



Zahida Manzoor CBE
Commissioner

PRESS NOTICE

3 JUNE 2008

LAW SOCIETY FINED AS A RESULT OF COMPLAINTS PLAN

The Legal Services Complaints Commissioner, Zahida Manzoor CBE, announced today (3 June 2008) that she would be imposing a penalty of £275,000 on the Law Society following her decision to declare its complaints handling Plan for the period 1 April 2008 to 31 March 2009 inadequate to secure the effective and efficient handling of complaints.

This is the second time in two years that the Commissioner has used her powers to impose a penalty on the Law Society – it previously paid a £220,000 fine for submitting an inadequate Plan for the year 2006/07.

The Commissioner wrote to the Law Society on 27 March 2008 to advise that the Plan, submitted by the Law Society's Legal Complaints Service (LCS) and the Solicitors Regulation Authority (SRA) was not adequate for securing that complaints are handled effectively and efficiently. The Law Society accepted the opportunity to make representations to her on whether a penalty should be imposed.

The Commissioner said:

“It is with regret that I have to announce a penalty for the Law Society – and for the second time in two years. It was the extent of the inadequacy of the Plan which determined the imposition of a penalty at this level. While the Law Society carries the financial consequence of this failure to provide an adequate Plan, the LCS must accept the lion's share of the responsibility as it failed to demonstrate a commitment to achieve important targets set.”

Speaking of the LCS's reluctance to meet targets set out in the Plan submitted to her, the Commissioner commented:

“LCS has shown a preference for remaining within a comfort zone and avoiding difficult decisions until ‘some point in the future’.

“In the Plan submitted to me, LCS did not sign up to improving its standards of service and meeting some quality targets until the last three or four months of the Plan year – in reality 2009. The differences between the targets I set and the Plan the LCS submitted are not, as LCS have argued “largely minor ones of timing”. Delaying of targets to the back end of the year is potentially no different than achieving a lower level of performance on average across the year.

“The LCS has provided little evidence that the targets I set cannot be met and the profession (via the Law Society) is providing more than enough resources to undertake immediate improvements. There are no valid excuses for the Plan submitted.”

The Commissioner also talked of how LCS needs to start improving its cost efficiency:

“LCS is not a value for money service with solicitors paying annually over £31million for it to handle complaints. LCS is inclined to compare itself to ‘gold standard complaint handling organisations’ but its individual casework costs are high – at around £2,000 per case it is much higher than the average of other complaint handling organisations – that this comparison is inappropriate.

“In the past, the LCS response to poor effectiveness was to increase investment. I have always welcomed improvements in timeliness and quality of processes but they have come at a financial cost that is unsustainable. This must stop. LCS has to address working practices, reduce costs and become more effective and efficient.”

The Commissioner spoke of the long and collaborative process involved in agreeing a Plan:

“These targets were discussed with LCS and SRA as early as December 2007. The Law Society’s complaint handling arms are in their fourth year of Improvement Plans and know by now what is expected. The 2008/09 targets were set to reinforce and build upon the improvements made in the last three years as well as focusing on the

areas of business where LCS and SRA most needed to improve. LCS gave indications that the targets set were reasonable, but then submitted a Plan that failed to include them.

“Without the clear direction and motivation of working to an appropriate Improvement Plan, the improving results LCS is achieving in areas such as timeliness may not be sustained.”

Reflecting on the changes to be introduced by the Legal Services Act 2007, the Commissioner added:

“The LCS has perhaps two more years to run before it closes its doors and the new Office for Legal Complaints (OLC) is established. Transition periods can be difficult times for organisations with a risk of standards slipping. The Law Society must not allow LCS to neglect the consumer and profession’s needs at this crucial time. It is likely around a further 40,000 consumers could have their complaint handled by the LCS before it closes – the standard of customer care must therefore continue to improve.” (Ends)

