
In this guidance note

.....	1
In this guidance note	2
The purpose and scope of this guidance	3
Why is a CCL important?	3
Your regulatory obligations under the Code of Conduct	5
Wider obligations – consumer protection law	5
What information do you need to provide?	7
Contact details	7
Scope of work	8
Fees	8
Service and likely timescales	10
Regulatory status	11
Right to terminate	11
Complaints	11
Client money	12
Professional indemnity insurance	12
Data protection	13
Checklist	14

The purpose and scope of this guidance

1. This guidance aims to help Costs Lawyers understand the importance of information in their client care letter (CCL). You should refer to this guidance when drafting, modifying or updating your CCL.
2. You should also refer to the separate CLSB guidance referenced throughout this document which can be accessed [here](#). This includes guidance on:
 - Dealing with consumers
 - Complaints procedures
 - Contingency retainers
 - Price transparency
 - Client money
 - Vulnerable consumers
3. If you work for an organisation that is authorised by another legal services regulator, such as the Solicitors Regulation Authority, that regulator’s rules and guidance will apply to your organisation’s CCL. However, you should check that your organisation’s CCL is sufficient to meet your individual obligations as a Costs Lawyer in the Code of Conduct.
4. This guidance uses the term CCL to refer to this type of contractual document, but you might also use terms such as “engagement letter” or “confirmation of instructions”. This guidance applies in the same way regardless of the words you use to describe your CCL.

Why is a CCL important?

5. [Research](#) completed in 2016 on the effectiveness of CCLs revealed that they can be seen as “impenetrable, with limited signposting and an emphasis on generic

rather than personalised information.”¹ This can add to the perception that legal services communications are complex, imposing a “major barrier to engagement, particularly for more vulnerable consumers.”

6. The Legal Ombudsman has reported seeing a number of complaints arising as a result of ineffective CCLs, with lack of clarity often at the heart of the issue. Information about the cost of services remains one of the most common complaints in legal services. The Legal Ombudsman has therefore developed its own [guidance](#) on costs information which we draw upon in this guidance.
7. As well as being important for clients, a good CCL is important for your business. It forms the basis of the relationship between you and your client and provides an opportunity to set out your standard or case-specific terms and conditions.
8. By ensuring this information is communicated to your client at the outset of an instruction, you establish clarity and certainty for both parties, and your client is appropriately protected.

TOP TIP

Ask clients for a signed copy of the CCL to keep on file as evidence that your client has received and agreed to the terms out in the CCL.

¹ In 2016, the approved regulators jointly commissioned research to understand how clients engage with CCLs with a view to improving their effectiveness.

Your regulatory obligations under the Code of Conduct

9. Under paragraph 3.4 of the Code of Conduct, you must advise new clients in writing when instructions are first received of:
 - an estimate of fees / details of charging structure, and where that estimate subsequently becomes inaccurate or that charging structure changes, an updated estimate / notice of revised charges;
 - the client's right to complain;
 - how to complain (that is, your first-tier complaints handling procedure);
 - if applicable, the client's right to refer their complaint to the Legal Ombudsman in certain circumstances.

10. Under paragraph 4.6 of the Code of Conduct you must ensure that clients are able to make informed decisions about the work being undertaken on their behalf throughout the lifetime of the matter, including how it will be priced, the costs incurred and the likely overall cost of the matter (including any potential liability for the costs of other parties).

Wider obligations – consumer protection law

11. When dealing with consumers you have a number of legal obligations under consumer protection law. While there are similarities between these obligations and the CLSB's regulatory rules, it is essential that you and your firm recognise and understand these distinct consumer law rules and how they relate to formation of a contract between you and your client. We cover these obligations in detail in separate [CLSB guidance on dealing with consumers](#). They include informing the consumer client of their right to cancel the contract within 14 days if the agreement was not reached in person on your premises.

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12. These obligations do not necessarily all need to be met through the CCL, but you need to be aware of them and meet them in some way. In many cases, your contract is likely to be your CCL.
 13. We suggest below that it may be helpful to clients to provide some of the more generic information in a separate document that sits alongside the CCL. You could refer to this document as your ‘terms of business’ or similar. This would enable you to personalise the CCL and focus it on the most relevant information at the start of the engagement whilst ensuring you meet your duties to provide the required contractual information up front.
 14. While it is obviously of paramount importance that consumers understand the key terms of your contract with them, consumer law goes further than this. In addition to requiring that all your contract terms are fair, consumer law also requires that you draft all your terms in such a way that consumers can be expected to understand the potential consequences to them of entering a contract with you.

TOP TIP

Ensure you are familiar with your wider obligations to provide information and review CLSB guidance and consumer law regularly to see if anything has changed.

TOP TIP

Keep your CCL short by providing only the key information, tailored to the client and their instruction.

TOP TIP

Move any additional contractual information that you need to provide up front into a separate document and refer to that information in the CCL itself.

TOP TIP

Use the checklist provided at the end of this guidance to help ensure that all information is presented clearly and in a way that your client can understand.

