

Council for Licensed Conveyancer's Response to The Legal Ombudsman consultation on its draft budget and business plan for 2025-26

Response to Legal Strategic objective and aims for LeO's service

1. Do you support the OLC's draft 2025/26 business plan to deliver this objective?

It is in the interests of consumers and the legal sector that LeO delivers 'an efficient and proportionate service'. Although we have seen positive improvement with the introduction of new processes, including early resolution, we still have concerns regarding value for money, overall efficiency and most significantly, whether the proposed investment (time, significant financial investment and resourcing) in achieving 'enhanced transparency' of Leo's ombudsman decisions i.e. publication of redacted decisions, is indeed going to enable LeO to achieve this strategic objective and convey 'key learnings more effectively to a wider audience'.

The consultation document implies that LeO will be able to achieve its aim of enabling 'key learnings more effectively' and across a 'wider audience' largely by publishing ombudsman decisions online.

Whilst the CLC supports greater transparency, we question whether the significant investment required to enable publication of such vast numbers of decisions will truly deliver the aim of learning for a wider audience, if that audience is going to have to review and analyse what is published themselves. Would that investment not be better spent developing (or buying) systems, and building capacity and capability to enable more effective, efficient and targeted analysis of Ombudsman decisions and the wider LeO dataset, which can then be shared with regulators and their respective regulated communities. Such analysis, alongside reliable and accurate data about the complaints record of individual practices, could deliver a more valuable learning opportunity to lawyers and perhaps be used by others (e.g. comparison websites, to offer insight to consumers).

Why do we question the investment decision: the draft business plan indicates that in the reporting period (2022/23), 36% of all resolved complaints were subject to Ombudsman decisions. A total of 9,467 cases were resolved by LeO in that period, if 36% of those resulted in Ombudsman decisions, that amounts to approximately 3,408 decisions which under the proposed Business Plan would be published, in some form or another, to achieve this strategic aim.

If we ignore LeO's projections regarding increasing numbers of complaints and assume simply that this number of decisions were published, even if only in summary or redacted form, this is a vast number. For any regulator or legal services provider to review such vast numbers to derive the 'key learning' LeO hopes will be achieved through enhanced transparency, does not seem realistic or feasible.

In other words, whilst publication of ombudsman decisions may achieve transparency simply because they are publicly available, and we acknowledge for the individual consumers and service providers involved in a complaint this may be desirable, in the absence of any meaningful

analysis and interrogation of this vast number of published decisions, we fail to see how learning can truly be derived by legal services regulators and those they regulate.

We should stress, we do not oppose publication of decisions however, in the CLC's view, a better and more effective means of achieving the stated strategic objective and truly enabling 'key learning' would be for LeO to invest in the capacity, capability and systems required to undertake deep analysis and interrogation of ombudsman decisions, and other related data, and to produce reports in a timely fashion.

Sector-specific reports, i.e. reports which capture themes, trends, ongoing areas of poor practice and other issues arising in complaints which for example, stem from CLC licensed practices only, could be a better investment for LeO and would in the CLC's view, truly enable the CLC and other regulators to understand the source of consumer complaints and target the root cause of consumer complaints.

A better understanding of the facts, circumstances and failings in legal services that give rise to consumer complaints in the first place, would enable regulators to develop more targeted policy and where necessary, intervene in a manner that would help to stem the tide of consumer complaints, as well as addressing change in the way that first-tier complaints are handled by those that we regulate.

2. Do you support LeO's assessment of the need to invest in resource – and the balance of investment across improving customers' experience, helping the sector prevent demand at source, and being able to realise the benefits of technology?

Anecdotally, we hear from our sector that complaints which have been escalated to LeO can take a considerable time to resolve, that investigations are protracted, and that emails or correspondence with LeO can go unanswered for an unacceptable length of time. Whilst we recognise that consumers who have cause to escalate an issue to LeO are dissatisfied with their legal service in the first instance and we are not content that this is the case, their levels of dissatisfaction and frustration are only compounded by a protracted second-tier complaints process, and whilst investment in technology may potentially go some way to improving the consumers' experience with LeO, as we have highlighted, in our view and certainly what we hear from our sector, it is investment in additional staffing and staff capability that is needed.

