

Press Release

## **CS2's John Spencer: Failure to ban referral fees in new Justice Bill will undermine reforms**

***Leading personal injury lawyer slams continued failure to address perverse commercial incentives at the root of PI market dysfunction***

**21 June 2011** – Referral fees have been saved from the chopping block in the Government's new Justice Bill, unveiled today. Unfortunately, this botched approach will undermine the aim to reform civil justice in the UK, argues leading [personal injury solicitor](#) John Spencer.

According to Spencer, consumers are generally unaware that most insurers and claims management companies make a substantial amount of money out of the personal injury system by charging 'referral fees' – where an accident victim's case is sold to a solicitor for hundreds of pounds.

Instead of addressing these perverse commercial incentives, today's Bill represents the latest example of continued failure to tackle the critical and fundamental issue of referral fees, the controversial charges paid by solicitors to insurers and others for obtaining personal injury cases. This repeated inaction comes despite the clarion call for a ban by Lord Justice Jackson in his recent review of Civil Justice costs in the UK.

**John Spencer, Director of CS2 Lawyers, said:**

*"Instead of seizing the opportunity to tackle one of the most glaring deficiencies in the personal injury market, the Government has instead demonstrated a total disregard for the groundswell of calls to tackle the issue of referral fees. This is a profoundly disappointing choice which I believe undermines the entire aim of proper reform.*

*"Referral fees damage the system by creating a myriad of perverse commercial incentives which threaten access to justice and cost consumers dearly by pushing up insurance premiums to unsustainable levels.*

*"By skirting the issue of referral fees, we are now left with rushed-through, half-baked legislation which does not implement the transparency, regulation and outright ban of referral fees which the system needs.*

*"It is my profound hope that the industry will pull together and fill the leadership vacuum sadly left by the Government by challenging the deeply entrenched commercial interests which add no value to claimants, damage access to justice, and present a bad and costly deal to consumers."*

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 the Transport Committee investigation into motor insurance costs, John provided testimony and evidence on 9 November 2010.