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This guidance note has been issued following the outcome of the Competitions and Markets Authority report on legal services dated 15 December 2016. The report concluded that “competition in the legal services sector for consumers and small businesses is not working well” and that information issues “weaken the ability of consumers and small businesses to drive competition through making informed purchasing decisions.”

It relates to cost and pricing transparency via websites and promotional material. It should be noted that cost and pricing transparency requirements under Client Care Letters is addressed under a separate guidance note (available on the CLSB website at [www.clsb.info](http://www.clsb.info)).

## 1. Regulatory objectives

The purpose of this guidance is to promote the following regulatory objectives:

- Improving access to justice.
- Protecting and promoting the interests of consumers.
- Promoting competition in the provision of services.

## 2. Costs Lawyers to whom this guidance does not apply

This guidance does not apply to:

(i) Costs Lawyers working for an SRA regulated firm: The CLSB is aware from its on-going analysis of the profession it regulates, that approximately 44% of Costs Lawyers work for an SRA regulated firm of solicitors. This guidance note does not apply to those Costs Lawyers as SRA guidance on costs transparency for entities the SRA authorises or Alternative Business Structures the SRA licenses prevail.

(ii) Costs Lawyers working in-house e.g. insurance firm, bank or IT company: This guidance does not apply to those Costs Lawyers as they do not offer services direct to the public.

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### 3. Costs Lawyers to whom this guidance does apply

This guidance does apply to:

- (i) A sole practitioner Costs Lawyer who has a website or issues promotional material.
- (ii) A Costs Lawyer working for costs law firm where that firm has a website or issues promotional material. However, the CLSB appreciates that as an employee, such Costs Lawyers may not have any control or influence over their employers' websites or promotional material.

### 4. What a Costs Lawyer should do if this guidance applies to them

This guidance is applicable to Costs Lawyers identified under paragraph 3 above who advise individual consumers or small businesses (i.e. those with up to 10 employees).

The outcomes a Costs Lawyer should be seeking for individual consumers and small businesses are:

Outcome 1: Consumers and small businesses that may need advice on issues relating to legal costs are able to make informed choices about which provider to use, based on clear and accurate pre-engagement information on providers' websites and in their client-facing communications.

Outcome 2: As their matter progresses, clients have the best possible information about changes to prices and/or services.

### 5. Information on cost and pricing to be provided

Cost and pricing information should be sufficient, reliable (i.e. applicable and up to date) and presented in ways that are relevant to consumers and small businesses.

Costs Lawyers should provide the following types of information in a prominent place on their website and in other promotional material that they produce:

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- A clear description of the service, price, whether the price is fixed and, if so, what services are included in the fixed price and what factors might incur additional costs (and the likely price).
  - If the price is not fixed, the basis for charges including hourly rates (by grade of staff) and the likely number of hours needed for different services.
  - Scenario-based pricing/indicative fixed fees (where illustrative examples are given including likely cost and timescales, and factors that may affect these and the circumstances where additional fees may be charged).
  - Likely scale of disbursements, for example court fees, and when these will be payable.
  - Whether VAT is included.
  - Any referral arrangements and related fees.
  - General factors that could increase or decrease costs.

## 6. Transparency and Client Care Letters

As is seen in Outcome 1 above, the intention of this guidance is to provide consumers and small businesses with information about the cost of a Costs Lawyer's service at the pre-engagement stage, to enable them to make informed choices about which provider to use before they enter into a contract with a Costs Lawyer. However, it is also important that consumers receive clear information once they have decided to instruct a Costs Lawyer. The guidance provided in this note is that Costs Lawyers provide this information voluntarily, in line with best practice. It goes beyond the information required under a Client Care Letter.

**END**