



PRICE TRANSPARENCY IN THE CONVEYANCING MARKET

A report for the Solicitors Regulation Authority



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1. Executive summary

1.1 The background to our research and its objectives

This report sets out the results of a programme of research commissioned by the Solicitors Regulation Authority (SRA). The results of the research will help inform the SRA's approach to setting minimum disclosure requirements for price transparency, following the conclusions of the market study conducted by the Competition and Markets Authority (CMA) last year.

The research, which was undertaken between August and September 2017 and involved over 5,000 participants, focuses on better understanding of:

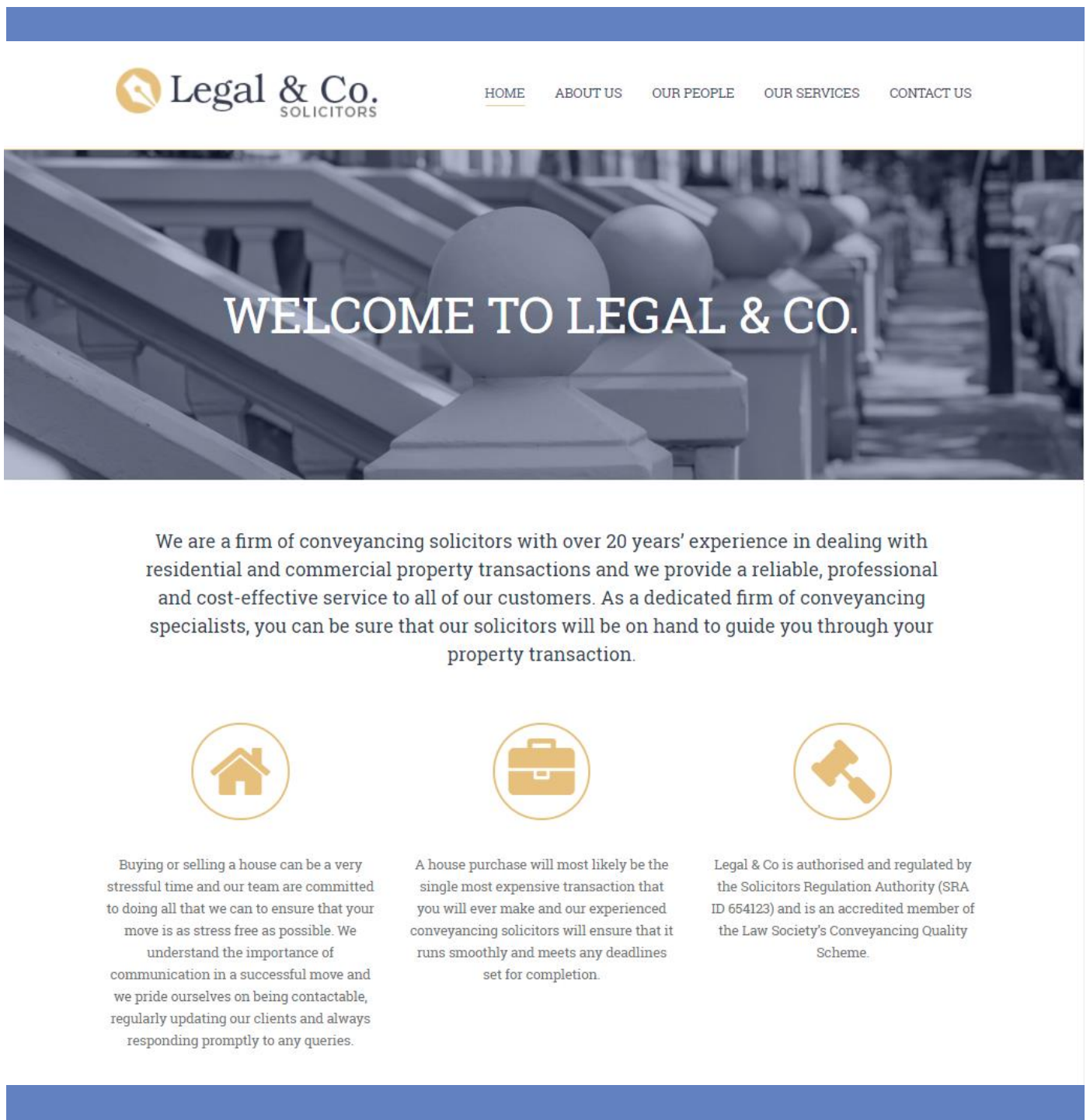
- how consumers make purchasing decisions in relation to conveyancing services; and
- how such decisions vary by both the availability and presentation of price-related information, as well as how consumers approach the task of finding a conveyancing provider.

