



Referrals from Third Parties – Provision of Cost Information
The CLC's Interim Report and Conclusions
January 2010

Introduction

1. On 4 August 2009 a Call for Evidence was circulated to licensed conveyancers (see Annex 1) with a reminder sent on 17 September 2009. That stated:

Concern has been expressed to the CLC that the procedures applied by some firms of estate agents to persuade buyers and sellers to instruct specific conveyancing firms are detrimental to the interests of consumers. In particular, there is concern that a buyer or seller may be persuaded to sign a form confirming details of a transaction which also has the effect of instructing a specific conveyancing firm. Initial Information about costs may be given by the estate agent followed by more detailed cost information from the conveyancing firm in its introductory letter to the client. At either stage, if these circumstances have been correctly reported, there may have been breach of the CLC's Guidance Note on Estimates and Terms of Engagement.

In addition, there is anecdotal evidence that the buyer or seller may also be asked by the estate agent to make a payment which is treated as a payment on account of costs or, in some cases, as a non-refundable deposit. Arguably, the buyer or the seller (having parted with money) may believe that they are committed to instructing a specific conveyancing firm.

In the CLC's view, sufficient information has been received to justify a wide ranging enquiry to find out whether these assertions are correct and, if so, how prevalent they are and to determine if any further action is necessary.

2. Licensed conveyancers were called on to provide evidence but warned that this "Review [will] not look at the conveyancing market as a whole nor at any anomalies in the market because the CLC does not regulate the market and has no power to address these issues". It was also made clear that "in order to encourage the maximum co-operation from the profession the CLC will not take disciplinary proceedings or any other measures against any conveyancing firm arising from information or documents received in the course of this enquiry. Further, any information received will be treated as subject to an absolute confidentiality agreement with conveyancing firms, unless the CLC receives confirmation in writing that confidentiality is waived either wholly or in part." This Review has been prepared with those provisions in mind.
3. It suggested that following a review of the responses received, the following options will be available:
 - Option 1 – Do nothing
 - Option 2 – Produce information to enable consumers to understand the relationship between them, estate agents and conveyancers and to highlight their freedom to choose which firm acts on their behalf
 - Option 3 - To review the guidance note to make clear what licensed conveyancers must do

- Option 4 – To review the CLC's Rules with a view to modifying the obligations on licensed conveyancers.

Assuming Option 1 is not applicable, the CLC may decide to adopt one or more of Options 2-4. The CLC aims to notify the profession no later than the end of January 2010 which of these Option(s) it proposes to take.”

Responses

4. The CLC is grateful to everyone who has responded to the Call for Evidence. This has helped to inform the Recommendations which are made in this Report. The term “Practice” is used in this Report to refer generically to practices regulated by the CLC (including sole principals, partnerships, limited companies and limited liability partnerships). For the purpose of this Report, Practices with turnover of less than £100,000 are classed as Small Practices, Practices with turnover between £100,000 and £500,000 as Medium Practices and Practices with turnovers of over £500,000 as Large Practices¹.
5. The Call for Evidence closed on 30 September 2009. The CLC received 39 responses: 38 from licensed conveyancers and recognised bodies. 10 licensed conveyancers who responded are employed by solicitors and are therefore not in entities regulated by the CLC. A number of the respondents are licensed conveyancers in practice on their own account or in partnerships with one or two other licensed conveyancers. Using the classification set out in paragraph 4, 7 Small Practices, 9 Medium Practices and 6 Large Practices responded to the Consultation. Some of the Large Practices provided useful details about their processes when accepting instructions. A firm of estate agents also submitted a response.
6. In addition, letters from 24 licensed conveyancers (9 Small and 15 Medium Practices) were submitted expressing views about referral arrangements made between estate agents and lawyers providing conveyancing services. These were generated in response to an issue related to, but not dealt with directly by, the Call for Evidence. Of those 23 licensed conveyancers 7 (2 Small and 5 Medium Practices) also responded to the CLC's Call for Evidence.

