



The Law Society

Your clients – your business

October 2007

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Foreword

Since its first publication, both on the Internet and in print, *Your clients – your business* has helped thousands of solicitors across the country.

As President of the Law Society I am delighted to commend this new, updated edition that reflects the changes that have come into force following the introduction of the Solicitors' Code of Conduct.

Rule 1.05 of the code states: "You must provide a good standard of service to your clients". That is the very essence of being a solicitor and every page of this guide is aimed to help you provide as good a standard of service as you can.

There has never been a more important time for the quality of service we provide to be of the very highest standard. This is a changing legal landscape with new challenges and new opportunities – from what we do, to who we work with.

The mantra for my year as President is "promoting excellence". But just as this is a recognition that we have much to celebrate in our profession, it is also a message to the whole profession that we need to keep improving.

The future will certainly be more competitive and firms need to evolve and adapt like never before. There is no better guide for this than to be able to understand the needs of our clients, and how we can change to better serve them. I am confident the firms that achieve that will not just survive – they will thrive.

I hope you find this guide informative and that it helps you in the essential tasks of developing and sustaining good client relations.

Andrew Holroyd
President
The Law Society of England and Wales
October 2007

Introduction

Solicitors are reminded that the Solicitors' Code of Conduct 2007 sets out their professional obligations, which takes precedence over other advisory material. The code can be accessed at www.rules.sra.org.uk.

This publication raises issues which need to be considered by all firms and deals with:

- first interviews (fixed-fee or no-fee interviews);
- client care letters and terms and conditions; and
- complaints handling.

Because of the diversity of the profession and the fact that most solicitors are now familiar with, and have developed their own terms and conditions, it was not considered appropriate to be prescriptive and produce terms and conditions that would, in any event, not suit the style or practice of every office. Where particular wording is prescribed by statute, or has been recommended by a Solicitors Regulation Authority (SRA) committee, then it is set out in full, together with a reference to its source.

The document is designed to assist solicitors. There may be issues that have not been addressed or new issues that should feature when the publication is updated. All comments from the profession are welcome as they will enable improvements in subsequent versions (email bestpracticeprogramme@lawsociety.org.uk).

By following best practice, you will be well placed to identify and meet client needs and expectations and deliver benefits both to your client and your business.

We hope that you find this publication useful. It will be updated regularly and available via the Law Society website at www.lawsociety.org.uk. To request a hard copy, contact Practice Advice Service (email practiceadvice@lawsociety.org.uk).

1. First interview with a client

Solicitors are reminded to refer to rule 2 of the Solicitors' Code of Conduct 2007, which sets out their obligations in respect of dealing with clients.

Solicitors are sometimes uncertain as to what is expected of them in regulatory terms when they see a prospective client for the first time. The preliminary interview can be on a no-fee or fixed-fee basis, and there may be no further involvement with the interviewee once the interview has concluded. It is appreciated that these guidelines may not be able to be applied in all situations, but it is hoped that by following them where possible, solicitors will avoid some of the difficulties that have come to our attention. Interviews on a no-fee or fixed-fee basis are considered to be helpful to the client and solicitor alike in identifying whether there are issues that need to be taken further by the solicitor.

The problems that have come to our attention and which this publication is designed to address are:

- How do solicitors comply with rule 2 of the code in terms of these preliminary interviews? If solicitors are charging (even reduced fees) what information should be given to the interviewee?
- How can solicitors guard against conflicts arising between interviewees and the existing client, which might necessitate the solicitor having to cease acting for the existing client? In some instances we have been informed that a conflict has been deliberately engineered to preclude a firm from continuing to act on a matter. This is done by the interviewee revealing information to the solicitor which creates a conflict with the existing client. The firm may then have to cease acting for their existing client. It is, therefore, important that conflict checks are made.
- Should solicitors be doing identification checks at or before the interview?
- Is a solicitor required to write to the interviewee after the interview, even if the solicitor will have no further involvement with that person?

The following are suggested ways to deal with these issues, and minimise the difficulties that a solicitor may face. They are good practice and should be applied as a minimum standard. Solicitors should inform their staff as to these requirements, explaining why they are necessary, so that the staff can respond to any enquiries about why the information is needed before the interview takes place.

1.1 When an appointment is made in advance, even if it is a meeting out of the office, the following information should be obtained from the interviewee:

- their name, address and telephone number;
- the field of law involved, for example, matrimonial, crime etc; and
- the name of the opponent or others involved in the matter if applicable.

This should enable the solicitor to do a conflict check. If there is a conflict, the interviewee can be telephoned and the interview cancelled.

If it is a 'walk-in' surgery, then these checks should be done before the interview takes place, and if the check reveals a conflict, no interview should take place.

1.2 When the interviewee attends the office they are given the following information in writing:

- the name and status of the solicitor or other person conducting the interview;
- confirmation that:
 - the interview is free; or

- the cost of the whole interview is £x; or
- the cost of the interview is at a reduced cost of £x per hour pro rata; or
- the first y minutes are free, and thereafter they will be charged pro rata at the rate of £x per hour; and
- details of whom to contact if the interviewee has a complaint.

This information can be prepared in a pro-forma document in advance. Interviewees should sign and date the document thereby acknowledging receipt. The firm should keep a copy of the signed document.

There is no objection to solicitors, who on the reverse of that document, wish to set out the legal matters that the firm specialises in, and the contact details of the firm or individual solicitors. The client will take this document away with them.

- 1.3 It is not necessary for identification checks to be done where legal advice alone is being sought, which at this stage is presumably all that happens. However, if taxation advice is to be given, identification should be taken (see the Law Society's money laundering practice note at www.lawsociety.org.uk/moneylaundering). If the solicitor continues to act for the interviewee, then the usual identification checks will be required where appropriate.
- 1.4 Solicitors are reminded that the duty of confidentiality applies to information obtained in this interview, even if the matter goes no further.
- 1.5 After the interview has finished, the solicitor's notes of the interview should be kept with the copy information form that was signed by the interviewee, and filed away and kept for record purposes.
- 1.6 There is no need for the solicitor to write to the interviewee unless:
 - The solicitor agrees to do this during the course of the interview.
 - The solicitor will act further for the interviewee, in which case the solicitor's usual terms of engagement letter containing all the usual client care information should be sent to the client.
 - The solicitor wants to record the advice he or she has given, so that there can be no misunderstanding of what was said.

If the solicitor intends to charge for the letter then the solicitor should agree the cost of the letter with the interviewee and record that agreement in the interview notes.