The research involved an online survey of 1,001 recent house buyers in England and Wales and an online behavioural trial involving 4,001 participants in England and Wales.

The online behavioural trial was based on a fictional conveyancing firm called Legal & Co. which was designed to replicate examples of websites seen during a web sweep. Participants were presented with a hypothetical situation where they had a specific conveyancing need. They were asked to review six versions of the Legal & Co. website (its homepage is shown in the figure overleaf), and choose the version that they thought would best meet their needs. Three of the versions were low cost and three of the versions were high cost, which created the opportunity for people to make a 'good' or a 'bad' choice based on the cost of the service.

We assessed whether a choice was ‘good’ or ‘bad’ only with regards to the cost of the service, as this research was focused on price transparency in the conveyancing market. We kept all other aspects of the different versions of the Legal & Co. websites the same to ensure that we measured only the effects of differences in price transparency on participants’ choices. For example, the same staff profiles were shown on all versions of the websites.

Figure 1: A screenshot of the Legal & Co. homepage



1.2 Results relating to search and comparison behaviour

The main results of our research are as follows.

In relation to search behaviour, we found:

- **House buyers have an appetite for shopping around, but they have mixed experiences of finding the price-related information they need to make sound decisions.** 66% of respondents stated that they considered more than one solicitor before instructing one, and 71% of respondents stated that they spent more than one hour searching for a solicitor online in our survey. However, 11% of respondents said that the information was difficult or very difficult to find, and over 60% of respondents had to contact the solicitor to find price information.
- **House buyers rely heavily on the recommendations of others.** Despite the appetite and effort associated with shopping around, 72% of respondents ultimately followed a recommendation they were given by friends and family, or an intermediary. This is consistent with previous research.

In relation to the choices made, we found:

- **Participants found it difficult to make good price-related choices, all other factors being equal.** Only 58% of participants chose one of the three cheapest options out of a choice of six options in our online trial. This means that over 40% selected an option that would result in them paying more than they had to. Though there is some evidence that women and older groups are somewhat better at making such choices than the average participant, all demographic groups found it difficult to choose one of the cheapest options.
- **Both the survey and the trial strongly suggest that although consumers care about price, they do not “focus” on it when making choices.** Only 6% of respondents to the survey said that they chose a provider because it was the cheapest and only 25% of participants in the online trial said that they chose a website because it was the cheapest.
- **When participants did focus on price they tended to choose one of the cheaper options.** Those that said they chose a website because it was the cheapest option were around 14% more likely to choose a low cost website compared to those that chose for another reason. Similarly, those that could exactly recall the price of the cheapest option were nearly 60% more likely to choose a low cost website. However, 34% of participants that said they chose a website because it was cheapest actually chose one of the

high cost websites, indicating even those participants with “price focus” experienced difficulties.

In relation to the availability and presentation of price information, we found:

- **“One size does not fit all” in relation to pricing models.** When given the opportunity to choose in the online trial, some participants picked a fixed fee pricing model and others opted for hourly rates or process-related fees. This means that we did not see a strong preference for a particular pricing model in the online trial. The house buyers in our online survey selected both fixed fee (57%), estimated fee (29%) and hourly rate (5%) pricing models.
- **Consumers tend to make better decisions when presented with fixed-fee pricing models compared to hourly rates, but the differences are small and are not statistically significant.** Evidence from the online trial shows that 58% of participants made good choices when they were presented with prices as a fixed fee, compared to 57% of participants who were presented with hourly rates and 56% of participants who were presented with staged / process fees. Participants who spent more than 10 minutes doing the trial tended to choose slightly more often the low cost options under a fixed fee pricing model (62%), followed by those presented with a staged / process fee (58%) and then the ones with hourly rates (57%). Evidence from the online survey shows that there is a net overpayment rate of 13% across all pricing models. This is significantly higher under non-fixed fee pricing models (26%) compared to 12% of respondents who said they paid a fixed fee (and overpaid).
- **Rather, the pricing frame – which influenced how much effort participants had to expend to find price information – affects the quality of decisions.** 62% of participants made good choices when prices were readily available on the homepage of the website, compared to 57% of participants when prices had to be sought by filling out an online form (a 9% improvement). This difference is statistically significant.