Other Sources of Evidence

7. The published data arising from the ongoing OFT Market Study into Home Buying and Selling has also been taken into account in this review.

Objective of the Review

8. As set out in paragraph 1, the purpose of the Review is to identify whether the procedure adopted by some firms of estate agents to “persuade buyers

¹ Based on the turnovers declared for determining contributions to its Compensation Fund the CLC regulates 76 Small Practices, 95 Medium Practices and 17 Large Practices

and sellers to instruct specific conveyancing firms are detrimental to the interests of consumers”.

Requirements for Good Regulation

9. From 1 January 2010 when the bulk of the Legal Services Act 2007 came into force the Approved Regulators (of which the CLC is one) are required to comply with the Regulatory Objectives (at Annex 2) and to have regard to the principles under which regulatory activities should be:

- Transparent - Regulators should be open and keep regulations simple and userfriendly.
- Accountable - Regulators must be able to justify decisions and be subject to public scrutiny.
- Proportionate - Regulators should only intervene when necessary. Remedies should be appropriate to the risk posed and costs identified and minimised.
- Consistent - Rules and standards must be joined up and implemented fairly; and
- Targeted - Regulation should be focused on the problem and minimise side effects.²

only at cases in which action is needed.³

10. This review has been undertaken guided by these principles.

CLC’s Current Referral Rule

11. Rule 5.2.8 Conduct Rules 2009 provides that a Licensed Conveyancer, in the provision of Regulated Services, must:

disclose to a Client in writing, as soon as they are known to the Licensed Conveyancer, the existence and amount of any sum payable by or to the Licensed Conveyancer arising, whether directly or indirectly, from the Client’s instructions

12. This is supplemented by Guidance Note 6 - Disclosure of Profits and Advantages (set out in full at Annex 3) which requires a full and frank disclosure of any referral arrangements by the licensed conveyancer to the client. The Guidance Note includes the text of rule 5.2.7 that a licensed conveyancer must ensure that “all Communications are clear fair and not misleading”.

² based on <http://archive.cabinetoffice.gov.uk/brc/upload/assets/www.brc.gov.uk/principlesleaflet.pdf> accessed 13.12.09

³ s.28 Legal Services Act 2007

13. Furthermore by the Conduct Rules 2009 Licensed Conveyancers must:
- act with integrity and honesty (rule 4.1.1)
 - act with reasonable skill, care and diligence (rule 4.1.2)
 - not take and must not permit anyone on his behalf to take, any action which may bring disrepute to the profession (rule 4.1.3)
 - at all times keep paramount the interests of the Client, except as required by law or by the Council's Rules (rule 5.1.1)
 - not accept instructions from a person nor continue to act for any Client whose interests conflict directly or indirectly with his own or those of the Recognised Body, or with those of any other Client (rule 5.1.3)
 - cease acting in any matter if the Client so instructs (rule 5.1.4)
 - before or when accepting instructions, set out in writing to the Client the terms on which instructions are accepted, an estimate of costs and the Recognised Body's complaints procedure(5.2.10).

Key Findings

Influence of Introducers

14. Strong feelings were expressed by some of the respondents about the way in which estate agents are perceived to be able to control the referral of instructions to lawyers. For instance,
- some firms of estate agent "seem to steer both seller and purchaser to their own nominated 'pet lawyers' because of the rather lucrative 'incentives' they receive..."⁴
 - "I have come across some Agents very recently who are refusing to sell the house to buyers if they do not use their Solicitors or Mortgage Brokers, surely they cannot get away with that!"⁵
 - "It is one thing for an Agent to recommend, but quite unacceptable for them to actively deter clients from using a client's preferred conveyancer sometimes making detrimental, untruthful and slanderous remarks..."⁶
 - there were complaints of "strong arm tactics"⁷, "poaching of clients"⁸ and "bully boy" practices,^{9,10}
15. Clearly, there is a perceived imbalance in the level of influence on the potential consumer's choice of lawyer as between licensed conveyancer and

⁴ Small Practice

⁵ Small Practice

⁶ Medium Practice

⁷ Medium Practice

⁸ Licensed Conveyancer employed by firm of solicitors

⁹ 2 different Medium Practices

¹⁰ similar type of pressure alleged by a Medium Practice and two employed Licensed Conveyancers

estate agent. Estate agents have an inherent advantage since they have first access to buyers and sellers because it is through their shop windows that properties are bought and sold. They are therefore able to direct a significant number of buyers and sellers to lawyers they choose (and other suppliers).

