her with his hourly rate at the start, he hadn't given her a cost estimate or updates as he went along about how many hours he had spent on the case. He also hadn't mentioned needing a barrister before, or how much that would cost. We also discovered that he had also added his success fee on to the bill, even though the case didn't go to court, which added to the cost.

We were not able to resolve this complaint informally. The lawyer insisted that his bill reflected the time he had spent on the case, based on his hourly charges.

# Stories

## Hourly rates and disbursements

### **What happened next**

This case went to an Ombudsman for a formal decision.

The Ombudsman ordered the lawyer to deduct the success fee from the bill. The Ombudsman's final decision also ordered the firm to reduce the bill by a quarter, to reflect the poor cost information that they had provided. Finally, it also ordered that the firm should pay Miss L compensation for the shocks she received when she was told she had to pay the barrister's fees and when she received the bill.

Miss L accepted this decision. The firm complied with the Ombudsman's decision.

### **Mr Y's story**

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Mr Y employed a lawyer to take a case to court for him. The lawyer told him how much he charged an hour and said it was difficult to say how much the work would cost in total. The lawyer worked on the case for a couple of months and sent Mr Y a bill, but he still wasn't able to say how much the work would cost altogether. A few months passed and another lawyer took over Mr Y's case and gave him an estimate for the total cost. That estimate had been exceeded by the time the work was finished. Mr Y didn't want to pay the final bill and complained.

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**What our investigation found**

After looking at what happened in this case, our investigator said that the lawyer should have provided Mr Y with an estimate, and that that estimate should have been kept up to date, so that Mr Y could decide whether he thought it was worth pursuing his case or not. In this case, Mr Y wasn't given an estimate until the lawyer had worked on his case for nearly six months, at the cost of several hundred pounds.

We also found out that Mr Y didn't have any complaints about the work that the lawyers had actually done. It was just that the final bill was a surprise.

**What happened next**

Even though Mr Y didn't ask for an estimate, and had paid some bills as he went along, the investigator decided that the first lawyer should still have provided one at the start: the second lawyer should have kept his estimate up to date. The investigator suggested that one way that the case could be resolved was by the lawyer reducing his total bill. In exchange, Mr Y agreed to pay the final bill.

In cases like this, we make sure that the cost information the lawyer provides is as useful as it can be. Sometimes it is difficult to estimate how much work will cost, but the lawyer should give the best information that they can: an hourly rate is only useful if the lawyer says how many hours the work is likely to take. In the same way, an estimate is only useful if it is accurate and kept up to date.

# Stories



## A question of choice

### **Mrs S's story**

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Mrs S used a firm of solicitors to take care of her divorce. The firm told her that she wasn't eligible for legal aid so she would need to pay them privately. Mrs S paid the firm £6,000 but thought that things were moving too slowly. She spoke to another lawyer, who told her that she had, in fact, been eligible for legal aid all along. This was particularly distressing because she had wanted the lawyer to apply to the court for a non-molestation order to stop her husband from bothering and harassing her but had thought she wouldn't be able to afford it.

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The firm agreed that they had made a mistake and refunded Mrs S the difference between what she had paid and what she would have paid if the work had been done under legal aid. Mrs S was still unhappy, though, because although she had her money back the refund didn't do anything to compensate her for the lawyer's bad advice.

### **What our investigation found**

The firm had provided a poor service: their failure to tell her that she was eligible for legal aid had had a direct and adverse impact on the case by preventing her from applying for the non-molestation order. Mrs S had wanted the order because she was worried about what her husband might do to her. If the lawyer hadn't given her the wrong information she would have been able to apply for the order and set her mind at rest.

### **What happened next**

The Ombudsman ordered the firm to pay Mrs S £2,000 compensation to reflect the gravity of the poor service they had provided. When the Ombudsman ordered this, he intended to put Mrs S back into the position she had been in before. The refund and compensation both helped but Mrs S remained upset about the way things had happened.



## Mr P's story

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Mr P used a firm of solicitors to take care of his divorce. The lawyer told Mr P that his costs would be £10,000. The firm went to work but by the time he had paid the firm £5,000, Mr P began to think that things were moving too slowly and that he wasn't getting value for money. He complained to the firm, accusing them of overcharging and of providing a poor service. The firm disagreed and provided a detailed breakdown of costs.

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### What our investigation found

After looking into the case we decided that the costs information the firm provided was perfectly clear. The work was expensive but Mr P had agreed to the estimate and the lawyer's rates when he instructed them.

### What happened next

We concluded that there had been no poor service because Mr P had known at the outset how much the lawyer would charge. Mr P wasn't happy with this outcome but the Ombudsman agreed that the firm had told him how much his divorce would cost. If he hadn't wanted to pay that much he could have shopped around for a cheaper lawyer rather than employing this firm.

Mrs S's story shows what can happen when a customer is given bad cost information: not only does it have a significant impact on the costs of cases, but can have a detrimental impact on the outcome of the legal service. Mr P's story is the opposite of this; more and better information being provided to consumers means that when problems arise, the basis for resolving them is available. Given the increasing complexity of the legal service market – both for consumers and for lawyers – clear information will only become more fundamental to good customer service, and also to ensuring justice. If consumers aren't able to make informed choices, they cannot give good instructions to their lawyers.

### **How to contact us**

We are open Monday to Friday between 8.30am and 5.30pm.  
If you are calling from overseas, please call +44 121 245 3050.  
For our minicom call 0300 555 1777.

You can call us on **0300 555 0333**

(Calls to the Legal Ombudsman cost the same as a normal 01 or 02 landline number, even from a mobile phone, and are recorded for training and monitoring purposes).

You can also email us at

**[enquiries@legalombudsman.org.uk](mailto:enquiries@legalombudsman.org.uk)**

If you want to find out more about us and what we do, please visit

**[www.legalombudsman.org.uk](http://www.legalombudsman.org.uk)**

**Write:** If you prefer, you can write to us at

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