1.3 Conclusions and recommendations

We suggest that the research points to the following conclusions:

- This research supports the view that increasing the availability of price-related information is likely to improve consumer decision-making in relation to conveyancing services, as previously concluded by the CMA for legal services more generally.
- The research additionally suggests that increasing consumers' "price focus" – which itself may be influenced by increasing the availability of price-related information – will also contribute to improvements in consumer decision-making. Legal services providers therefore will have a part to play in being upfront with pricing information to help consumers to make decisions.
- The research is not clear cut on the effect of different pricing models on the quality of consumer decision-making.
- The research suggests that, all other factors being equal, consumers make better decisions when prices are "easier to access". We found that the best decisions in the online trial were made when prices were available on the home page of the Legal & Co. website, compared to prices being 'two clicks' away or obtainable via an online form.
- Further, this research suggests that intermediaries, such as estate agents and financial advisors, could play an important role in helping to increase the availability of price-related information and consumers' "price focus", as a large proportion of consumers appears to follow their recommendations.

In relation to the first and second conclusions above, we suggest that the SRA considers exploring the following recommendations.

- There is a good case for considering whether there are ways of increasing "price focus" amongst consumers, alongside increasing price transparency amongst legal services providers. This is not a straightforward thing to do. The Legal Choices website, run by frontline regulators, provides consumers with information on important matters when they have to make choices regarding legal issues and lawyers. One possibility would be to ensure that the Legal Choices website makes clear that consumers have a choice of price, as well as a choice of provider.
- Some consumers pay more than they expected to. This raises various questions, for example why does it happen and what could be done about it? One way of addressing this issue for consumers paying under a fixed fee pricing model would be to have a common definition of a what an "all-

inclusive fixed fee” pricing model is. That is, if a legal services provider adopts such a pricing model, consumers should expect to pay no more than the fixed fee quoted – otherwise is it right to advertise it as a “fixed fee”?

- Regarding minimum disclosure price requirements, we note that the SRA is consulting on asking those it regulates to publish more price-related information on their websites. This research is supportive of this approach and additionally suggests that the SRA might usefully consider providing guidance on how and when price-related information is provided (which influences the effort that consumers must expend to find it) as well as what price-related information is provided.

1.4 Structure of this report

The rest of this report is split into the following sections.

- **Section 2** sets out the background to this research and its main objectives.
- **Section 3** sets out our methodology, including details of the online survey and online trial.
- **Sections 4 to 7** set out the key results of our research, organised by the stages of a customer journey.
- **Section 8** sets out our conclusions and recommendations.
- **Appendices** contain a copy of the online survey and equivalent information for the online trial. They also contain results referred to in the main body of the report.



2. Background and research objectives

This section briefly sets out the background and context for this research and our research objectives.

- Previous studies concluded that there is a lack of price transparency in the supply of legal services, including conveyancing. Research undertaken for the Legal Services Board (LSB) found that only a small proportion of conveyancing firms advertise prices online, but that those who do advertise tend to be cheaper than those who do not. This could result in consumers being less able to compare between different providers and potentially paying a higher price than they would need to.
- Consequently, the Competition and Markets Authority (CMA) recommended that frontline regulators, including the SRA, should set new minimum standards for price transparency to help consumers navigate their options.
- To help decide what the minimum standards should be, the CMA also recommended that frontline regulators undertake consumer testing to better understand how consumers make decisions in the legal services market.
- The **objective of this research** is to advance our understanding of: (a) how consumers make decisions in relation to conveyancing; and (b) how decisions are affected by the way prices are communicated and presented. The SRA asked us to study the conveyancing market primarily because many consumers are likely to face a conveyancing need in their life time.