16. Consumer research undertaken for the OFT Market Study indicates that where the services of a solicitor or licensed conveyancer were offered by the seller's estate agent, 56% of sellers took that recommendation; the remainder of the sample selected their lawyer independently. Where services of a solicitor or licensed conveyancer were offered by the seller's estate agent to a buyer, 46% of buyers took up the recommendation by the estate agent, whilst the remainder of the sample selected their lawyer independently.
17. In a separate piece of research of estate agents for the OFT Market Study, the estate agents surveyed indicated that 44% of customers take up the services of a solicitor recommended by estate agents.
18. The similarity between these separate surveys seems to suggest that the influence of estate agents on the choice of lawyer is not as overbearing as previously assumed.
19. It does not appear that the influence of the estate agent unduly compromises the ability of consumers to choose their preferred lawyer.

Accepting referrals from Introducers

20. Doubt was expressed as to how a client's identity could be confirmed if the licensed conveyancer did not see the client. It was suggested such a practice is "rife for fraud".¹¹ The CLC's Interim Guidance for the Prevention of Money Laundering and Combating Terrorist Financing December 2007 requires Enhanced Due Diligence (as opposed to standard Customer Due Diligence) enquiries to be made where the client is "not physically present for identification purposes".¹²
21. It has been suggested that when they buy a property most people will want to see their lawyer. That may be the case for some, and if so can be given as a reason why that particular Practice should be instructed as opposed to another which is not geographically proximate. Others may not be concerned whether or not they see their lawyer. They may be content (or prefer) to have contact by telephone, by email, by text or by on-line access.
22. A number of licensed conveyancers said that they did not pay referral fees¹³.
23. One commented "all firms of estate agents, finance and mortgage brokers have an arrangement with the legal profession by way of referral of buyers or sellers that may well be detrimental to the interests of consumers. It is a

¹¹ Small Practice – see also para 49

¹² para 6.35, document at download centre www.clc-uk.org

¹³ 3 employed Licensed Conveyancers and three Small Practices,

procedure that has always operated and without such arrangements many firms of solicitors could not and would not survive”.¹⁴

24. Another firm said that it had only recently started paying referral fees. “It is not a decision we have relished. We have prided ourselves for many years at this firm on taking up work on an independent basis. However the economic climate is such that we have to look to take on this type of work”.¹⁵
25. In contrast, the CLC received a submission suggesting “it is healthy for competent and capable firms to obtain recommendations on their merit and to work closely with introducers in helping achieve what the public want ie a quick and trouble free conveyancing transaction”.¹⁶

Information provided by Introducers

26. There was some uncertainty as to the extent and appropriateness of information provided by estate agents making referrals to conveyancing practices. In particular it was not clear how much information was provided and the associated contractual obligations. Some forms produced to the CLC stated that the effect of signing a specific box at the time of referral was to instruct a Practice. What apparently varied from estate agent to estate agent based on the responses considered during the review was whether the effect of signing a particular box was properly explained to a buyer or seller. Some anecdotal evidence suggested that the first time a buyer or seller knew that they had instructed a Practice was when a letter confirming instructions was received from that Practice.
27. A specific example given of the way referrals are made by an intermediary is as follows:

“contacts the client, once the agent has asked [the client] whether they would consider one of the preferred [lawyers] to take their details. When the client accepts the quote [the referrer] sends the client a letter with the breakdown of the referral fees and we then send the client care letter and summary of legal fees above.”¹⁷
28. “...clients are always informed that they are free to choose which ever conveyancing practice or solicitors practice they choose...We always provide a full estimate of costs and a copy of our own Terms of Engagement and Engagement Letter on every occasion...If the price and service is right they will instruct the Conveyancing Firm and I am not sure [the clients] can be forced or pressured into that instruction if they do not believe that [price and service] is present “.¹⁸ This sentiment was echoed by a number of Practices which received referrals¹⁹.