What information do you need to provide?

Contact details

15. You must provide the client with the name and contact details of the primary contact for the instruction as well as an alternative contact.
16. If your work on the matter is being supervised by another person, the CCL should also provide their name and contact details.
17. This information should be in the CCL to ensure it is clear to the client who the agreement is with and who to contact should they have a query or complaint.

Scope of work

18. You must provide an outline of your understanding of the client's instructions and the course of action they have chosen.
19. Consumer law requires that certain pre-contract information is provided to the consumer. What constitutes the contract for these purposes will be determined on the facts and by the form of your agreement with your client. It is therefore important that the CCL is clear on the work you will and will not do for the client.
20. It may be helpful to detail the information or other assistance you will need from the client including a description of what will happen next.
21. You should also advise the client of the scope and relevant terms of any proposed outsourcing arrangements (if applicable).

Fees

22. You must provide clients with a detailed estimate of fees and any associated costs they will incur. This must include any potential liability for the other side's costs.
23. It is an obligation of both consumer law and your regulatory requirements that you provide information on the anticipated costs of the work.
24. It is helpful to present a clear, concise breakdown of the likely costs of a matter toward the beginning of the CCL. If fees are to be charged based on an hourly rate, you should indicate both the rate and the number of hours you expect to spend working on the matter, as well as factors that might impact your estimate. Any known or likely disbursements should also be included.
25. The Legal Ombudsman has made clear in its [guidance](#) that the level of VAT (currently 20%) should be stated when quoting costs and the gross figure should be given to ensure that clients are clear on the likely total costs. It is important

that individual consumers, who will not be in a position to reclaim VAT, are given the VAT inclusive figure and it is mandatory to do this in any advertising (for example prices on a website) by virtue of the Advertising Standards Authority [CAP Code](#).

26. Below are two simple examples of approaches you could take, as appropriate:

Example 1:

Our professional fees	£750
Court fees	£500
VAT	£250
Total fixed fee	£1,500

Example 2:

Based on the information you have provided to me, I estimate that your total bill for dealing with this matter will be between £900 and £1500 including VAT, in addition to court fees of between £360 and £600 including VAT. This would give total costs of between £1260 and £2100. The final cost will depend upon the volume of material I will need to review before I can provide my advice and whether specialist advice will be needed on the tax issue arising from your instructions. I will be able to confirm the costs more precisely as the matter progresses.

27. For guidance on entering into contingency retainers (conditional fee agreements and damages based agreements), see our separate [guidance note on contingency retainers](#).
28. For guidance on price transparency and how to communicate with clients about costs, see our separate [guidance note on price transparency](#).
29. Where you carry out work for a client on a pro bono basis, this should be made clear in the CCL. The following wording is suggested by the [Access to Justice Foundation](#):

Pursuant to section 194 of the Legal Services Act 2007 and Civil Procedure Rule 46.7, in the event you are successful in this matter or any of its stages, we will seek to recover “pro bono costs” from your opponent. This is a sum of money that represents how much the legal representation would have cost if we had charged for our services and can be ordered by the court or be included in a settlement agreement. When pro bono costs are obtained the legislation requires such costs be paid to the prescribed charity, the Access to Justice Foundation, which supports the provision of free help to yet more people.

30. As stated, you must also provide information to clients on any potential liability for the other side’s costs.

TOP TIP

Ensure the information on fees is near the start of your CCL and is clear on the total anticipated costs including VAT.

Service and likely timescales

31. **You must set out for the client how long you think the work will likely take.**
32. Whilst this can be difficult to estimate, we suggest that your CCL sets out the average timescales and, if necessary, also sets out examples of why this might not apply in their case. For example, delay by the other side or delay by the client in providing documents.
33. It may be helpful to set out briefly how you intend to communicate progress on the matter (including any changes to your original cost estimates and timescales) and any reasonably foreseen risks that could affect the outcome.

Regulatory status

34. You must be clear about your regulatory status as a Costs Lawyer, including that you are authorised and regulated by the Costs Lawyer Standards Board.
35. Where the CCL is issued in the name of your organisation, such that the client is contracting with your firm or company rather than you as an individual, the CCL should make clear the regulatory status of the organisation and any other individuals that will be working on the matter.

Right to terminate

36. You must refer to the client's right to terminate the agreement and any potential liabilities they face in the event they terminate prior to conclusion of the matter.
37. Consumer law also provides consumers with the right to cancel when they enter into an agreement. You can find more information on cancellation rights in the separate CLSB [guidance note on dealing with consumers](#).
38. We suggest you provide this information in the main CCL.

Complaints

39. You must set out what a client can do in the event they have a complaint, including the information prescribed in paragraph 3.4 of the Code of Conduct.
40. You should do this by including your complaints procedure in, or with, your CCL.
41. For guidance on what to include in your complaints procedure, see our separate [guidance note](#), which includes a template you can adapt.

