

# **A CONSULTATION RESPONSE ON THE LEGAL OMBUDSMAN'S STRATEGY AND BUDGET (2014–2017)**

## **Introduction**

1. This response represents the views of ILEX Professional Standards (IPS), the regulatory body for Chartered Legal Executives. Chartered Legal Executives are members of the Chartered Institute of Legal Executives (CILEx). CILEx is the professional body representing 22,000 qualified and trainee Legal Executives and is an Approved Regulator under the Legal Services Act 2007 (LSA).
2. The Legal Ombudsman (LeO) was created by Parliament as the independent and impartial, Ombudsman scheme for consumers' legal complaints. Over the past three years LeO has been actively working with consumers and organisations to resolve legal service complaints.

## **Strategy**

3. In its strategy LeO states the legal landscape is ever evolving and in order to meet the demands of these fast-paced changes, LeO has an increasing need to adapt to these variations. LeO needs to consider and in some instances predict how this will affect consumers in the future.
4. LeO states that a part of its strategy is to find better ways of doing things. A valuable way for LeO to achieve this would be to coordinate with regulators, on a regular basis and establish a culture of discussing and exchanging good business practice. LeO has committed to working with all of its stakeholders to help deliver a coherent and simple approach to redress. IPS comments that as a part of this commitment, all regulators should be provided with regular data by LeO. IPS would like to explore receiving data about individual practitioners it regulates so that it can identify areas where it can work with regulated professions to improve services which consumers receive. The

Regulators Forum may possibly be a suitable platform for initiating data sharing between LeO and IPS.

## **Goals**

5. One of the core aims of LeO is to continue to increase efficiency and IPS believes that it is very important as an organisation for LeO to keep improving performance and also provide core information to regulators to enable them to do the same. All regulators have a part to play in improving client service and a good way for this to be done is by increasing information sharing between regulators, LeO and other stakeholders. This will positively impact on protection provided to consumers and collectively contribute to regulators delivering key regulatory objectives set out in the LSA 2007.
6. IPS welcomes recent reports on specific areas of risk, produced by LeO and would welcome receiving more reports of this nature. This links in with LeO's aim to share information.
7. Another approach taken by LeO to improve its efficiency is by setting annual KPI targets. Although KPI targets are effective in measuring an organisations' performance, careful consideration will have to be given in maintaining a good balance between achieving KPI targets and ensuring that the quality of the Ombudsman's work is not affected.
8. LeO is aspiring to expand into alternative dispute resolution (ADR). First and foremost LeO will have to consider whether legislation will allow it to expand to ADR, ensuring that it fits in well with existing activity and does not affect performance of its primary purpose. LeO will also need to consider the cost of setting up its ADR services.

## **Improved complaints handling**

9. As a part of improving its complaints handling system, LeO is exploring different avenues for effective dispute resolution. It would be prudent for LeO

to share with all regulators and stakeholders what types of dispute resolution it is expecting to put in place and how the options sit with existing LeO rules. IPS recognises the benefits of resolution by cooperative means rather than a formal complaints handling process. It enables both parties to assess shortcomings on both sides, discuss the issues and to reach an amicable end to the complaint.

10. LeO needs to provide a clearer explanation of the types of additional complaints it seeks to investigate and the formats of dispute resolution it will use. This information should be provided to complainants as it will help them understand what they can expect LeO to investigate.

11. There is a suggestion that LeO may become involved in first-tier complaints handling. This will need some thought by LeO as it may prejudice their position if complaints are not resolved at first-tier level. LeO may potentially look to provide a consultancy type service where they offer guidance for a fee, on first-tier complaints handling to improve services. The idea was to improve first-tier complaints handling to reduce the number of complaints that come to LeO and possibly to create income to reduce the levy to regulators.

## **Key Risks**

12. The key risks that LeO anticipates are broadly similar to the 2013/14 budget plan. However there have been major risks identified for the coming year, one of which concerns is Claims Management Companies (CMCs). The difficulty of LeO extending its jurisdiction to CMCs is the lack of information held by LeO, in dealing with the commercial aspect of such organisations. However there is some benefit to be obtained for LeO to be extending its remit to CMCs. The first positive is that CMCs will be financially ring-fenced from legal complaints and the extension to CMCs will allow LeO to develop and test a good business model for any future expansion namely ADR. However LeO will need to consider that costs may be driven up significantly

by delving into the area of CMC complaints, with little or no chance of recovery of costs from fly-by-night CMCs. There is also a significant question surrounding the enforcement of awards.

## **Conclusion**

13. LeO's strategy and budget for 2014-2017 focuses on improving efficiency through setting more challenging KPI's, which will in turn drive down unit costs. Although this is welcome, LeO has an obligation to balance this against maintaining a high standard of quality in its complaints work. A recurring theme in this consultation paper is LeO's pledge to provide statistical information to all. It is very important for all regulators to receive transparent facts and figures from LeO in order to improve their regulatory approaches.