¹⁴ Medium Practice

¹⁵ Medium Practice

¹⁶ Large Practice

¹⁷ Medium Practice

¹⁸ Large Practice

¹⁹ eg 2 Large Practices

29. A number of Practices which had referral arrangements in place were adamant that the estate agent did not provide costs information to the client and that these matters were dealt with direct by the licensed conveyancer.²⁰
30. Those Practices which volunteered information about how they managed referrals showed a good understanding of the terms and effect of the relevant Conduct Rules and Guidance Notes coupled with an appreciation that buyers and sellers would not allow themselves to be railroaded into instructing a Practice they did not wish to act on their behalf.
- “We make it clear that we do not regard the potential client as an actual client until we have received their signed and completed [instruction form]”
 - “We highlight the fact that the potential client has a choice of conveyancing firms and is in no way obligated to use our services based upon a 3rd party recommendation
 - “We carry out no work on behalf of the potential client until the signed and completed [instruction form] authorising us to do so is returned”.²¹
31. This observation is reinforced by data provided by that Practice that they do not expect to be instructed in all matters referred to them, since buyers and sellers will insist on instructing a lawyer of their choice.²²
32. Consumer research undertaken for the OFT Market Study seems to corroborate the anecdotal information received that a variable level of information is provided by estate agent with regard to referrals to lawyers. About 75% of the sellers who had taken the service recommended by an estate agent indicated that they did not receive information on the amount of commission received.
33. However, it does not appear that the absence of such information adversely affected the perception of consumers with regard to the agent’s overall approach when referring other service providers such as lawyers. About 82% did not feel that they had received a ‘hard sell’ from the seller’s estate agent.
34. Notwithstanding that finding, the CLC considers that consumers should not be obliged to confirm their instructions to a licensed conveyancer until they have received sufficient information about costs which is compliant with the requirements in the conduct rules and associated guidance.
35. One submission asserted “the licensed conveyancer should be responsible for any person or body selling or representing their conveyancing services. Unless there is complete confidence of compliance with our rules then the licensed conveyancers should deal with all matters relating to the estimate and instruction process themselves”.²³ This is the approach taken by the Solicitors Regulation Authority at Rule 9 of its Code of Conduct which

²⁰ eg employed licensed conveyancer

²¹ Large Practice

²² Large Practice

²³ Medium Practice

requires solicitors only to deal with introducers meeting minimum standards.²⁴ The CLC has considered these rules carefully and has concluded that it is not a realistic, nor a proportionate, use of its powers to make rules requiring licensed conveyancers to police the way in which introducers conduct themselves. Further, it does not believe that there will be significant benefit to consumers to amend the CLC's Guidance Note 8 – Estimates and Terms of Engagement confirming that the interests of the client are paramount and that any advice given by the licensed conveyancer is confidential, since these are already important requirements of the Conduct Rules.²⁵

36. A Large Practice provided assurances that it applied significant resources in educating referrers to act in a way which was consistent with the CLC's Rules and Guidance observing "It is up to the law firm itself to prove that the recommendation made by the 3rd party was the correct decision to make".