2.1 Background and context for this research

2.1.1 Previous studies have shown that there is a lack of price transparency

Several previous studies have shown that there is a lack of price transparency in the supply of legal services, including conveyancing. This includes previous research undertaken by the Legal Services Board (LSB), the SRA and the CMA.

- Research undertaken for the **LSB** found that only a small proportion of conveyancing firms advertise prices online (10%). It also found that firms that do advertise prices online tend to be cheaper than those that do not, though none of these apparent differences were statistically significant, as shown in the table below.¹

Table 1: Conveyancing prices summary, by whether prices are advertised on website

Mean price	Display prices on website	
	Yes	No / No website
Sale (freehold)	£595 (50)	£645 (450)
Sale (leasehold)	£672 (50)	£736 (450)
Purchase (freehold)	£708 (50)	£725 (450)
Purchase (leasehold)	£799 (50)	£817 (450)
Sale & purchase (freehold)	£1,220 (50)	£1,291 (450)

Source: OMB Research (2016), “Prices of Individual Consumer Legal Services: Research Report”, p. 15. The numbers in brackets represent the number of respondents that answered in that category.

- Research undertaken for the **SRA** found that 91% of people paid for their conveyancing service via fixed fee, but one in nine said the final cost was higher than quoted. The majority of respondents felt the costs in their transaction were affordable but just over a quarter found they were more than they expected.²
- Similarly, research undertaken by the **CMA** found that 45% of consumers had “no idea what cost would be involved in their legal work before they made direct contact with a legal services provider”.³

¹ OMB Research (2016), “Prices of Individual Consumer Legal Services: Research Report”, p. 15.

² IFF Research (2017), “Understanding the experiences of conveyancing legal services”, p. 3.

³ CMA (2016), “Legal services market study: Final report”, p.61.

2.1.2 The CMA recommended that regulators should set new minimum standards

In view of the difficulties that consumers face in finding information in relation to legal services, the CMA concluded in December 2016 that “*the legal services sector is not working well*” because there is “*very little transparency about price, service and quality.*”⁴

The CMA called on regulators, including the SRA, to set new minimum standards for price transparency. In doing so, the CMA set out its views on what the “minimum disclosure requirements” for price transparency should be. These included:

- the pricing and charging model;
- hourly fees (where charged) by grade of staff;
- (where offered) indicative fixed fees and factors that may affect these and the circumstances where additional fees may be charged;
- typical range of costs for different stages of cases (where appropriate);
- scale of likely disbursements (e.g. searches, court fees); and
- key factors that determine price (including disbursements).⁵

Importantly, the CMA noted that “*one size does not fit all*” and it is for the individual regulators to “*assess their own regulatory requirements and the relevance of our recommendations to the services that their regulated professionals offer*”.⁶

2.2 Our research objectives

To help work out what the appropriate minimum standards should be, the CMA also recommended that work – including consumer testing – should be undertaken to identify how consumers make decisions in the legal services market.

The overarching objective of this research is to meet this recommendation in relation to conveyancing and, in doing so, advance our understanding of both:

- how consumers make decisions in relation to conveyancing; and
- how decisions are affected by the way prices are communicated and presented.

Our study’s focus is on the conveyancing market primarily because many consumers are likely to face a conveyancing need in their life time.

⁴ CMA (2016), “*Legal services market study: Final report*”, p.4.

⁵ CMA (2016), “*Legal services market study: Final report*”, p.228.

⁶ *Ibid.*

As part of this, we set out to better understand the following issues:

- How consumers **searched** for conveyancing services, including where they looked and how long they spent on the task.
- What price and non-price factors influenced their **choice** of conveyancing solicitor.
- The extent to which consumers' **expectations were met** in terms of the service they received and what they paid for it.
- The extent to which **consumers made good decisions** in relation to the price of conveyancing services along with the internal and external factors that affect their ability to do so.
- Finally, and relatedly, the extent to which different **pricing models** (such as fixed fees versus hourly rates) and **pricing frames or presentations** (such as how easily consumers can find price information) affect the quality of decisions they made.

To achieve these objectives, we undertook an online survey of 1,001 recent house buyers in England and Wales and an online trial involving 4,001 consumers in England and Wales. The next section sets out the details of our methodology.



3. Methodology

This section sets out our methodology for the online survey of recent house buyers in England and Wales, and the online trial involving a representative sample of consumers.

