

Dame Janet Paraskeva's Speech

Society of Licensed Conveyancers – Annual Conference 2018

I'm very glad to be here with you all today at what I think is a very significant conference with an important agenda.

It feels like we are approaching a turning or tipping point in the legal sector in general and conveyancing in particular.

We've heard from Matt Prior about how the government is driving change to the home buying and selling process.

We're also at the beginning of a new wave of change that will be enabled by new IT, artificial intelligence and digitised data.

What we don't know is exactly what that change will be and when it will really start to be felt.

But it will be different for while past waves of IT development have left the property buying and selling process substantially unchanged, this one will create that change.

It holds out the prospect of the kind of transformation change the government hopes to see.

At the CLC we have been working with government, lenders, fin tech and prop tech providers and many others so that we can be sure that our regulation supports new ways of working and allows you to make the best possible use of new tools.

We want all the firms we regulate to succeed, and we have set ourselves the objective to support innovative firms as they develop new ways to deliver conveyancing and probate services.

While we maintain the very high standards of consumer protection that we are known for, we want to do all that we can to drive and support innovation.

This will allow CLC-regulated firms to make use of new approaches and tools.

They might improve the efficiency of your operations or help you meet your clients' needs better.

Kate, I know is doing a great job leading groups of experts from across the sector – from estate agents to conveyancers to removers - as they look at how the property transfer process can be improved in a whole range of ways.

All those different changes taken together could add up to a real transformation of how property is bought and sold in England and Wales.

So, today's conference is very timely and will, I am sure, be very useful in helping us all understand how conveyancing is evolving.

But before I get into the body of my address, I want to offer up one challenge to you all.

We are you regulator; we can help set the conditions for success, but we are not and cannot be your voice.

That is the role of all of you together through your organisation the SLC.

So if Government is proposing things you feel cannot work; if there are changes of policy you, as a collective desire; it is for you to robustly defend and promote your interests.

Digital escrow

The CLC has been taking very practical steps to understand and help to shape the future of conveyancing.

Our central focus is of course consumer protection and that is always our starting point.

The key risk in conveyancing is the misdirection of funds by fraudsters. There are many techniques, but they often target the monies as they pass to or from client accounts.

We have worked with conveyancers a lot to help tackle fraud and we know how much many of you are doing to raise awareness among staff and clients of what they can do to protect their businesses and themselves.

We wanted to look at how that risk could be reduced so about a year ago we partnered with Shield Pay, who you will be hearing from later.

We brought together a group that included lenders, HM Land Registry, HMRC, other regulators, conveyancers and panel managers to look at the possibilities and potential pitfalls of various approaches to keeping client money safer.

From there, Shield Pay moved to piloting a digital escrow system in conveyancing with some CLC-regulated firms.

I won't steal Geoff Dunnett's thunder as he will be speaking to you about this in more detail later, but we learned some very useful things.

The first is that digital escrow clearly works, it does not hold up transactions as some feared and as it might have done in the past.

It also, of course, protects client account from fraud.

But it has another very significant consumer benefit too, which is that it provides certainty about completion day.

All parties have visibility of the funds ahead of completion.

Money does not get held up as it cascades between transactions in a chain but moves instantly.

Which could mean an end to Friday panics and the spectre of packed removal vans unable to unload while buyers and estate agents chase progress on the money transfer.

We're now reviewing what we've learned from these pilots and how we can amend our rules and guidance to help CLC-regulated firms make best use of new escrow tools or third-party managed accounts as they are often described.

Much of the success of these new entrants will depend on the attitude of lenders as well as conveyancers.

Some insurers have said in the past that professional indemnity insurance premiums could fall significantly if firms no longer manage client accounts and used third party managed accounts.

But the price of using Third Party Managed accounts or TPMAs, as they are referred to, is not yet clear, so we cannot know what the financial impact of any shift might be.

However, it seems to us that there are potentially very significant benefits for conveyancers and their clients.

Reforming the management of client money and improving the completion process could be a very helpful step in the overall transformation of the home buying and selling process that the government is pushing for.

Better informed choice

Another key element of that transformation is the provision of better information to potential clients as they choose their conveyancer.

Along with all the other legal sector regulators and in close coordination with them, and as you should be only too aware, we have developed new rules and guidance on information you must make available to consumers as they shop around.

We've discussed this with the firms we regulate a very great deal over the last few years. We have consulted formally at two different points.

In making the new rules, we have taken care to give you as much flexibility as possible so that you can comply with them in the ways that work best for your business and the clients you target.

We've also ensured there is a level playing field across the sector. That is fair to firms and ensures that consumers can make genuine comparisons between firms with different regulators.

A lot of the conversation has focused on the price information that you need to make available.

It is striking that nearly one-third of CLC-regulated firms have an online quote generator already and a further 20% provide other cost information online.

Our own research indicates that easily available price information makes consumers more confident about approaching a firm for a discussion about using their services.

And that makes it more likely that you will win their business.

But our new measures offer a prompt to move away from a focus on price alone.

The service and quality information you must also provide is a great opportunity to put price into context and help your potential clients understand the value of what you do for them.

What sets you apart from other conveyancers?

Do you have expertise in a particular part of the market, for example?

Do you have some way of offering clients a greater deal of transparency on the progress of their transaction?