Non refundable payments

37. One Large Practice explained that clients were asked to pay a nominal fee to the estate agent on account of legal costs which were stated to be non-refundable, although such fees were likely to be refunded if the client did not instruct that Practice.
38. The CLC is concerned that this practice may dissuade buyers or sellers from instructing a lawyer of their choice, and believes that it may have the effect of bringing the profession into disrepute.²⁶ In addition, the CLC is concerned that the acceptance of instructions through a referral by an estate agent on the basis that a client makes a non refundable payment appears to be in conflict with the duty on licensed conveyancers to at all times keep paramount the interests of the client.
39. Some Practices said they offer additional incentives such as "no move, no fee" to encourage sellers and buyers to instruct them.²⁷

Other Relevant Market Reviews

40. If there are anomalies inherent in the conveyancing market which need correcting then that is a matter for the OFT, to address, since it has much wider supervisory powers than the CLC. The OFT Market Study into Home Buying and Selling may make recommendations to address any identified anomalies.
41. Separately, the LSB's Consumer Panel has announced that it is carrying out an investigation into referral fees and has announced a Call for Evidence (which ends on 26 February 2010).²⁸

²⁴ SRA website reference

²⁵ rule 5.1.1 & 5.1.2

²⁶ possibly in breach of rule 4.1.3 Conduct Rules 2009

²⁷ eg Large Practice

²⁸ The Consumer Panel's Terms of Reference can be accessed from http://www.legalservicesboard.org.uk/about_us/lsb_consumer_panel/index.htm

Conclusions

42. The purpose of this Review is to identify whether additional safeguards should be provided for consumers (and clients of Practices), having regard to the principles of Good Regulation.
43. The CLC's starting point is that all Practices recognise it is in their interests to provide a good service to its clients:
 - An efficient and effective service where the client is given appropriate advice and is kept informed in a timely manner will mean that the Practice makes a reasonable return on each transaction. Time will not have to be spent resolving issues raised by a dissatisfied client.
 - A satisfied client means that the Practice does not have to spend time responding to complaints.
 - Equally, the Practice will not have to respond to complaints made either to the CLC or, from late 2010, to the Office for Legal Complaints (the time spent in dealing with a referral means that any return made on the original transaction will be lost). Further, it will not run the risk of having to pay a fee to the OLC for determining cases referred to it.
 - The Practice can expect other purchasers and referrers of work to be told when the service provided has not fulfilled the client's expectations which in turn will have an adverse effect on new instructions.
44. The CLC regulates a very specific sector of the conveyancing market. The CLC's Rules and Guidance set out the standards with which Practices must comply in order to meet the needs of consumers.
45. Practices receive instructions from a number of different sources. Because of their pivotal role in the conveyancing process, estate agents will continue to be an important source of referrals.
46. The CLC's expectation is that all Practices it regulates – whether they are a sole principal, partnership, limited company, or limited liability partnership - comply with the CLC's Rules and Guidance for the reasons set out at paragraph 43. Any Practice may choose to exceed the requirements of the CLC's Rules and Guidance.
47. Whilst it is acceptable for estate agents and other introducers to act as agents for Practices, on receipt of instructions the Practice must provide the client with all the information concerning estimates, terms of business and referral arrangements, as prescribed by Guidance Note 8 – Estimates and Terms of Engagement and Guidance Note 6 – Disclosure of Profits and Advantages. Provided it is made clear to the client at the outset in accordance with Guidance Note 8 - Estimates and Terms of Engagement, it

is matter for each Practice to determine how to structure its charges and what those charges should be.

48. In deciding what action, if any, should be taken, the CLC has sought to balance
 - the entitlement of clients to be provided with information as and when necessary so they can make informed decisions, with
 - the entitlement of Practices to determine how they manage their businesses.
49. As part of the redesign of its website the CLC is developing a section aimed at clients of Practices explaining the standards the CLC expects of Practices. The CLC recommends that Guidance Note 8 – Estimates and Terms of Engagement is amended to include a requirement that the Terms of Engagement give address the CLC website, as well as the CLC's name, postal address and telephone number.
50. Whilst at this stage making no formal determination, the CLC expects each Practice:
 - To review its arrangements with Third Parties to ensure that the way in which referrals are made is consistent with the spirit of the CLC's Rules and Guidance, and
 - Specifically, to prohibit Third Parties from asking for or accepting the payment of legal fees (whether described as non-refundable or otherwise).
51. At this stage, the CLC does not recommend the making of rules or the provision of guidance to Practices seeking to impose requirements on the way in which introducers make referrals to Practices.
52. At this stage, the CLC does not recommend making any amendment to its Rules in respect of any other matter addressed in this Report.