- The **online survey** involved 1,001 people in England and Wales who had bought a house in the last 12 months. The field work was undertaken between 12-23 August 2017.
- We asked respondents questions about their shopping journey, including: how they searched for and chose their provider; the pricing model adopted by their chosen provider and their preferred pricing model. We also asked about the extent to which their expectations were met in terms of the service they received and the price they paid for it.
- The **online trial** involved 4,001 people, representative of the population in England and Wales. The field work was undertaken between 4-15 September 2017.
- We asked participants to review several versions of a fictional conveyancing firm website Legal & Co. and choose which option would best meet their needs. Some options were more expensive than others, whilst all other factors were kept the same, meaning that participants could make a 'good' or 'bad' choice based on the cost of the service, by either choosing a cheap or an expensive website.
- Participants were randomly allocated to different treatment groups, which either varied what different pricing models or pricing frames / presentations participants saw. They either saw the price for conveyancing services presented as a fixed fee, an hourly rate or a staged / process fee – the pricing model treatments – or they saw the price on the home page, after clicking through two pages or after filling out an online form – the pricing frame treatments. This design allowed us to test whether these factors affected the number of 'good' or 'bad' choices participants made.

3.1 The reasons for using an online survey and online trial

Before describing the online survey and online trial in detail, we comment briefly here on their advantages and limitations. We also set out in more detail what a trial is.

The methods complement each other because they help measure different things and have different strengths and weaknesses. We provide a more detailed discussion of these in section 3.4.

- The main advantage of the **online survey** is that it helps us to better understand the search and choice behaviour of actual house buyers based on their recollections of what they did and why they did it.
- The main limitations of the online survey are that it relies on accurate recall and that “behavioural biases” may lead to consumers answering questions in a way that does not reflect how they would actually behave in certain situations.
- The main advantage of the **online trial** is that it allows us to test how consumers’ decisions would change with different price-related information in a controlled environment. We set out in more detail what a trial is below and discuss the merits of this methodology at the end of this chapter.

3.1.1 Randomised controlled trials

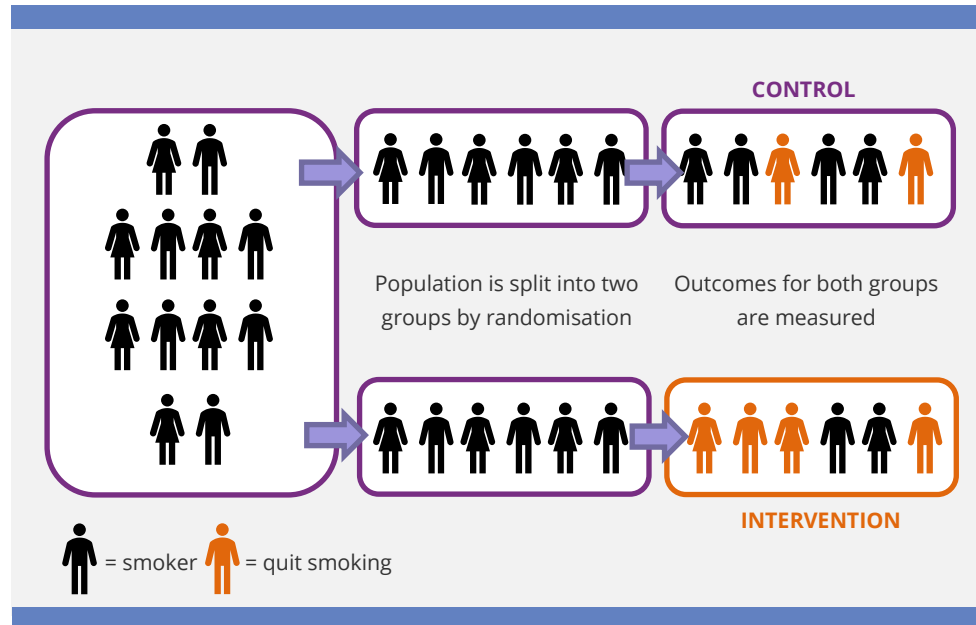
Randomised controlled trials (RCTs), used interchangeably throughout this report with “trials”, are another research method in the regulator’s toolkit. One of the main advantages of a trial is that it allows us to observe how consumers actually respond to a potential policy intervention or market change in a controlled environment.