- 1.7 If an 'agreed fee' is charged then it should be evidenced in writing (this could be by writing on the bill 'agreed fee'). The money must then be paid directly into office account. An agreed fee in this context is a fee that is fixed, so in the examples above in paragraph 1.2, only the second bullet point is an agreed fee (see rule 19 (5) and note (xiii) of the Solicitors' Accounts Rules 1998).

2. Content of the client care letter

Solicitors have adopted a number of different approaches and styles in their client care letters. Some solicitors put their terms and conditions in their client care letter. The result is a letter that may extend to several pages. Other solicitors create a relatively brief letter and append a separate terms and conditions document that will run to several pages. In regulatory terms, neither approach is wrong. It is for the individual solicitor to decide what best suits them and their client.

However, as we seem to be moving to the position where more terms and conditions may be appropriate because of the complexity of practice, we believe that more solicitors will proceed on the basis of a separate terms and conditions document. The publication is, therefore, based on that premise, although clearly solicitors who do not favour that approach can simply import the required terms and conditions into their letters.

We have tried to provide a comprehensive list of general terms and conditions to be considered. Not all of them may apply to each practice. Solicitors are encouraged to be selective in deciding which ones to include in their terms and conditions. Also, consider whether the capability of the client means that they will understand the terms and conditions, and if not try to express them in such a way that they are made clear to the client. Consideration should also be given to whether additional terms and conditions are appropriate given the nature of the work being dealt with.

A good client care letter should:

- clearly identify the client;
- identify the client's objectives;
- clarify the issues involved and options available to the client;
- state what the solicitor is instructed to do next (and what is not included in the retainer if appropriate) and, if possible, give timescales;
- give an overall estimate of costs, broken down between fees, VAT and disbursements;
- make it clear how costs have been calculated and refer the client to any additional information on costs in the terms and conditions document, if there are any;
- give the name and status of the person who will be dealing with the matter in the firm and the name of the principal responsible for its overall supervision; and
- give the name and status of the person whom the client should approach if there is a problem.

Some solicitors ask the client to sign, date and return either the client care letter or their terms and conditions document. This is not a regulatory requirement, but could assist solicitors if they are subsequently faced with a client denying he or she has received this information.

The client care checklist that follows is intended as a useful source of information, in an easy-to-read format, covering the principal areas covered by the code. The checklist is not a substitute for considering the rule in full when deciding how best to comply with its provisions.

Client care checklist

2.1 Client care

- identify who will conduct the matter;
- give the person's status;
- name the partner with overall supervisory responsibility for the work; and
- name a person the client should contact in the event of a problem

2.2 The matter

- identify the client's objectives;
- give a clear explanation of the issues and the extent of your retainer;
- make it clear if you will not be advising on a particular issue;
- give an explanation of the likely timescale;
- confirm the instructions received and advice given (including key dates, where appropriate); and
- outline the next steps to be taken by the firm and the client, as appropriate

2.3 Costs

How you address costs information will vary depending on the matter and how costs are being funded. However, our suggested approach is for the costs information which appears in your client care letter to be tailored to the circumstances of that particular client. It may be appropriate to include in your general terms and conditions document other standard information about costs.

2.4 General costs information

- give the best information possible about the likely overall costs, broken down between fees, VAT and disbursements;
- explain the time likely to be spent, if time is a factor in calculating the fees;
- the best information possible can include:
 - agreeing a fixed-fee; or
 - giving a realistic estimate; or
 - giving a forecast within a possible range of costs; or
 - explaining why it is not possible to give the above; and instead give the best possible information about the costs of the next stage of the matter
- explain the client's ability to set upper limits on fees to a privately paying client;
- make clear at the outset if it is an estimate or a quotation and ensure that the client understands the difference;
- explain how fees are calculated (for example, by giving hourly rates) – this is unnecessary where the fees are fixed or clear;
- state if charging rates may be increased;
- state how the firm will charge if the matter is not completed;
- outline what reasonably foreseeable payments the client may have to make (to any party) and when;
- agree times or stages in the transaction when the client will be updated in relation to costs information (including not only costs incurred, but also addressing when a costs estimate or agreed upper limit may be exceeded) and any changed circumstances affecting the client's potential liability for costs, risk or cost-benefit position. Costs information should be updated regularly (in practical terms, at least every six months or as otherwise agreed), or sooner, if it appears that a costs estimate or agreed upper limit may or will be exceeded;
- explain the firm's billing arrangements;
- explore the availability of alternative funding arrangements, even if the firm does not take on work on that basis;
- consider whether the client's cost might be covered by insurers or someone else, such as an employer or trade union;
- advise the client of the cost-benefit risk analysis of pursuing their matter;
- disclose any relevant arrangement with a third party, such as a funder, fee-sharer, or introducer that may affect the client or the solicitor's conduct of the matter – including the amount of any referral fee where appropriate;
- advise the client if money is needed on account; and
- explain that there may be circumstances when the firm may be entitled to exercise a lien for unpaid costs

2.5 A publicly funded client

Explain to a publicly funded client their potential liability for their own costs and those of any other party, including:

- the effect of the statutory charge and its likely amount;
- the obligation to pay any contribution and the consequences of failure to do so;
- the fact that the client may still be ordered by the court to contribute to the opponent's costs if the case is lost, even though the client's own costs are publicly funded; and
- the risk of an opponent not being ordered or able to pay costs, even if the client wins.

2.6 A privately paying client in a contentious matter (and potentially contentious matter)

Explain to the client their potential liability for their own costs and for those of any other party, including:

- the fact that the client will still be responsible for paying the firm's bill in full regardless of any order for costs made against an opponent;
- potential liability for opponent's costs as well as own costs, if the case is lost;
- the risk of an opponent not being ordered or able to pay costs;
- the implications of an opponent being legally aided;
- the possible cost implications of the client rejecting Alternative Dispute Resolution (ADR);
- the costs and risk of enforcing judgments; and
- the costs implications if the client withdraws, or rejects a reasonable offer of settlement.

2.7 Liability for third party costs in non-contentious matters

The solicitor should explain to the client any liability they may have for the payment of third party costs, for example, landlords' fees.

2.8 A client represented under a Conditional Fee Agreement (CFA) – including Collective Conditional Fee Agreement (CCFAs)

Where the client is represented under a CFA, the solicitor should explain:

- the circumstances in which the client may be liable for their own costs and for the other party's costs;
- the client's right to assessment of costs, whenever the solicitor intends to seek payment of any or all of their costs from the client;
- any interest the solicitor may have in recommending a particular policy or other funding; and
- any obligation the solicitor has under a fee sharing arrangement to pay to a charity any fees received by ways of costs from the client's opponent or other third party.