NOTES TO EDITORS

1. Full details and background information on the Commissioner's decision to levy a penalty, including her decision letter to the Law Society, can be found on the OLSCC website located at www.olsc.gov.uk
2. Ms Manzoor CBE was appointed Legal Services Complaints Commissioner in February 2004 in addition to her role as Legal Services Ombudsman (LSO). The Commissioner only has powers in relation to the Law Society of England and Wales. The roles of the LSO and the Commissioner are distinct. The LSO examines the handling of individual complaints by the professional bodies on behalf of members of the public. The Commissioner examines the Law Society's capability to handle complaints made about its members efficiently and effectively.
3. The Law Society has delegated responsibility for complaint handling to the Legal Services Complaints (LCS) Board and the Solicitors Regulation Authority (SRA) Board. It is a matter for the Law Society how it operates its governance arrangements and the accountability mechanisms of its respective Boards. The Commissioner's powers under the Access to Justice Act 1999 relate to the Law Society and complaints about its members. Therefore, for the purposes of the Commissioner's decision and in accordance with the applicable statutory framework it is the Law Society that is accountable for complaints handling.
4. The Commissioner has the power under section 52 of the Access to Justice Act 1999 to require the Law Society to provide information on how it deals with complaints, to make recommendations about the complaints system, to set targets for complaints handling, and require the Law Society to submit a plan for improved complaints handling. In addition, the Commissioner has the power to levy a penalty on the Law Society if it fails to deliver an adequate plan or fails in the delivery of that plan.
5. On 6 February 2008 the Commissioner set the Law Society targets for the period 1 April 2008 to 31 March 2009. See the table attached for details of the targets.
6. On 5 March 2008 the Law Society's Legal Complaints Service (LCS) and the Solicitors Regulation Authority (SRA) submitted an Improvement Plan for the period 1 April 2008 to 31 March 2009 for the Commissioner's consideration.
7. The Commissioner considered the Plan carefully and on 27 March 2008 declared it inadequate for securing effective and efficient complaints handling. The Commissioner also stated that she proposed to consider whether to impose a penalty and if so in what sum.
8. On 3 June 2008, following representations by the Law Society, the LCS and the SRA, the Commissioner announced her decision to impose a penalty of £275,000.
9. Additional background information on the Commissioner's decision and text from the letters notifying the Law Society of the decision, are available on the Commissioner's website www.olsc.gov.uk
10. The Commissioner is currently reviewing performance against the most recent Improvement Plan, which ended on 31 March 2008 and will announce in the near future

her decision on whether the Law Society, through the LCS and SRA, has handled complaints in accordance with that Plan. LCS has already publicly announced that it believes it has failed to achieve some of the Commissioner's targets for 2007/08.

11. For further enquiries please contact Fleur Strong, tel 0113 2615453

ENDS



Office of the Legal Services Complaints Commissioner

Zahida Manzoor CBE
Commissioner

Summary of Targets for Complaints Handling by the Law Society's LCS and SRA: 2008/09

[This Annex should be read in conjunction with the 6 February 2008 targets paper, which provides the detail behind the target areas, levels and measures.]

Strategic Priority	Targets for 2008/09
SP1 Building on, and maintaining the improvement in the timeliness of handling complaints.	<p>T1 All LCS complaints from the date of receipt to take no longer than 12 months to investigate and conclude, apart from in exceptional circumstances.</p> <p>T2 LCS to refer to SRA within 3 months of receipt all matters of misconduct identifiable at that time.</p> <p>T3 All SRA complaints from the date of receipt to take no longer than 12 months to investigate and conclude, apart from in exceptional circumstances.</p> <p>T4 All SRA complaints where there is a referral to SDT, from the date of receipt to take no longer than 18 months to investigate and conclude, prepare fully, and lodge with SDT, apart from in exceptional circumstances.</p>
SP2 Improving the outcome of decisions on complaints.	<p>Q1 In 90% of closed complaints, LCS to achieve a fair and reasonable outcome with no significant case failings.</p> <p>Q2 In 90% of closed complaints, SRA to achieve a fair and reasonable outcome with no significant case failings.</p>

	<p>Q3 78% or more of referrals to the LSO in which the LSO upholds the handling of the case by LCS.</p>
<p>SP3 Successful Implementation by the Law Society, LCS and SRA of their improvement Plan for complaints handling.</p>	<p>P1 Priority initiatives to support the delivery of the Law Society's 2008/09 complaints handling Plan are delivered to time and cost in accordance with the Plan, and meet all related milestones and benefits to be realised.</p> <p>P2 Within the Plan year 2008/09 to meet their delegated statutory Public Duty, LCS and SRA to comply with the Law Society's Public Duty requirements on Equality and Diversity (E&D) including addressing all recommendations made in the LCS E&D audit report May 2007 and the SRA E&D audit report October 2007.</p>
<p>SP4 Improving cost efficiency in the handling of complaints.</p>	<p>C1 LCS 2008/09 A UNIT COST EFFICIENCY SAVING AGAINST ITS 2007/08 COSTS OF £2,036 ACHIEVING A REDUCTION IN THE AVERAGE UNIT COST PER COMPLAINT TO £1,952.</p> <p>C2 SRA to deliver during the Plan year a 5% efficiency in caseworker productivity.</p>
<p>Improved handling of Coal Health Compensation cases.</p>	<p>M1 FOR CASES RECEIVED AFTER 1 FEBRUARY 2008, LCS TO FULLY INVESTIGATE AND INFORM THE CONSUMER, IN AT LEAST 93% OF CASES, OF</p> <ul style="list-style-type: none"> • Adjudication as an option to conciliation • The seriousness category of their complaint and the likely size of award at adjudication • The amount of distress and inconvenience likely to be due in addition to any financial loss.