



ADVICE

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Understanding Solicitors Costs

In the wake of the Jackson Reforms, solicitors' costs are under the spotlight now more than ever. Marc Yaffe, partner at niche law firm, Boote Edgar Esterkin, offers his advice on how to understand solicitors' costs, believing that this is an area which has caused confusion for clients for some time. Although the Law Society does have clear rules about what costs information should be given to clients, Yaffe is surprised that more and more clients are falling victim to overcharging.

Yaffe set up legal cost cutting service "ab-8" (www.ab8.uk.com) in 2009 in an attempt to resolve this problem and since its inception, the company has settled every case taken on in the client's favour. One of the most common problems that ab-8 has encountered is that solicitors provide estimates or quotations which are simply too low for the amount of work required, and then seek to justify additional charges on the basis that there was more work than initially anticipated. To Yaffe, such practices are simply unacceptable but clients seem to be unaware of their rights and how to protect themselves.

Yaffe uses a simplistic example of a window cleaner to explain what is happening with solicitors' costs, "Consider the window cleaner that knocks on your door and asks if he can clean your windows for £10. You give him the go-ahead and he knocks on an hour later asking for £30. He explains that there were more windows than he anticipated or that your windows were dirtier than he thought. How many of you would pay him more than the £10 he initially quoted? Not many I'd assume. Whilst this is a very crude example, the same rules generally apply with solicitors' costs."

Yaffe explains, "Ab-8 recently took on a case where a solicitor provided a client with an estimate of £10,000 for taking a litigation case to trial. The estimate contained a number of standard qualifications that it was valid so long as the case did not throw up any unusual or unforeseen work. The case ran smoothly to trial and after the trial the solicitor raised a bill for £47,000! The solicitor's justification was that there was more work involved than anticipated and he expected his client to pick up the bill. In reality, he had merely provided a bad estimate. What made matters worse for the

solicitor was that he set out in his terms of business that no estimate would be exceeded without first seeking the client's agreement in writing. It is unfortunate that this is not an isolated case."

Yaffe continues, "What is even more frustrating is that many of the problems with solicitors' costs can be overcome simply by asking questions. Solicitors, like all others in the service industry, face strong competition and they must learn to work flexibly. For example, I treat each client differently according to their individual circumstances, the facts of their case and their financial position. This means that we will work on fixed quotations, staged costs estimates or pursuant to a discounted fee arrangement or "no win no fee" basis depending upon that specific client's needs.

"When it comes to raising invoices, the same is true. Some clients request a bill when my charges reach £500, others receive monthly invoices and some may pay in advance (on account) or at the end of a case. The common thread in all cases is that all clients are aware of the basis upon which they will be charged, and it falls upon me to ensure that I act in accordance with the client's expectations."

In order to reduce unsavoury disputes about solicitor's costs, clients should consider the following at the start of a case:

1. When you first instruct a solicitor, ask questions. In fact, ask as many questions as you can think of to ensure that you understand the agreement between you and your solicitor;
2. Make sure you agree precisely how you will be invoiced and how you will make payment;
3. Make sure you understand who will be carrying out the work and that they are suitably qualified but not over qualified;
4. Ask your solicitor to provide you with regular updates in writing. A common example is for you to be informed every time the costs reach £500.
5. Your solicitor should, at the outset, provide you with an estimate of the total costs of your matter. Make sure you understand how (if at all) this estimate may be revised and ensure that you are to be informed before any estimate is exceeded.
6. Ask your solicitor to give you a cost/benefit analysis. I reviewed a case recently where a solicitor charged £9,000 for a £2,000 claim and although the client won and recovered his

£2,000, he was left with a £9,000 bill to pay. The client walked away having won his case but £7,000 worse off!

There is no specific reason why clients feel bemused by the level of their solicitor's costs, but in most cases, it happens because the right questions are not asked, and the right information is not provided. By increasing dialogue, many solicitor and client relationships will improve and many disputes about solicitors' costs will fall away.

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If you would like any further information about solicitors costs, please do not hesitate to contact Marc Yaffe on 0161 832 7888 or at marc.yaffe@bootes.co.uk. Marc is a Partner at Boote Edgar Esterkin solicitors and Head of Business Development at AB-8 (www.ab8.uk.com).