2.9 Funding by a third party

Where an action is being funded by a third party (for example, a trade union or legal expenses insurer), the solicitor should:

- explain to the client (for example, the member or insured) that the third party has indicated that they will be paying the fee and, therefore, full details of how charges will be worked out have not been provided;
- explain that if, for some reason, the third party refuse to pay the charges, then the firm will look to the client for payment direct (in the case of a trade union, the member may be required to reimburse the trade union). With that in mind, explain that the firm will, if

- requested by the client, provide details of charges at any stage in the transaction, and now if required; and
- ensure that the third party is aware of how the charges will be calculated and that the firm expects them to settle the charges.

Non-contentious business

There is no right to render interim bills to receive payment on account, unless that right was reserved at the outset. If reserved at the outset, specify the time by which those monies must be paid, and confirm that you have the right to terminate if payments are not made.

Contentious business

There is no right to charge interest on unpaid bills, unless the right is reserved at the outset. If you are seeking costs on account or will be rendering interim bills then specify the times or stages by which those monies should be paid, and reserve your right to terminate for non-payment.

More information about costs

Contact the Law Society Practice Advice Service on telephone 0870 606 2522 or email practiceadvice@lawsociety.org.uk. The Practice Advice Service publishes booklets on non-contentious costs, contentious costs and payments by results, which are available at www.lawsociety.org.uk/practiceadvice.

2.10 Charities

Where the firm agrees to share its fees with a charity, the name of the charity should be given to the client.

3. General terms and conditions

Listed below are matters you need to consider for inclusion in your terms and conditions document or, in certain circumstances, in your client care letter. Where a particular wording is prescribed by statute, or has been recommended by an SRA or Law Society committee, it is set out in full with a reference to its source. It is, of course, a matter for you to determine what should be covered in your terms of business.

3.1 Service commitment

- Service standards

Advise the client of the service standards that you will endeavour to adhere to during the retainer, for example:

- that you will keep the client regularly informed of progress;
- that you will communicate in plain language;
- that you will explain the legal work that may be required;
- that you will advise the client regularly of the costs/risk benefit of pursuing a matter; and
- that you will advise the client of the likely timescale involved.

- Responsibilities

- advise the client of the firm's responsibilities, for example, to review the matter regularly and advise of any changes in the law, circumstances or risk which could affect the outcome; and
- set out any responsibilities of the client, such as giving clear and prompt instructions

- Hours of business

- advise the client of the firm's normal opening hours; and
- advise the client if the firm operates an out-of-hours/emergency service

- Complaints

- advise the client of the name of the person to contact with concerns about service; and
- assure the client that the firm will endeavour to resolve complaints internally

3.2. Equality and diversity

Rule 6.03 (equality and diversity policy) places a duty upon all firms to 'adopt and implement an appropriate policy for preventing discrimination and harassment and promoting equality and diversity' and requires that you take 'all reasonable steps to ensure ... that it is made available to clients, the Solicitors Regulation Authority and other relevant third parties where required.'

Solicitors should, therefore, ensure that the client is made aware of the fact that such a policy is in place and that they may request a copy of that policy should they so wish. Solicitors may also wish to include an opening statement from, or summary of, their diversity policy in either the terms and conditions or initial letter to the client, for example:

'This firm is committed to promoting equality and diversity in all of its dealings with clients, third parties and employees, and is required to produce a written equality and diversity policy. Please contact us if you would like us to send you a copy of that equality and diversity policy.'

Solicitors and staff must not discriminate, without lawful cause, in all dealings with employees, partners, members, directors, barristers, other lawyers, clients or third parties, not victimise them or harass them.

In doing so, they should ensure that:

- notwithstanding freedom to accept or reject instructions from any particular client, that they do not allow that decision to be based on the client's sex (including marital or gender reassignment status, pregnancy, maternity or paternity), race, religion, sexual orientation (including civil partnership status), disability or age (referred to below as the 'discriminatory grounds');
- terms and conditions are not in any way directly or indirectly discriminatory against the client and potential client on the basis of the discriminatory grounds;
- language or terminology is not offensive to the client;
- terms and conditions make it clear that when instructing third parties, such as barristers, their sex, race, religion, sexual orientation or disability or age will not be taken into account and, if the client insists that the solicitors do so, they will cease acting for the client forthwith;
- reasonable steps will be taken to ascertain how to best communicate with the client rather than making assumptions based on matters such as the client's ethnic origin or disability;
- terms and conditions are available in alternative formats for a client unable to read, or read easily, a standard terms and conditions letter (depending upon the resources of your firm and the abilities of your client, this could include audio tape, large text or Braille);
- ascertain, when taking instructions, whether the client has any needs in relation to their ability to receive instructions, advice and services from a solicitor, and make such reasonable adjustments at the appropriate time to facilitate this and advise the client of the availability of those adjustments (this might include the use of a text phone, using a British Sign Language interpreter when receiving instructions or visiting the client at home if they are unable to access your offices); and
- make it clear to the client for whom a reasonable adjustment has been, or needs to be made, that the costs of that reasonable adjustment will be borne by the practice and not passed on to the client as a disbursement.

More information

Solicitors should note that they must have their own policy in place, and ensure that staff are aware of it. More information can be found in rule 6 of the code and its accompanying guidance.

3.3 Money laundering

The following paragraphs have been approved by the Law Society Money Laundering Task Force for solicitors to use. In addition, you may consider adding information about the firm's limit on acceptance of cash, and/or policy on sending funds to third parties.

3.3.1 Option one

1. Proof of identity

In order to comply with the law on money laundering, we need to obtain evidence of your identity as soon as practicable. We should be grateful, therefore, if you would provide us with documents to verify your identity and address, as set out on the attached sheet.

2. Confidentiality

Solicitors are under a professional and legal obligation to keep the affairs of the client confidential. This obligation, however, is subject to a statutory exception: recent legislation on money laundering and terrorist financing has placed solicitors under a legal duty in certain circumstances to disclose information to the Serious and Organised Crime Agency. Where a solicitor knows or suspects that a transaction on behalf of a client involves money laundering, the solicitor may be required to make a money laundering disclosure. If this happens, we may not be able to inform you that a disclosure has been made or of the reasons for it.

3. Cash

Our firm's policy is:

- a) not to accept cash from clients; or
- b) to only accept cash up to £x.

If clients circumvent this policy by depositing cash direct with our bank we reserve the right to charge for any additional checks we deem necessary regarding the source of the funds.