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42. If you decide to provide the complaints procedure separately, we suggest you refer to the right to complain in the main CCL and send a copy (or weblink) with the CCL.

Client money

43. You must make clear that you cannot accept client money as a Costs Lawyer save for incurred disbursements and payment of your invoiced professional fees. If you offer clients the option of using a third-party managed account (TPMA), explain how the TPMA works.
44. This is a requirement under paragraph 3.6 of the Code of Conduct. For further information, see our separate [guidance note](#) on client money.
45. This is the sort of detail that you may find helpful to provide separately alongside the CCL.

Professional indemnity insurance

46. Under the Provision of Service Regulations 2009, you must provide consumers with details of your professional indemnity insurance provider and the territorial coverage of that insurance.
47. While this is only a legal requirement for individual consumers, we recommend that all clients are informed of your professional indemnity insurance arrangements.
48. You are not required to disclose information on your level of cover but we consider it best practice to do so, especially where you restrict your liability to the level of your professional indemnity insurance.

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49. As this information may seem less relevant to clients at the beginning of the process, you might consider providing the information in a separate document which clients can refer to if something goes wrong.

Data protection

50. You must explain the arrangements you have in place to ensure compliance with data protection laws, including how you will process and store personal data.
51. You should also notify the client of your right to keep copies of documents for your professional records (subject to the client's data protection rights) and your arrangements in place for the return of originals, if relevant.
52. The General Data Protection Regulation (GDPR) requires you to provide certain information to clients about how their data is used, such as how long it is kept for, who it will be shared with and their data protection rights.
53. You might need to consider whether you are a "data controller" or a "data processor" in relation to a particular client. If you are dealing with a lay client directly, then you will likely be a data controller in relation to their personal information. However, if you are instructed by a professional firm acting on behalf of an individual client (such as a firm of solicitors) then you might be acting as a data processor in relation to the underlying client's personal data, with the professional firm being the data controller. The GDPR requires that certain contractual provisions (for example, as to how the data will be processed and the protections that the processor will put in place) are instituted between a data controller and a data processor when personal data is shared. If you believe you will be acting exclusively as a data processor, you should ensure that this arrangement is documented appropriately and that all parties are clear about the extent of your role upfront.
54. This is a complex area. Please refer to ICO guidance such as that for [controllers and processors](#).

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55. Telling the client how their personal data will be collected, stored and used under the GDPR, as well as their rights in relation to that data, could be covered in your terms of business or in your organisation’s privacy policy. However, it is advisable to use the CCL to refer to this information and identify any third parties that personal data might be shared with, such as the CLSB in the event of a complaint, your auditors or your insurance company in the event of a claim. For further information, please refer to our [Guidance Note on Retention of Client Data and Files](#) and the [Information Commissioner’s Office \(ICO\) Guide to the UK General Data Protection Regulation \(UK GDPR\)](#).

TOP TIP

Review your CCL and any associated documents using this guidance as a checklist to ensure it contains all the required information.

TOP TIP

Consider the needs of vulnerable consumers by thinking about what steps can be taken to improve their experience and engagement depending on their specific circumstances. For example, by adapting information into braille, audio, or easy read format, or offering the opportunity to discuss the content by telephone. The CLSB has a separate [guidance note](#) on vulnerable consumers which might be useful.

Checklist

56. The following checklist will help you review the information you provide to your clients and see whether you need to make improvements. It is based on the key

principles identified from research to understand how clients engage with CCLs with a view to improving their effectiveness.

a. Does your CCL show a clear purpose?

- Is it obvious to the client that the letter should be read up front?
- Is the title appropriate? For example, “Instruction Confirmation Letter” might have more resonance with certain clients than “Client Care Letter”.

b. Is it concise?

- How long is the letter? An ideal length would be one to two pages.
- If longer, consider breaking down the information into smaller sections and use short, to the point sentences. Subheadings can also be helpful to draw the reader’s attention.
- You may find it works better if you move generic contractual terms into separate document and retain details of the service and likely costs in the CCL.

c. Do you use plain language?

- Seek to avoid using legal terms, or archaic or complex language.
- Minimise the use of vague and/or heavily caveated sentences.
- Remember that accessible language is key to ensuring that all clients can understand CCLs regardless of their background.

d. Do you prioritise information?

- Costs information should be provided near the start of the CCL.
- If you choose to keep all the information in one CCL, make sure that generic information is provided towards the end.

e. Have you personalised the letter to your client?

- Information on the scope of work should be specific to the individual case rather than generic.
- Try to exclude any information that is irrelevant to the client.

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- Language should also be tailored to the needs of the client. For example, it might be appropriate to use technical legal terminology when preparing a CCL for a client who is a fellow legal professional, while plain language is likely to be preferable for an individual client without legal training.

f. Is It easy to read?

- Use line spacing and avoid small font sizes.
- Use headings to make information easy to navigate and avoid dense paragraphs.
- Break down information by using bold text, headers, summary boxes, tables, or diagrams to make it easier for clients to pick out key points.

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