The simplest trial is to divide a target population into two groups: the control group, who receives no intervention (i.e. no changes from the status quo) and the treatment group, who faces changes (i.e. policy intervention). The key step in trials is to ensure that the individuals in the two groups are as closely matched as possible, so that the two groups are equivalent with respect to all key factors such as socioeconomic status and gender. This is achieved by randomly allocating individuals to the control and treatment groups. After the policy has been introduced and implemented in the treatment group, the change in the outcome variable between the control and treatment group can be solely assigned to the policy intervention.

The following figure shows an example of an image of an RCT. Here, the effectiveness of a new “smoking cessation” programme, assisting people who are trying to stop smoking, is being tested. The target population is randomly divided into two groups of the same size, where the control group receives the current intervention while the treatment group is provided with the new

“smoking cessation” programme. In the case presented in the figure below, policy makers could consider the new programme to be effective, as more people have quit smoking in the treatment group.

Figure 2: Example of RCT – smoking cessation programme



Source: *Economic Insight*

3.2 The online survey of house buyers in England and Wales

We conducted an online survey on consumers’ experiences of conveyancing, specifically on the pricing aspect thereof, to gather information providing invaluable insights on:

- the consumer search and shopping journey in relation to conveyancing;
- consumer preferences on pricing models; and
- to inform our online consumer trial.

The survey focused on individuals who had purchased a house in the last year and comprised of seven sections: **profiling**; **consumer needs**; **searching and comparing**; **choosing**; **outcome**; **reflections**; and **demographics**, as illustrated in the figure below.

Figure 3: Survey sections

Profiling	Have respondents bought a house in the last 12 months and used a solicitor to undertake the conveyancing work?
Consumer needs	What was the consumers’ specific conveyancing need?
Searching	Did consumers shop around and how did they find out about the prices for conveyancing services? How onerous was this process?
Choosing	What influenced choice? Particularly, what pricing model was used and which one is preferred by consumers?
Outcome	Did consumers pay the price they were quoted? If not, were they expecting a different price and what did they do next?
Reflections	Would consumers do anything differently next time?
Demographics	Who are the respondents?

The survey was in the field from 12-23 August 2017 and we achieved a sample of 1,001 individuals who had purchased a house in the last twelve months and had used a solicitor in England and Wales. The full questionnaire can be found at Appendix 1.

3.3 The online trial involving a representative sample of consumers

Here, we set out the methodology for our online trial, including:

- the objectives of the trial;
- key features of the trial design, including considerations relating to sample and incentive design; and
- activities undertaken by participants before, during and after the trial.

3.3.1 Objectives of the trial

Our online trial was designed to mimic a search and shopping experience that most consumers are familiar with: comparing offers on suppliers' websites.⁷ We opted for this approach (as opposed to a lab-based or field trial) for practical and external validity reasons:

- An online trial was the most **practical** option for this study. Properly engaging with price comparison websites and / or firms for a field trial was not possible in the time available for this research and due to the recommendations of the CMA.
- An online trial offers **external validity**. It allowed us to contact a wide range of relevant consumers, whereas lab experiments tend to use students. Moreover, it reflects how (at least in future) it is expected that consumers will, in fact, search and choose conveyancing services.