3.3.2 Option two

1. Proof of identity

The law now requires solicitors, as well as banks, building societies and others, to obtain satisfactory evidence of the identity of their client. This is because solicitors who deal with money and property on behalf of their client can be used by criminals wishing to launder money. In order to comply with the law on money laundering, we need to obtain evidence of your identity as soon as practicable. We should be grateful, therefore, if you would provide us with documents to verify your identity and address, as set out on the attached sheet.

2. Confidentiality

Solicitors are under a professional and legal obligation to keep the affairs of the client confidential. This obligation, however, is subject to a statutory exception: recent legislation on money laundering and terrorist financing has placed solicitors under a legal duty in certain circumstances to disclose information to the Serious Organised Crime Agency. Where a solicitor knows or suspects that a transaction on behalf of a client involves money laundering, the solicitor may be required to make a money laundering disclosure.

If, while we are acting for you, it becomes necessary to make a money laundering disclosure, we may not be able to inform you that a disclosure has been made or of the reasons for it.

3. Cash

Our firm's policy is:

- a) not to accept cash from clients; or
- b) to only accept cash up to £x.

If clients circumvent this policy by depositing cash direct with our bank we reserve the right to charge for any additional checks we deem necessary regarding the source of the funds.

3.3.3 Option three

1. Proof of identity

The law now requires solicitors, as well as banks, building societies and others, to obtain satisfactory evidence of the identity of their client. This is because solicitors who deal with money and property on behalf of their client can be used by criminals wishing to launder money. In order to comply with the law on money laundering, we need to obtain evidence of your identity as soon as practicable. We should be grateful, therefore, if you would provide us with documents to verify your identity and address as set out on the attached sheet.

2. Confidentiality

Solicitors are under a professional and legal obligation to keep the affairs of the client confidential. This obligation, however, is subject to a statutory exception: recent legislation on money laundering and terrorist financing has placed solicitors under a legal duty in certain circumstances to disclose information to the Serious Organised Crime Agency. Where a solicitor knows or suspects that a transaction on behalf of a client involves money laundering, the solicitor may be required to make a money laundering disclosure.

If, while we are acting for you, it becomes necessary to make a money laundering disclosure, we may not be able to inform you that a disclosure has been made or of the reasons for it'. Where the law permits us to do, we will tell you about any potential money laundering problem and explain what action we may need to take.

3. Cash

Our firm's policy is:

- a) not to accept cash from clients; or
- b) to only accept cash up to £x.

If clients circumvent this policy by depositing cash direct with our bank we reserve the right to charge for any additional checks we deem necessary regarding the source of the funds.

More information

Up-to-date information about anti-money laundering and the Law Society's money laundering practice note, is available at www.lawsociety.org.uk/moneylaundering.

3.4 Data protection

Solicitors need to assure the client that they will deal with their information in accordance with their legal obligations under the Data Protection Act 1998.

More information

Principle 1 of the Data Protection Act 1998, available at www.informationcommissioner.gov.uk

3.5 Distance selling regulations

If there is no routine face-to-face contact with the client, consider if the Consumer Protection (Distance Selling) Regulations 2000 apply.

More information

www.dti.gov.uk; www.oft.gov.uk; *Gazette* (16 June 2005), www.lawgazette.co.uk

3.6 Outsourcing of work

- Advise the client if the firm outsources work, such as typing or photocopying documents.
- Alert the client to the potential risks in relation to preserving client confidentiality.
- Ask the client to advise you if they object to this practice.

A term that solicitors can outsource may help if there is a breach of confidentiality, but it will not generally be an absolute defence. Solicitors should ensure they have a confidentiality agreement with their suppliers.

More information

Solicitors' Code of Conduct, rule 4, guidance 9 (8), available at www.rules.sra.org.uk; *Gazette*, (1 July 2004), www.lawgazette.co.uk

3.7 Introductions and referrals

Advise the client about any relationship you may have with a third party (for example, a funder, fee-sharer or introducer) which affects steps you can take on the client's behalf. The disclosure requirements arise out of your fiduciary duties. They apply generally, not just when you make a payment to the third party.

Solicitors should only deal with claims management companies who are authorised by the Ministry of Justice. This can be checked at www.claimsregulation.gov.uk.

More information

Solicitors' Code of Conduct, rule 9. A self-checklist for compliance with rule 9 can be found at annex B.

3.8 Financial services and insurance mediation

The following provisions apply to the vast majority of solicitors and should be considered carefully.

3.8.1 Financial services to a client

If you are not authorised by the Financial Services Authority (FSA) to conduct mainstream investment business you are part of the Designated Professional Body regime and able to carry out exempt regulated activities under the regulation of the SRA. You will have to comply with the Solicitors' Financial Services (Scope) Rules 2001 and the Solicitors' Financial Services (Conduct of Business) Rules 2001.

You must state one of the following in your terms and conditions and/or client care letters, which makes your regulatory status clear and also explains that the Law Society is the Designated Professional Body and the associated role of the SRA and the Legal Complaints Service. You will need to determine which statement is suitable, depending on the type of exempt regulated activities you carry out, whether you are making a financial promotion, and whether you wish to refer to other financial services providers.

3.8.1.1 Option one

Sometimes conveyancing/family/probate/company work involves investments. We are not authorised by the Financial Services Authority and so may refer you to someone who is authorised to provide any necessary advice. However, we can provide certain limited services in relation to investments, provided they are closely linked with the legal services we are providing to you, as we are regulated by the Solicitors Regulation Authority.

If you have any problem with the service we have provided for you then please let us know. We will try to resolve any problem quickly and operate an internal complaints handling system to help us to resolve the problem between ourselves. If for any reason we are unable to resolve the problem between us, then we are regulated by the Solicitors Regulation Authority and complaints and redress mechanisms are provided through the Solicitors Regulation Authority and the Legal Complaints Service.

3.8.1.2 Option two

If during this transaction you need advice on investments, we may have to refer you to someone who is authorised by the Financial Services Authority, as we are not. However, as we are regulated by the Solicitors Regulation Authority, we may be able to provide certain limited investment services where these are closely linked to the legal work we are doing for you.

If you have any problem with the service we have provided for you then please let us know. We will try to resolve any problem quickly and operate an internal complaints handling system to help us to resolve the problem between ourselves. If for any reason we are unable to resolve the problem between us, then we are regulated by the Solicitors Regulation Authority and complaints and redress mechanisms are provided through the Solicitors Regulation Authority and the Legal Complaints Service.

The Law Society is a designated professional body for the purposes of the Financial Services and Markets Act 2000, but responsibility for regulation and complaints handling has been separated from the Law Society's representative functions. The Solicitors Regulation Authority is the independent regulatory body of the Law Society and the Legal Complaints Service is the independent complaints handling body of the Law Society.

