

Press Release

Leading PI Solicitor: Continued inaction on referral fees is hurting claimants

Legal Services Board position on retaining perverse commercial incentives in personal injury market threatens access to justice

Chesterfield, 27 May 2011 – Today's recommendation by the Legal Services Board to retain referral fees as a key commercial element of the personal injury marketplace is bad for claimants and a detriment to access to justice, argues leading [personal injury solicitor](#) John Spencer.

According to Spencer, the LSB's recommendation is the latest example of continued industry-wide failure to tackle the critical issue of referral fees, the controversial charges paid by solicitors to insurers and others for obtaining personal injury cases.

Rather than a ban, the LSB has instead recommended steps to 'manage the impact of referral fees and prevent abuses by strengthening transparency obligations.' It also cites the fact that 'the legal services market is on the threshold of substantial structural change' as a result of the Legal Services Act as a key reason for inaction.

Lord Justice Jackson – in his comprehensive review of civil litigation costs completed in January 2010 – rightly identified the issue of referral fees as a detriment to the marketplace because they 'offer no real value to the process' for claimants. However, his recommendation for a ban or cap has thus far gone unheeded by the Ministry of Justice.

Spencer, who is a Director of CS2 Lawyers, said:

"Many players in the PI marketplace charge solicitors fees for introducing clients – essentially 'selling' accident victims to the highest bidder. Such perverse commercial incentives have resulted in a 'merry-go-round' of warped incentives and profiteering, and I find it unfathomable how such incentives cannot be viewed as a detrimental to consumers.

"Only a genuine industry-wide commitment to challenging deeply entrenched commercial interests and eliminating elements which add no value to claimants is the only real solution to guarantee access to justice and the protection of clients.

"It is also clear that the Jackson proposals were always predicated on a ban, or at least £200 cap on referral fees. The money he envisaged saving through this reduced cost will not now be saved. As a result the people who will suffer ultimately are the accident victims."

A qualified solicitor since 1985, John Spencer is a leading authority in the personal injury marketplace and a steadfast advocate for protection of claimants. He serves on the Executive Committee of the Association of Personal Injury Lawyers, where he has been a Fellow since 2006, and is a Law Society PI Panel Member. He has served as Chairman of the Motor Accident Solicitors Society (MASS) and is its RTA Portal Co Director as well as a member of its Management Committee. As part of a Transport Committee investigation into motor insurance costs, John provided testimony and evidence on 9 November 2010.

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Notes to editor

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CS2 Lawyers is a specialist claimant personal injury practice employing 140 staff in its Derbyshire and Hampshire offices.