We have raised before the high proportion of investigations that result in a finding that the complaint was handled adequately at first tier. We urge LeO to review again the gateway to acceptance for investigation. While we would expect some investigations to result that way, currently nearly half do so and this would seem to indicate some disproportionality in the process. If corrected, this could free up resource to work on those cases that would really benefit from investigation.

We are pleased to note the commitment on page 9 of the Business Plan to 'working with regulators to set out areas of concern and secure support for interventions'. We support investment that will enable collaboration and indeed we stand ready to further our collaboration with LeO. However, as we have set out above, key to enabling regulators to target the root cause of consumer complaints and improve first-tier complaints handling is investment in the capability to analyse the vast and valuable data resource that LeO holds. It is only through detailed analysis which identifies trends, common causes and other problematic issues which lead to consumer

complaints about legal service providers, specifically CLC licensed practices for instance, that the CLC will be able to make targeted interventions and ‘prevent demand at source’.

Legal services differ considerably from sector to sector, and so whilst we agree for example, that it is unacceptable for a combined 49% people not to know or not be sure about how to make a complaint about legal services, generic data such as this, simply highlights something that may or may not be an issue in particular sectors. Also, it is in the nature of consumer engagement with many services (not just legal services) that they will only investigate how to complain when the need arises. Therefore, the priority must be to ensure that the information is easily available to clients when it is needed. The CLC’s transparency rules make this a requirement among others.

Where the CLC would like to see LeO making investment is in the technology, and the person capability and capacity, to leverage technology in order to deliver targeted, sector-specific analysis of LeO data, so that regulators and service providers can understand the true causes of issues within their regulated community which are resulting in consumer complaints.

The CLC’s focus is on prevention of consumer harm or dissatisfaction which leads to complaints, and whilst we have a good understanding of what leads to consumer complaints, to the extent that CLC licensed practices continue to be a source of complaints to LeO, we are of the view that LeO could and should be a further resource in our quest to ‘prevent demand at source’.

Strategic objective and aims for LeO’s impact in 2025/26

3. Do you support the OLC’s draft business plan to deliver this objective in 2025/26? What opportunities are there for collaboration to drive higher standards and better outcomes?

As highlighted above, the CLC is strongly in support of better and more targeted analysis of LeO data on a regulator-by-regulator basis, as we believe that one of the most effective means of ‘preventing demand at source’ is to understand what it is that results in consumers having to escalate complaints to LeO in the first instance. In other words, we see huge opportunities for collaboration on the use and analysis of LeO data to not only improve complaints handling at first-tier, but crucially, as a means of addressing the root cause of complaints.

In addition, better analysis of data will enable LeO and the CLC, and indeed other regulators, to collaborate on the development of training material which is targeted specifically at the root causes of LeO complaints arising from the CLC’s regulated community.

The [Legal Choices website](#), is a regulator-driven online information and resource portal designed to enable and inform consumer choice about legal services and in so doing, enable access to justice. With access to justice being one of the impact aims set out on page 27 of the LeO Business Plan, LeO may wish to consider exploring opportunities for collaboration with Legal Choices, perhaps by making further data and information from LeO available to consumers through Legal Choices.

4. Is there anything on the horizon that could influence demand for LeO’s service? How could this demand be prevented at source through collaboration or targeted intervention?

Although the potential impact on demand for LeO services of what we describe here may be a long way off, potentially several years, it is nevertheless worth noting in order that the impact can be appropriately mitigated if necessary.