3.8.1.3 Option three

Sometimes family [etc] work involves investments. We are able to provide a limited range of advice and arrangements for which we are regulated by the Solicitors Regulation Authority. For more complicated matters we may refer you to someone who is authorised by the Financial Services Authority, as we are not so authorised.

If you have any problem with the service we have provided for you then please let us know. We will try to resolve any problem quickly and operate an internal complaints handling system to help us to resolve the problem between ourselves. If for any reason we are unable to resolve the problem between us, then we are regulated by the Solicitors Regulation Authority and complaints and redress mechanisms are provided through the Solicitors Regulation Authority and the Legal Complaints Service.

The Law Society is a designated professional body for the purposes of the Financial Services and Markets Act 2000, but responsibility for regulation and complaints handling has been separated from the Law Society's representative functions. The Solicitors Regulation Authority is the independent regulatory body of the Law Society and the Legal Complaints Service is the independent complaints handling body of the Law Society.

3.8.1.4 Option four

We are not authorised under the Financial Services and Markets Act 2000, but we are able, in certain circumstances, to offer a limited range of investment services to the client because we are regulated by the Solicitors Regulation Authority. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.

If you have any problem with the service we have provided for you then please let us know. We will try to resolve any problem quickly and operate an internal complaints handling system to help us to resolve the problem between ourselves. If for any reason we are unable to resolve the problem between us, then we are regulated by the Solicitors Regulation Authority and complaints and redress mechanisms are provided through the Solicitors Regulation Authority and the Legal Complaints Service.

The Law Society is a designated professional body for the purposes of the Financial Services and Markets Act 2000, but responsibility for regulation and complaints handling has been separated from the Law Society's representative functions. The Solicitors Regulation Authority is the independent regulatory body of the Law Society and the Legal Complaints Service is the independent complaints handling body of the Law Society.

3.8.2 Insurance mediation

Insurance mediation work includes advising upon and/or arranging an insurance policy. Common examples include advising upon/and or arranging defective title indemnity insurance in conveyancing matters, or after-the-event insurance in litigation.

In order to engage in insurance mediation work, firms need to register on the Financial Services Authority's Exempt Professional Firms (EPF) register, even if not authorised to conduct mainstream investment business work. To register, email regprojects@sra.org.uk and have details of the firm's compliance officer.

If the firm carries out any insurance mediation activities, the FSA requires that a prescribed status disclosure statement must be incorporated into a terms and conditions or client care letter, as follows:

'[This firm is/we are] not authorised by the Financial Services Authority. However, we are included on the register maintained by the Financial Services Authority so that we can carry on insurance mediation activity, which is broadly the advising on, selling and administration of insurance contracts. This part of our business, including arrangements for complaints or redress if something goes wrong, is regulated by the Solicitors Regulation Authority. The register can be accessed via the Financial Services Authority website at www.fsa.gov.uk/register.

The Law Society is a designated professional body for the purposes of the Financial Services and Markets Act 2000, but responsibility for regulation and complaints handling has been separated from the Law Society's representative functions. The Solicitors Regulation Authority is the independent regulatory body of the Law Society

and the Legal Complaints Service is the independent complaints handling body of the Law Society.’

The insurance mediation statement can be used on its own where the firm’s only exempt regulated activities are insurance mediation activities, but must be added to one of the statements suggested in paragraph 3.8.1 if the firm carries out a range of exempt regulated activities.

If the firm is authorised by the FSA, solicitors of the firm must ensure that they comply with the requirements of the FSA as to status disclosure statements.

More information

Solicitors’ Financial Services (Scope) Rules 2001 and Solicitors’ Financial Services (Conduct of Business) Rules 2001 are available on www.sra.org.uk. Solicitors should ensure that further steps are taken to ensure compliance with appendix one of the Solicitors’ Financial Services (Conduct of Business) Rules 2001 where they carry out insurance mediation activities.

3.9 Payment of commissions

Advise the client how you will deal with any commissions received.

Any commission received has to be dealt with in accordance with rule 2.05 of the Solicitors’ Code of Conduct. However, firms should bear in mind that in the case of commissions attributed to activities regulated by the FSA (including insurance mediation activities), the exception for commissions received of £20 or less does not apply, because it is overridden by the condition in section 327 (3) of the Financial Services and Markets Act 2000. Firms should be aware of guidance note 58 to rule 2.06 of the code, which says that it cannot be in the best interests of the client to receive commission as a gift without proper and fair legal consideration.

More information

Solicitors’ Code of Conduct rule 2.06; Financial Services and Markets Act 2000; Solicitors’ Financial Services (Scope) Rules 2001; Solicitors’ Financial Services (Conduct of Business) Rules 2001, all available at www.sra.org.uk. In respect of commissions on disbursements, see *Gazette* (15 February 2007), www.lawgazette.co.uk.

3.10 Payment of interest

Advise the client of the circumstances when interest will be payable and when you will account to the client for it.

More information

Part C (rules 24-28) Solicitors’ Accounts Rules 1998, available at www.sra.org.uk

3.11 Tax advice

- Advise the client of any limitation on the extent of the retainer in relation to the firm’s ability to give tax advice.
- Advise the client to raise any specific need for tax advice with the firm and indicate that the firm may refer the client to an appropriate expert.

3.12 Vetting of files and confidentiality

Consider informing the client that you may be required to produce all or part of the file to assessors or similar, as part of an audit or quality check.

3.13 Termination of instructions

- Advise the client of circumstances where a retainer may be terminated by them and how this should be done.
- Advise the client of circumstances where a retainer may be terminated by the firm, such as, if appropriate, non-payment of bills or payments on account.
- Advise the client that if the firm terminates instructions, it will notify the client and give reasons where it can.
- Advise the client that the firm may exercise a lien in respect of unpaid fees.

Solicitors can terminate their instructions on giving reasonable notice if they have good cause. The client can terminate their instructions at any time (Solicitors' Code of Conduct, rule 2.01 (2) and guidance notes 8 and 9).

3.14 Storage of documents

- Advise the client as to how long you will retain the file.
- Outline what will happen to the file after that period.
- Advise the client of costs in respect of storage or retrieval of client papers.
- Advise the client of the cost involved if additional copies of documents are required.
- If you intend to store documents in an electronic format that is a matter for you to discuss and agree with your client.
- Consider whether the absence of paper documents will be detrimental to the client's interests.

Although solicitors should set this information out in their terms and conditions, it is also suggested that at the end of the retainer they specifically agree with the client what is to happen to the file after a given period of time. A client's written authority should be placed on the file. This should assist solicitors when disposing of old files. Files should not be disposed of without the client's consent.