Review

53. The CLC will review its position on the interrelationship between introducers and licensed conveyancer and the provisional conclusions reached in this report following the publication of the OFT Market Study on Home Buying and Selling and the review of referral fees by the LSB's Consumer Panel with a view to publishing a final report.
54. The CLC welcomes any comments on this interim report and any further evidence submitted, both of which will be taken into account in any final report.

Annex 1 Call for Evidence

Strictly Private & Confidential
To all members of the Profession

4 August 2009

Dear Licensed Conveyancer,

**Re: Call for Evidence
Referrals from Third Parties – Provision of Cost Information
Closing date Wednesday 30 September 2009**

Background

As you are aware the CLC has a statutory duty to protect the interests of consumers and to maintain the standards of competence and professional conduct of licensed conveyancers.

Concern has been expressed to the CLC that the procedures applied by some firms of estate agents to persuade buyers and sellers to instruct specific conveyancing firms are detrimental to the interests of consumers. In particular, there is concern that a buyer or seller may be persuaded to sign a form confirming details of a transaction which also has the effect of instructing a specific conveyancing firm. Initial Information about costs may be given by the estate agent followed by more detailed cost information from the conveyancing firm in its introductory letter to the client. At either stage, if these circumstances have been correctly reported, there may have been breach of the CLC's Guidance Note on Estimates and Terms of Engagement.

In addition, there is anecdotal evidence that the buyer or seller may also be asked by the estate agent to make a payment which is treated as a payment on account of costs or, in some cases, as a non-refundable deposit. Arguably, the buyer or the seller (having parted with money) may believe that they are committed to instructing a specific conveyancing firm.

In the CLC's view, sufficient information has been received to justify a wide ranging enquiry to find out whether these assertions are correct and, if so, how prevalent they are and to determine if any further action is necessary.

Approach

The decision to undertake this review and the approach adopted to carry out review is in line with the CLC's obligation under the Legal Services Act 2007 to have regard to the principles of better regulation under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed.

Call for Evidence

The CLC calls on the profession to provide details with supporting documents of the processes adopted by estate agents when making referrals and the processes adopted when instructions are received from the estate agents.

In order to encourage the maximum co-operation from the profession the CLC will not take disciplinary proceedings or any other measures against any conveyancing firm arising from

information or documents received in the course of this enquiry. Further, any information received will be treated as subject to an absolute confidentiality agreement with conveyancing firms, unless the CLC receives confirmation in writing that confidentiality is waived either wholly or in part.

Options available to the CLC

The CLC considers that following a review of the responses received, the following options will be available:

- Option 1 – Do nothing
- Option 2 – Produce information to enable consumers to understand the relationship between them, estate agents and conveyancers and to highlight their freedom to choose which firm acts on their behalf
- Option 3 - To review the guidance note to make clear what licensed conveyancers must do
- Option 4 – To review the CLC's Rules with a view to modifying the obligations on licensed conveyancers.

Assuming Option 1 is not applicable, the CLC may decide to adopt one or more of Options 2-4. The CLC aims to notify the profession no later than the end of January 2010 which of these Option(s) it proposes to take.

What the Review will not cover

The Review will not look at the conveyancing market as a whole nor at any anomalies in the market because the CLC does not regulate the market and has no power to address these issues.

How to respond

The closing date for the Call for Evidence is 30 September 2009.

It would be helpful if responses are sent by email to consultations@clc-uk.org. They can alternatively be sent by post or by DX to:

Simon Blandy
Director of Standards and Legal Services
CLC
16 Glebe Road
Chelmsford
CM1 1QG

You should indicate in what capacity you respond to the Call for Evidence. If it is as a licensed conveyancer, could you please indicate the nature of your practice and whether you are a Manager (partner, sole principal, director) or an employee.