The new government has announced ambitious housing reforms and plans that will likely see a boost in home building, however, so far there has been no tangible government commitment to reform of the home buying and selling process. Considerable efforts are underway to drive improvement by legal services providers themselves, but these may not deliver the breadth of improvement that will be needed to ensure the streamlined, robust, faster more transparent and more secure process that could ensure the conveyancing of those new properties and timely first registration of title for a huge number of new builds.

How is this likely to impact demand for LeO service? In our view, unless the conveyance of the increased new homes can happen more efficiently and quicker than is the case right now, we anticipate that the sense of frustration that buyers and sellers experience at how slow the process is, particularly in the case of new build properties, is only likely to grow. Whilst this is not the fault of the conveyancer, we know that delay is one of the most common causes of complaint that LeO sees, and thus there may be a potential increase in demand for LeO's service whose home ownership ambitions are curtailed by the existing home buying and selling process.

We should stress that the CLC is using regulatory levers as well as its influence and participation in various forums to support the transformation of home buying and selling.

5. Do you agree LeO should progress plans as outlined to publish its Ombudsman decisions in full within the life of the 2024-27 strategy? What are your wider views on decision transparency, including the use of summaries, and LeO's transparency more generally?

Please see the CLC's responses at 1 and 2 above. The use of AI as a tool to help achieve publication of large numbers of ombudsman decisions, in summary and/or redacted form, is, as the Business Plan outlines, not only a costly endeavour but one that is likely to be 18 months in development. The CLC supports transparency and giving greater visibility to the Ombudsman decisions, however we are unconvinced that doing so will, in and of itself, be 'genuinely useful in supporting better outcomes for those relying on legal services' and nor do we think that the decisions themselves, in whatever form they might be published, will be used by consumers other than those to whom the decision pertains, and we consider that published decisions, not least because of the vast numbers, are unlikely to be a resource that is widely consulted by legal providers.

As we have outlined throughout our responses, it is difficult to see that the proposed benefits will be derived from the proposed investment. *If* there is any benefit it is likely to be minimal for consumers and legal services providers, comes at great cost and is not likely to be realised for at least 18 months, the CLC would prefer to see investment in capacity and capability, including AI, to do the analysis of decisions and data that we have talked about throughout and to then publish reports relevant to each regulatory sector in a timely manner so that regulators and their regulated sectors can take targeted action to address the issues that give rise to complaints which end at tier-two. This is in our view more likely to deliver greater benefit for consumers and legal services providers, potentially at less cost and within shorter timescales.

2025/26 budget

6. Do you support the proposed 2025/26 budget for LeO?

As we have set out above, we believe that there could be scope for cost reductions through

- Adjusting the criteria for acceptance for full investigation to ensure a more proportionate approach, with fewer findings of adequate handling at first tier – though still of course erring somewhat on the side of caution.
- Reviewing how best to meet the objective of delivering learning to support improvement in the sector and to provide insight to consumers.

We welcomed recognition at the Consultation Event earlier in December that it will become possible to reduce resource in 2027 following the reduction of the backlog to a sustainable level of work in progress. It was indicated that this would be achieved through natural wastage. We look forward to modelling in future business plans of how that will be achieved.

7. Do you agree LeO should increase its case fee to £800 as soon as possible? What wider changes should LeO consider for the level and/or structure of its case fee?

In principle we support the ‘polluter-pays’ approach of the case fee. The CLC already has a system for funding the OLC levy in place that puts more of the burden on practices that generate disproportionate numbers of referrals to LeO. Given that is based on the cost per case of LeO, which is high in comparison to other ombudsman schemes, a further increase through the LeO case fee may appear overly punitive. If LeO is satisfied on that point, and that the increase will have enhanced deterrent effect, the CLC has no fundamental objection to the proposal.

However, the increase should not be introduced simply to reduce the call on the levy that is administered by the front-line regulators for presentational reasons nor to disguise total costs per case.

Other feedback

8. Do you have any other feedback on the OLC’s draft 2025/26 business plan and budget for LeO?

None in addition to what is set out above.