3.15 Financial arrangements with clients

- Consider advising the client as to the amount of cash (if any) that your firm will accept.
- Consider advising the client that on the conclusion of the retainer, monies due to the client will be paid by cheque (or the equivalent), but not in cash, and will not be made payable to a third party.

3.16 Acceptance of these terms

- Consider stating the client's continuing instructions will amount to acceptance of your terms and conditions of business.
- Invite the client to sign and return a copy of your terms and conditions to demonstrate that they have understood the contents.

Practitioners in contentious matters will need to be able to demonstrate compliance with rule 48.8 (2) of the Civil Procedure Rules and may wish to consider insisting that the terms and conditions of business and/or client care letter is signed before commencement of work.

3.17 Limited liability

If you wish to limit your insurance liability you must have regard to rule 2.07 of the Solicitors' Code of Conduct guidance note 65 and the need to be able to demonstrate that you have brought this to the client's attention.

4. Dealing with complaints

Complaints from a client can have an adverse impact on your business. They often take up valuable fee-earner time and can be expensive and difficult to resolve. Negative comments and poor publicity can also be extremely costly to your firm's reputation.

Solicitors have a professional obligation to deal with complaints effectively. By doing so, they should be able to minimise the cost and negative effects of complaints to the practice. The following information seeks to outline the most common issues which give rise to client dissatisfaction and assist in dealing with complaints when they arise.

4.1 Why does a client complain?

They complain because you have not met their expectations of what they think is a good level of service or your charges have exceeded what they expected to pay.

4.2 What is poor service?

Poor service (sometimes referred to as Inadequate Professional Service or IPS) is any aspect of service which falls short of that which could reasonably be expected. Various common situations are regarded by the Legal Complaints Service as being either presumptive or strongly indicative of poor service.

Situations regarded as presumptive of poor service (and which frequently give rise to awards of compensation) include:

- lack of client care information;
- unreasonable delay in billing or making mistakes on bills or accounts which cause serious inconvenience to the client;
- failure to give written costs or ongoing costs information;
- failure to explain the risks of litigation and failure to carry out a 'cost-benefit and risk' analysis at the outset and appropriately during the conduct of the case;
- failure to respond to communications – failure to reply to letters is a clear instance of poor service; failure to return phone calls or reply to faxes and emails may depend upon the facts of the case;
- not doing something the solicitor agreed to do;
- failing to comply with the complaints handling procedure required by rule 2.05 of the code;
- not treating the client with fairness and respect;
- failing to give information about trials and hearings; and
- failure to pay interest.

Issues which are more subjective, but which are nevertheless strongly indicative of poor service include:

- delay;
- failure to provide written evidence of advice given;
- failure to inform of progress – even where there has not been any;
- failure to update the client on a reasonable basis;
- failure to follow instructions or to explain why instructions have not been followed;
- not abiding by a quote;
- varying substantially from an estimate without prior notification;
- terminating a retainer unsatisfactorily (this can include an inappropriate reason for terminating a retainer as well as the means of termination); and
- deceiving or misleading the client – not only clearly a service issue, but usually a conduct one as well.

4.3 What are solicitors required to do when complaints arise?

The code requires every principal in private practice (or, in the case of a recognised body, the body itself) to do the following:

- ensure the client is told in the event of a problem that they are entitled to complain and to whom the client should complain;
- have a written complaints procedure and ensure that complaints are handled promptly, fairly and effectively in accordance with it,
- ensure the client is given a copy of the complaints procedure on request; and
- ensure that once the complaint has been made the client is told in writing how the complaint will be handled and within what timescales they will be given an initial and/or substantive response.

Solicitors do not need to give the client a copy of your written complaints procedure before they complain, but the client must be informed from the outset of the retainer whom they should contact if they have a problem with the service provided. When a client complains, the solicitor should send a copy of the complaints procedure and a letter acknowledging the complaint.

The complaints procedure should be written in clear terms and should avoid complicated language. It should tell the client at least:

- what you will do in response to the complaint;
- when you will do it; and
- who will do it.

It should also include details of the Legal Complaints Service with the post and web addresses and an explanation that the client can ask the Legal Complaints Service to become involved at the end of the firm's own complaints procedure if they are unhappy with the outcome. The time limit should also be given, which is generally six months from the end of the firm's procedure and can be checked at www.legalcomplaints.org.uk or by telephoning the Legal Complaints Service on 0845 608 6565.

It should describe each stage of a complaint and the timescale involved. An example of a complaints procedure is at annex A. The firm's letter acknowledging a complaint should also be specific about the next step and when this will happen. Speed is of the essence when handling complaints and, therefore, complaints handling should be treated as a priority. Deadlines for responding to the client must be adhered to and treated as key dates.

Although complaints handling in a firm is often delegated initially to fee-earners or heads of department, there are advantages in having one person dealing with all complaints (other than those made against that person). These include:

- consistency in dealing with complaints;
- minimising the risk of fee-earners compounding the problem (most fee-earners, understandably, tend to take complaints personally and instinctively adopt a defensive and/or adversarial approach that is unlikely to reassure the client that their concerns are being taken seriously);
- the acquisition of enhanced complaints handling skills through experience; and
- awareness of trends across the firm, thus providing more complete and accurate data to enable issues to be identified and appropriate remedial action taken.

It is good practice for the firm to have internal policy guidance for staff as to how to handle complaints. This should give guidance on what constitutes a complaint and the manner in which it should be dealt with. Staff should be familiar with the complaints procedure. They must be committed to what the procedure is trying to achieve and why.

The complaints procedure should be part of the firm's overall management procedures. In this way, complaints can be analysed regularly and changes made to the firm's practice and procedures where necessary.

4.4 Techniques for handling complaints

- be positive, open-minded and honest;
- be friendly and show the client that their position is understood;
- make contact with the client as soon as possible;
- tell the client in detail what steps you will take;
- urgently review the complaint to assess what may have gone wrong;
- if possible, involve someone who has not been connected with the matter;
- consider each complaint, whatever its merits – it can tell a great deal about how people view the firm's performance;
- if it is thought the complaint may not be justified, consider why the client thought they had cause for complaint;
- consider whether communication was clear, complete, and all it should have been to meet the client's needs and expectations;
- once your review is complete, see the client immediately – a client values face-to-face discussions and they are more 'honest';
- apologise if this seems to be all that is called for, and give any relevant or reasonable assurances;
- if the complaint is justified, be prepared to offer a reduction in the bill or provide some other professional service;
- if the firm's services have been seriously below standard, be prepared to write-off the whole bill or most of it;
- if the complaint is not justified or has been caused by a clash of personalities, consider whether it makes commercial sense to offer a remedy to avoid damaging the firm's reputation;
- try and keep the client (unless there is a good reason for not doing so) and meet their needs;
- learn from the complaint – understand how it came about, introduce changes to prevent it happening again, and tell the client what the firm is doing;
- involve all staff who have any contact with the client – make them aware of things to avoid; and
- always remember that a happy client can recommend up to five new clients, but a dissatisfied client can lose the firm up to 23 new clients.