Do you have long or weekend opening hours?

We have been setting this all out at our roadshows around the country. If you have not been able to take part in one, there is a webinar next Tuesday lunchtime, too.

Our new rules and guidance are on our website and you can book your webinar place there too.

It is very encouraging that the SLC has been working to help you prepare for the new rules and in particular to explore how service and quality information can be presented effectively through its work with Conveyancing Map Analytics.

I am also grateful to the Bold Legal Group and the SLC for helping us get the message out about our consultations and the new rules and for having us to speak at the spring roadshows.

Because, as I have said, empowering consumers with better information is an important part of transforming the home buying process. Government, the Competition and Markets Authority and the Legal Services Board will all be watching our progress closely.

However, you choose to meet our new requirements, I encourage you to see them as an opportunity to think about how you attract and engage potential clients.

As we know, because we are all consumers too, our expectations of service providers are constantly changing, and we are becoming more demanding even as service delivery continues to improve.

Changing client expectation

Given that conveyancing clients generally do not have a great deal of experience or understanding of the process or value of conveyancing, they will compare the service they get from you not with the service from other conveyancers, but from other businesses they engage with frequently.

I'm afraid that means you will be compared to the service experience your clients get from their supermarket – whether in person or online – or when booking their travel on Expedia perhaps, or renewing their car insurance through a service like Money Supermarket.

All of those are examples of where we have seen transformational change in recent years. In each of those cases, the consumer now feels very much more in the driving seat than they did in the past.

Cast your mind back to when you had to visit to travel agent or insurance broker on the high street to book your holiday or insure your home.

Then, you were reliant on their knowledge and access to information to guide you in your choice.

Now, with even richer information at our fingertips, we feel able to research and make decisions for ourselves about what is best for us.

We all plan and book quite complicated and expensive travel online.

You might criticise this as a move to self-service and perhaps a nice cost-cutter for travel businesses.

But we've all embraced it and there are few of us who would like to go back to the old way of doing things.

We are seeing some conveyancing firms working very hard to emulate as far as is possible in conveyancing this kind of consumer experience.

New and existing businesses that may or may not provide conveyancing services themselves are starting by looking at the consumer experience of buying and selling home and how that can be improved.

This is very different than the traditional approach of starting from the legal process and allowing that to define the consumer experience.

Some of those new business are essentially panel schemes that try to deliver a seamless service across the work carried out by estate agents and conveyancers.

Others are trying to iron out some of the bigger wrinkles such as enabling a move to a new home before the old one is sold, so overcoming the problems that can be caused by chains if someone needs to move for a new job, for example, or in time for a new school year.

Others again are doing what they can within the current conveyancing process to meet the expectations of clients in the seamless, always-on, one-click delivery Amazon, Ocado and Expedia world.

That could include fully online and digital interaction that means the client can get their part of the work done at times and in ways that are suitable for them.

Artificial Intelligence

A key plank of all this change will be the adoption in conveyancing of Artificial Intelligence.

This is not science fiction, it is already being used in legal services, most notably in contract management and in large discovery exercises.

It is easy to imagine that machines could be taught to produce draft reports on title and draft contracts of sale once the necessary information is supplied.

But it could potentially go beyond that to deliver advice and support to clients, responding to their questions automatically.

There is already a fully automated service that helps consumers challenge parking fines – very successfully, too.

Clearly, this is an exciting area, and we will need to consider how we approach the regulation of legal services delivered automatically.

We are already working on that to ensure that we don't get in the way of innovation.

Digital transformation

The real potential of all these new approaches and tools will be fully realised when much more data about property and land in England and Wales is more readily and reliably available.

HM Land Registry's Digital Street project is fascinating and extremely valuable.

They are looking at what could be possible in such a digital world and how they can help to facilitate it.

You will be hearing from them later, too. And I am very pleased they are here.

Because it is vital that you as conveyancers keep yourselves informed of new tools and approaches that can help you and your clients.

Just as it is vital that we as your regulator can anticipate and support progress and maintain client protections.

Theoretically it looks as though the home buying and selling process could become as uncomplicated as online grocery shopping, but there is a long way to go before that is even possible and there are many other considerations too.

Even if buyers can be given all the information they need to make their choice of home instantly will they want to do that?

Buying homes is generally the largest single financial decision and commitment anyone makes in their lifetime.

Even in the digital future, it seems to me that we will continue to look to qualified and experienced professionals for the additional (and I would argue) essential value they bring with their guidance, advice and support in such big decisions.

How that is delivered might change.

And the amount of grunt work that can be done automatically will certainly change, freeing up the qualified and experience professionals to devote their time and energy to areas where they are uniquely able to add value for their clients.

How this industry evolves will be shaped largely by people in this room and the organisations they represent.

The government, yes.

HM land Registry, absolutely.

Software developers and IT suppliers of course.

But most of all, you the specialist conveyancers.

It may be challenging now to consider how your work might change and how you can respond to all the pressures and opportunities that will come your way in the coming years.

But if you want to engage positively with that change, we will be here to help you.

Like you we are specialists and our strategy is all about exploiting the strengths of that specialisation.

So, I hope that you have an enjoyable and constructive conference.

And we look forward to continuing to work with you and the SLC and Bold Legal Group for the benefit of your clients and to help you build and maintain thriving businesses.

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