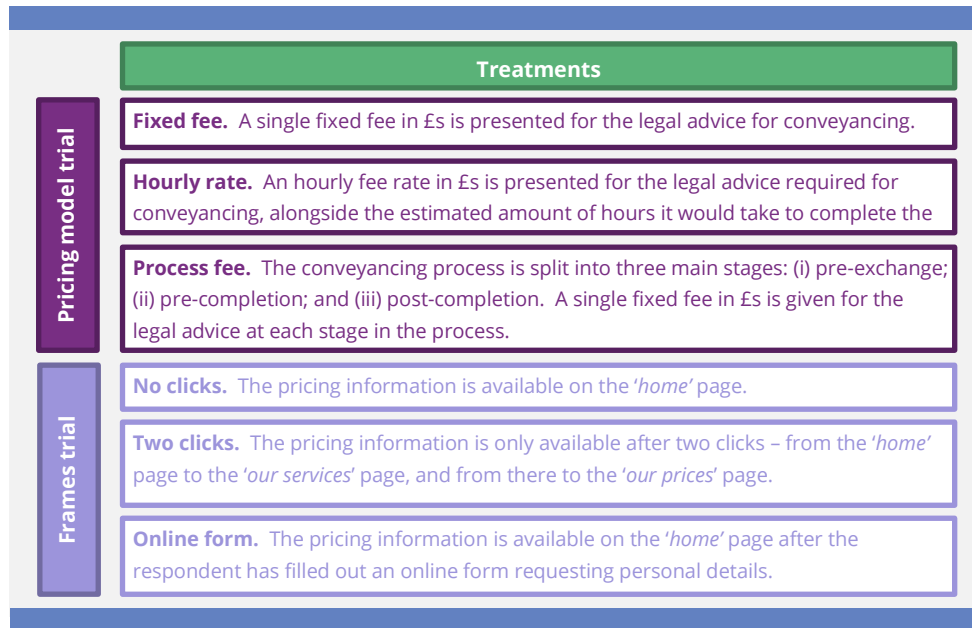
Previous research suggested that it is important to distinguish between the effects of different:

- **pricing models** – fixed fees, hourly rates etc.; and
- **frames** – i.e. how price information is presented, focusing on how easy it is to find it.

Therefore, we undertook two "sub-trials" to examine this: a *pricing model trial looking at the effect of pricing models on consumer decision making* and a *frames trial looking at the how the presentation of pricing information affect consumer choice*. Each trial had three treatment groups, set out in the figure overleaf. Participants were randomly assigned to one of the six treatment groups.

⁷ One difference between our online trial and a real search and shopping experience, is that the online trial involved comparing different "offers" from the same firm, rather than comparing different offers from different firms. The reasons for this difference are discussed later in this section.

Figure 4: Summary of sub-trials and treatments



The different treatment groups allowed us to test the following specific hypotheses:

- **Hypothesis 1:** Consumers will make better choices when presented with a *fixed fee* pricing model, compared to an *hourly rate* or a *fees by process stage* model.
- **Hypothesis 2:** Consumers will make better choices when presented with a *fees by process stage* pricing model, compared to an *hourly rate*.
- **Hypothesis 3:** Consumers will make better choices in a 'no clicks' frame, compared to a 'two clicks' frame or an 'online form' frame.

3.3.2 Key features of the trial design

The key features of the trial design are as follows:

- Participants in each treatment group saw six versions of a Legal & Co. website, which we created for this research. For example, participants in the *pricing model trial* in the *fixed fee treatment* would see six different versions of a *fixed fee* pricing model and consumers in the *hourly rate treatment* would see six different versions of an *hourly rate* pricing model. The following figure shows a screenshot of the website and Appendix 2.2 contains screenshots of the websites for each of the different treatments.

Figure 5: A screenshot of the Legal & Co. ABOUT US page



- There were three ‘good’ and three ‘bad’ offers amongst the six versions. In the context of this trial, a participant made a ‘good’ choice by picking a cheap option, holding all else constant, see Box 1 further below. The good offers were approximately 6% cheaper than the bad offers. This created the opportunity for participants to make ‘good’ or ‘bad’ choices, as everything else remained the same. By comparing choices made by participants in different treatment groups, we can test how different pricing models and / or frames affect both:
 - the choices made; and importantly,
 - the ability of consumers to make a good or bad choice.
- The order in which participants in a treatment group saw the different website versions (good / bad) and in which they saw the different frames / pricing models (depending on which trial they were assigned to) were also randomised, to avoid ordering effects.⁸

Sample design

We selected a sample representative of England and Wales for this research, rather than a sample of consumers that had recent experience of a conveyancing matter for the following reasons:

⁸ Order effects can occur as the relative position of an item (in this case a specific website) can influence the way in which a respondent reacts to the item (Perreault Jr., 1976). If this order bias is not treated statistically, one way of addressing it is controlling for it by randomising its effect across respondents. So, we have randomised the order in which participants saw the different websites in each treatment group.