Do not:

- be aggressive or defensive, or suffer wounded pride;
- reject the complaint immediately without a good reason;
- forget that the client is the firm's livelihood and has needs and expectations you should care about;
- give the impression that you know all the answers;
- be critical because your client expects money as a remedy – a client is a consumer and often demands a direct approach; and
- charge the client for dealing with their complaint.

4.5 Further information

If you are unable to resolve the matter in-house and it proceeds to the Legal Complaints Service, solicitors should note that they have an ongoing professional obligation to deal with correspondence from the Legal Complaints Service in a timely manner.

The following are available on the Law Society's website at www.lawsociety.org.uk/professional/practicesupport/clientcare.law

- Handling complaints effectively (model complaints procedure and further guidance).
- The Law Society's clients' charter (also available free by telephoning 020 7316 5605 or emailing customerguides@lawsociety.org.uk).
- Law Society practice excellence training programme order form (interactive CD-ROM/video).

The Law Society Law Management Section provides best practice information and support on the full range of practice management disciplines, including client care. For details, visit www.lms.lawsociety.org.uk, email lawmanagementsection@lawsociety.org.uk or telephone 020 7316 5707.

The Law Society Lexcel practice management standard can assist firms improve their management procedures and client care. For details, visit www.lawsociety.org.uk/lexcel, email lexcel@lawsociety.org.uk or telephone 020 7320 5749.

The Law Society Practice Advice Service is a dedicated support line for solicitors, trainees and employees of law firms. It produces a number of booklets, including ones on contentious costs, non-contentious costs and payment by results. They are available at www.lawsociety.org.uk/practiceadvice. The advice service is available from 9am-5pm Monday to Friday (telephone 0870 606 2522 or email practiceadvice@lawsociety.org.uk).

The SRA Professional Ethics department provides guidance to help solicitors comply with their professional obligations. Its helpline is available from 11am-1pm and 2-4pm Monday to Friday (email professional.ethics@sra.org.uk or telephone 0870 606 2577).

The Law Society Library is freely available to Society members; trainees, employees and agents of law firms; and Legal Practice Course (LPC) students. It is open from 9am-6pm Monday to Thursday and 9am-5pm on Fridays. For further information, visit www.lawsociety.org.uk/library, telephone 0870 606 2511 or email library@lawsociety.org.uk.

Annex A: Example complaints procedure

Below is an example of a straightforward complaints handling procedure. Please complete sections in square brackets as appropriate to your firm.

[Firm's name] Complaints handling procedure

Our complaints policy

We are committed to providing a high-quality legal service to all our clients. When something goes wrong, we need you to tell us about it. This will help us to improve our standards.

Our complaints procedure

If you have a complaint, please contact us with the details.

What will happen next?

1. We will send you a letter acknowledging receipt of your complaint within three days of us receiving the complaint, enclosing a copy of this procedure.
2. We will then investigate your complaint. This will normally involve passing your complaint to our client care partner, [name], who will review your matter file and speak to the member of staff who acted for you.
3. [Name] will then invite you to a meeting to discuss and hopefully resolve your complaint. S/he will do this within 14 days of sending you the acknowledgement letter.
4. Within three days of the meeting, [name] will write to you to confirm what took place and any solutions s/he has agreed with you.
5. If you do not want a meeting or it is not possible, [name] will send you a detailed written reply to your complaint, including his/her suggestions for resolving the matter, within 21 days of sending you the acknowledgement letter.
6. At this stage, if you are still not satisfied, you should contact us again and we will arrange for [another partner ...or... someone unconnected with the matter at the firm ...or, for a sole practitioner: [name] to review his/her own decision ...or... insert appropriate alternative such as review by another local solicitor or mediation] to review the decision.
7. We will write to you within 14 days of receiving your request for a review, confirming our final position on your complaint and explaining our reasons.
8. If you are still not satisfied, you can then contact the Legal Complaints Service at Victoria Court, 8 Dormer Place, Leamington Spa, Warwickshire CV32 5AE about your complaint. Any complaint to the Legal Complaints Service must usually be made within six months of the date of our final decision on your complaint but for further information, you should contact the Legal Complaints Service (0845 608 6565 or refer to www.legalcomplaints.org.uk).

If we have to change any of the timescales above, we will let you know and explain why.

Annex B: Solicitors' Code of Conduct 2007 rule 9 (referrals of business) self-checklist – for firms with referral arrangements

This checklist can be used by you to help you comply with rule 9 relating to referrals. You are advised to ensure you have the documentation on the checklist to demonstrate compliance. Note that the SRA can ask to see any of the evidence set out below.

The checklist should be used against each referral arrangement you have with an introducer. Please note that this checklist is intended as a guide to assist compliance. It does not set out the conduct requirements, but sets out the practical steps you must take in order to ensure compliance with those requirements. It is not intended to be exhaustive. Neither is it a substitute for reading and complying with the Solicitors' Code of Conduct and other relevant professional conduct requirements.

Abbreviations

- SRA: Solicitors Regulation Authority
- SCC: Solicitors' Code of Conduct 2007
- GN: Guidance Note
- COBR: The Solicitors' Financial Services (Conduct of Business) Rules 2001
- Scope Rules: The Solicitors' Financial Services (Scope) Rules 2001

1 Requirements when making or receiving referrals, whether paid for or not

Requirement	Question	Answer	Documents/notes
SCC rules 1, 7 and 9.01	Should you carry out regular reviews of your referral agreements?	This should be done not only to check introducers' compliance with rules 7 and 9 but to ensure your own compliance with rules 1, 7 and 9.	<ul style="list-style-type: none"> ▪ See GNs 1 and 2 to rule 9.
SCC rules 9.01 (2)	Are you required to do anything prior to entering into an arrangement with an introducer, even if you are not making any payment for referrals?	You must draw potential introducers' attention to both rule 7 (publicity) and rule 9 (referrals of business).	

