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From: Sheila Scobie
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Dear Neil

SLCC Draft Strategy, Operating Plan and Budget

Thank you for inviting the CMA to consider SLCC's consultation this year.

The CMA recognises the value of fair and transparent systems for consumers to seek remedies to the problems they encounter. Consumer protection via an effective redress mechanism is a key pillar in driving competition. It not only allows consumers access to a remedy when things have gone wrong but also shines a light on provider practices that are not in the consumers' interest so they may be improved or, potentially, force the provider to exit the market. Intelligence on the experience of consumers – including the extent to which they have confidence in the redress available - helps to inform our assessment of how competition in markets may be working, as well as consider whether there are systematic problems with consumer protection that we ought to address.


As you indicate, the CMA has begun a market study which aims to examine these and other themes in relation to the supply of legal services in England and Wales. There has been considerable change in the market since the Clementi review, with new business structures and regulatory frameworks being introduced. In our Statement of Scope we set out those developments that we have identified that have a particular consumer and competition aspect. While the scope of our market study is limited to the supply of legal services in England and Wales, we consider that the outcome of that study may be used to inform any future consideration of similar issues in Scotland. We are therefore fully committed to monitoring developments in Scotland, including the implementation of the Legal Services (Scotland) Act or other changes to the regulatory framework. We recognise the value there may be in applying to the Scottish context learning about the introduction of change south of the Border. Therefore, we

plan to engage with stakeholders in Scotland by hosting a roundtable event at an appropriate point after our interim report has been published in July.

The second specific point you mention is the introduction of a new fee structure for Approved Regulators under the Legal Services (Scotland) Act 2010. We think it is not appropriate for the CMA to comment on the level of fees set and we note that because of the different arrangements that apply in Scotland compared to England and Wales it may be difficult to compare the regimes across jurisdictions. There are perhaps two other points that are worth considering in relation to fees. The first is the potential effect on the wider fee regime of moving to entity based regulation as proposed by the Law Society. Presumably this will mean a significant shift in how law firms would be charged and it may be that whatever is put in place for this coming financial year could be reviewed in light of that potential development. A further point is that, while the sorts of firm interested in being a licensed provider could well be of significant scale, it is not unlikely some could be relatively small and these smaller providers potentially could be as innovative in their offer to legal consumers as larger firms. From a competition perspective, we think it is worth considering both the fee and wider regulatory framework that is designed for complaint handling in this sector for any unnecessary burdens that may disincentivise smaller and, perhaps less well established, firms.

The CMA is appreciative of SLCC involving us in their developing thinking for improving the consumer journey in legal services in Scotland. The partnership approach you describe does seem to be key to making progress in improving consumer outcomes and I look forward to continuing to work with you on this in the year ahead.

Yours sincerely



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