

News release

More information on protection levels would help small business consumers when buying unreserved services

13 June 2023

Better access to information on the different levels of protection offered by different providers would help consumers when choosing between regulated and unregulated organisations.

These conclusions come from [research into the unreserved legal services market](https://indemnity.sra.org.uk/sra/research-publications/understanding-unreserved-market/) [<https://indemnity.sra.org.uk/sra/research-publications/understanding-unreserved-market/>]. We commissioned from Frontier Economics, The Data City, and BMG Research.

Unlike reserved services, which can only be provided by those regulated through a Legal Services Act (LSA) approved regulator, there are no restrictions on who can provide non-reserved legal services to the public.

The research looked at attitudes of smaller businesses – chosen because they are more likely to be repeat users than individual consumers – towards which firms they engage for their legal services, and what criteria they use to make a decision. Researchers also spoke to non-regulated providers to find out what their experiences were.

While the majority of the small businesses surveyed said affordability was the most influential factor when selecting a provider (62%), there was clear evidence that where prices were comparable, small business consumers would rather choose a provider with greater protections in place. The research also found that consumers who chose to go with a regulated provider generally rated their provider higher in terms of quality of services, value for money, timeliness and customer service than those who used unregulated options.

Overall researchers found that unregulated legal provision accounted for around 6-8% of the overall legal market. Experts also suggested that the non-regulated providers were using more innovative technology to support their clients, and looking ahead, they thought that the economic slowdown was likely to lead to a growth in the non-regulated market.

Paul Philip, SRA Chief Executive, said: 'Price, quality, levels of protection and experience can differ greatly from one supplier to the next, whether regulated or unregulated, and what is the right mix for one consumer is not necessarily the right option for the next.'

'Past research shows that regulated providers are more affordable than many people think, so the real distinction between regulated and unregulated providers is the consumer protection available. Our clickable logo, which the firms we regulate must display, is designed to make that clear.

'Helping people to understand what their money is buying, and not buying, when they engage a legal services provider will help them make good decisions about the service that is right for them. That is all the more important as the non-regulated market develops.'

The research involved a web-reading exercise to gather information about the possible number and types of providers of unreserved legal advice, a survey of 510 small business users of legal services, a survey of 162 providers of unreserved activities that are not regulated by the SRA, and engagement with a panel of industry experts.