2 Requirements applying where you have a financial arrangement with an introducer

Requirement	Question	Answer	Documents/notes
SCC rules 9.01 and 9.02	Do you have a financial arrangement with any introducer?	<ul style="list-style-type: none"> ▪ If yes, SCC 9.01 and 9.02 will apply. ▪ If no, SCC 9.01 will still apply to the arrangement even if you are not making any payment. 	<ul style="list-style-type: none"> ▪ Rule 9.02 applies whenever you make a payment or give other consideration to a third party for the introduction of clients. ▪ Financial arrangements are defined in 9.02 (i). ▪ NB: you will not be able to avoid the requirements of the rule by, for example, making the payment to an intermediary

Requirement	Question	Answer	Documents/notes
			who, in turn, has an arrangement with the introducer (GN 3). See also GN 4.
SCC rule 9.02 (h)	Do you make any payments for referrals in respect of criminal or legal aid work?	If yes, breach of SCC 9.02 (h).	
SCC rule 9.02 (a)	Are your agreements with introducers in writing?	If no, breach of SCC 9.02 (a).	
SCC rule 9.02 (b)	Have you obtained an undertaking from the introducer to comply with rule 9?	If no, there is a breach of SCC 9.02 (b).	<ul style="list-style-type: none"> ▪ The introducer's undertaking must form part of the written agreement. ▪ NB: "undertaking" should be understood broadly. It is not equivalent to a solicitor's undertaking.
SCC rule 9.02 (e)	Do written agreements have to contain any other obligations on introducers?	Yes, this is required by SCC 9.02 (e). The agreement must provide that before making a referral the introducer must give the client all relevant information concerning the referral.	<ul style="list-style-type: none"> ▪ Details of the relevant information required are at 9.02 (e) (i-iii).
SCC rule 9.02 (e)	How do you satisfy yourself that the introducers are providing clients with all relevant information about the referral?	You should ask referred clients on a regular basis what information the introducer has provided about the referral arrangements.	<ul style="list-style-type: none"> ▪ See GN 9. ▪ Written records of checks made with clients about what information the introducer provided to them. ▪ It could include a general copy/ templates of letters sent by introducer, or other details (eg, a telephone script) which will confirm introducer is complying with rule 9. ▪ Details of introducers' marketing materials/ publicity. ▪ Letters or other evidence of communication by introducer to client.

Requirement	Question	Answer	Documents/notes
SCC rule 9.02 (d); SCC rule 1	Is there anything in the agreement which could compromise, impair or infringe any of your duties set out in the SCC or allow the introducer to influence or constrain your independence?	If yes, there is a breach of 9.02 (d). It may also amount to a breach of rule 1.	<ul style="list-style-type: none"> ▪ Does the agreement make reference to other documents? If so, you should have copies of them available. ▪ NB: independence could be compromised in two ways: <ul style="list-style-type: none"> a) in the terms or nature of the agreement; and b) in relation to individual matters and professional judgment in relation to advice given to the client. ▪ See GN 12.
SCC rule 9.02(g) (i) (ii) (iv) and (v).	Do you disclose the referral arrangements (including the amount of the referral fee) to clients in writing?	Before accepting instructions to act there must be disclosure in writing of: <ul style="list-style-type: none"> a) the existence of the financial arrangement; b) the amount of any payment; c) a statement as to the independence of your advice and the client's right to question any aspect of the transaction; d) a statement regarding the maintenance of client confidentiality. 	<ul style="list-style-type: none"> ▪ See GNs 5-8. ▪ An additional statement at 9.02 (g) (v) is required if you are also acting for the introducer.
SCC rule 9.02 (c)	Are you satisfied that the introducer has only acquired the client in a manner in which you could do so?	You must be satisfied that the introducer has not acquired clients by the use of marketing, publicity or other activities which if done by you would breach the SCC or SRA rules.	<ul style="list-style-type: none"> ▪ You should have evidence to show that you have made enquiries of both introducers and clients as to how they were acquired by the introducer. ▪ See GNs 10 and 11.
SCC rule 9.02 (c); SCC rule 7 (publicity)	Do you have details of introducers' marketing schemes and/or sample marketing material?	The materials should show that the introducer is complying with 9.02 (c).	<ul style="list-style-type: none"> ▪ It is advisable to ensure that the materials are up-to-date and actually being used. ▪ A breach of 9.02 (c) may also amount to a breach of rule 7 (publicity).
SCC rule 9.02 (f)	Do you retain records of any concerns you have about introducer?	It is advisable to retain records to show compliance with 9.02 (f).	

Requirement	Question	Answer	Documents/notes
SCC rules 2.02, 2.03; SCC rule 9.02 (g)	Do you have a file copy of initial letter from you to client?	Letter must set out all info required by 2.02, 2.03 and 9.02 (g).	<ul style="list-style-type: none"> ▪ Date of letter should show that letter was sent before accepting instructions.
SCC rule 7.02	Do you have a file copy of the invoice sent to the client?	<ul style="list-style-type: none"> ▪ Amount on invoice must match payments detailed in client letter under 9.02 (g). ▪ Description must be accurate – payments to introducers must not be shown as disbursements or any other misleading description. 	

3 Requirements applying where you are paid by an introducer for doing work for their customers

Requirement	Question	Answer	Documents/notes
SCC 9.02 (e) (iii)	Does the introducer have to provide any additional information if they are paying you to carry out the work for the lay client?	Yes, the agreement must provide for the introducer to give the lay client the information required by 9.02 (iii) (a) and (b).	<ul style="list-style-type: none"> ▪ See GN 6.
SCC 9.02 (g) (iii)	Do I have to provide any information to the lay client if I am being paid by the introducer?	Yes, you must comply with all the requirements of rules 2.02, 2.03 and 9 and give the lay client the additional information required by 9.02 (g) (iii).	<ul style="list-style-type: none"> ▪ See GN 6.

4 Requirements applying when you refer a client to a third party

Requirement	Question	Answer	Documents/notes
SCC rule 9.03 (1)	Do you keep records of referrals of clients to others?	Record should show compliance with 9.03.	<ul style="list-style-type: none"> ▪ Attendance note of discussion with client or letter to establish client's best interests. ▪ Referral must be made in good faith.
SCC rules 2.02 (2) (e) and 9.03 (2)-(5), COBR Scope Rules	Are there any other restrictions on my ability to refer clients to third parties provided I make the referral in good faith and in the client's best interests?	Yes, any agreement or association must not restrict your freedom to recommend a particular firm, agency or business 9.03 (2). NB: exception for certain contracts related to insurance and other regulated contracts (9.03 (3)). Where client referred to a third party who only offer products from one source the client must be notified.	<ul style="list-style-type: none"> ▪ Insurance and other regulated contracts are subject to the disclosure and other requirements of the COBR and Scope Rules.