I look forward to hearing from you.

Yours sincerely

Victor Olwe
Chief Executive

Annex 2 Regulatory Objectives²⁹

1 The regulatory objectives

- (1) In this Act a reference to “the regulatory objectives” is a reference to the objectives of—
 - (a) protecting and promoting the public interest;
 - (b) supporting the constitutional principle of the rule of law;
 - (c) improving access to justice;
 - (d) protecting and promoting the interests of consumers;
 - (e) promoting competition in the provision of services within subsection (2);
 - (f) encouraging an independent, strong, diverse and effective legal profession;
 - (g) increasing public understanding of the citizen’s legal rights and duties;
 - (h) promoting and maintaining adherence to the professional principles.
- (2) The services within this subsection are services such as are provided by authorised persons (including services which do not involve the carrying on of activities which are reserved legal activities).
- (3) The “professional principles” are—
 - (a) that authorised persons should act with independence and integrity,
 - (b) that authorised persons should maintain proper standards of work,
 - (c) that authorised persons should act in the best interests of their clients,
 - (d) that persons who exercise before any court a right of audience, or conduct litigation in relation to proceedings in any court, by virtue of being authorised persons should comply with their duty to the court to act with independence in the interests of justice, and
 - (e) that the affairs of clients should be kept confidential.
- (4) In this section “authorised persons” means authorised persons in relation to activities which are reserved legal activities.

²⁹s.1 Legal Services Act 2007

Annex 3
Guidance Note 6 – Disclosure of Profits and Advantages



**GUIDANCE NOTE 6
DISCLOSURE OF PROFITS AND ADVANTAGES
Issue 2**

Issued by the Council for Licensed Conveyancers on
30 March 2009.

This Guidance Note came into force on 31 March 2009.

This Guidance Note supersedes Guidance Note 6 – Disclosure of Profits and Advantages issued by the Council on 19 October 2005 which ceased to have effect on 31 March 2009.

Licensed Conveyancers, Managers and Recognised Bodies must at all times act in compliance with the Council's Rules in so far as they are applicable. In particular, Rule 3.2 of the Licensed Conveyancers' Conduct Rules 2009 provides:-

"A Licensed Conveyancer must:

- 3.2.1 comply with the Guidance Notes unless he has good reason for not doing so in the particular circumstances;
- 3.2.2 ensure that the Recognised Body of which he is a Manager complies with the Guidance Notes unless it has good reason for not doing so in the particular circumstances."

Rule 5.2 of the Licensed Conveyancers' Conduct Rules 2009 states:-

"A Licensed Conveyancer, in the provision of Regulated Services must:

- 5.2.7 *ensure that all Communications are clear, fair and not misleading;*
- 5.2.8 *disclose to a Client in writing, as soon as they are known to the Licensed Conveyancer, the existence and amount of any sum*

payable by or to the Licensed Conveyancer arising, whether directly or indirectly, from the Client's instructions."

This Guidance Note adopts the definitions set out in the Licensed Conveyancers' Conduct Rules 2009.

"Recognised Body" includes, where the context permits, any Manager (including a Licensed Conveyancer who is a Manager) or employee acting for the Recognised Body.

1. When it accepts instructions, the Recognised Body must inform the Client in writing:-
 - 1.1 of the existence of any arrangement for the introduction of the Client to the Recognised Body by another person; and
 - 1.2 any sum paid in connection with the introduction, or, if it is not practicable to inform the Client of the exact sum, the maximum sum which may be paid.

 2. When he introduces a Client to another person the Recognised Body must inform the Client in writing:-
 - 2.1 of the existence of any arrangement for the introduction of the Client by the Recognised Body to another person; and
 - 2.2 any sum paid in connection with the introduction, or, if it is not practicable to inform the Client of the exact sum, the maximum sum which may be paid.
-