- Most importantly, it eliminates a risk that the answers given by those with recent experience will be influenced by the choices they recently made (e.g. status quo and anchoring biases).
- Any change in regulation in this area is more likely to affect those consumers that have not recently bought a house.
- The sample representative of England and Wales allows us to include more consumers in the trial.
- Information was given to participants at the start of the trial to help them understand what conveyancing is and profiling questions were added at the end of the trial to help understand whether different groups behave differently (e.g. those that have recently bought a house versus those that have no immediate intention of buying a house).

Again, as with our online house buyer survey, this sample is somewhat self-selected and as such not totally representative of the population of England and Wales, but rather of the population of England and Wales that is online literate.

Incentives

We further considered whether and what type of incentives to provide in this trial. Incentives are given to participants for two reasons:

- first, to help mimic the different financial and non-financial consequences that different actions have in real-life; and
- second, to ensure that participants take the task “seriously” (as opposed to randomly choosing any option to complete the survey quickly).

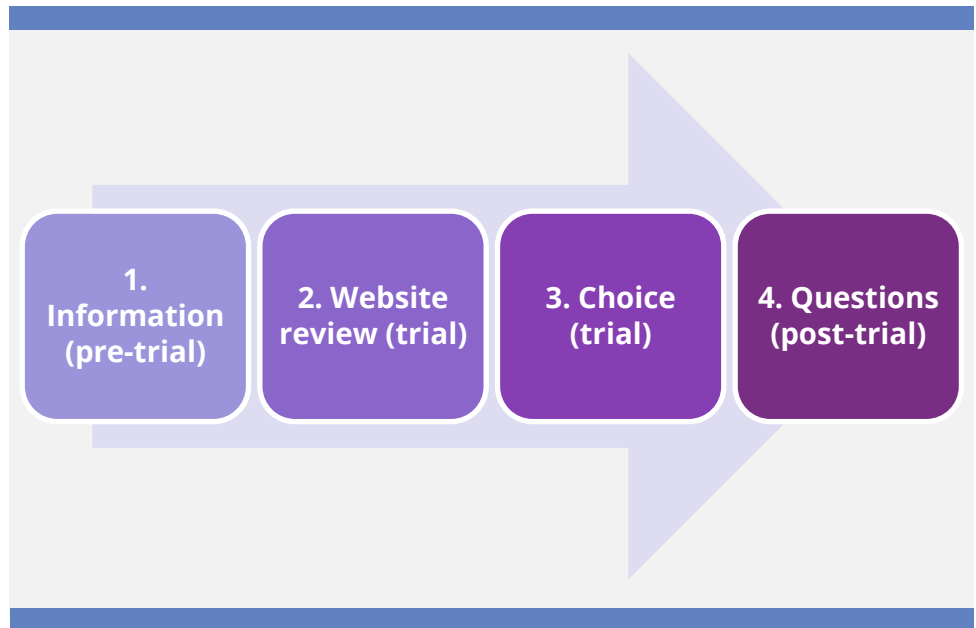
Our view is that the main reason for providing an incentive in this trial is to ensure that participants **take the task seriously**. We doubt that an incentive could mimic the financial and non-financial incentives at play in the context of conveyancing.

With this in mind, we told participants that they would be entered into a prize draw for an iPad mini if they made a “good” choice.

3.3.3 Activities undertaken by participants before, during and after the trial

The trial was administered online between 4-15 September 2017 and was framed as an online searching and shopping exercise. The figure overleaf shows the main activities undertaken by participants before, during and after the trial.

Figure 6: Main features of our methodology



Information (pre-trial)

At the beginning of the online trial, each participant was given information about **what conveyancing is**. This was necessary because some participants may not have been familiar with this service, if they had not bought or sold a property.

Participants were also given information about the **conveyancing scenario they are in** (i.e. the purchase of a house worth £235k) for the purpose of the trial. This information was necessary to allow participants to work out which offer was best for them during the website review. We chose this value based on the average price for a house in England and Wales of £232,478 in May 2017.⁹

The nature of the task was also described to them and they were told the **consequences of making a good or bad choice** (with the consequence of a good choice being an entry into a prize draw), as well as being re-assured that any personal details that they entered into the websites during the trial would not be stored or used in any other way.

Website review (trial)

Participants in each treatment group reviewed six websites that “mimicked” solicitors’ websites under the Legal & Co. brand.

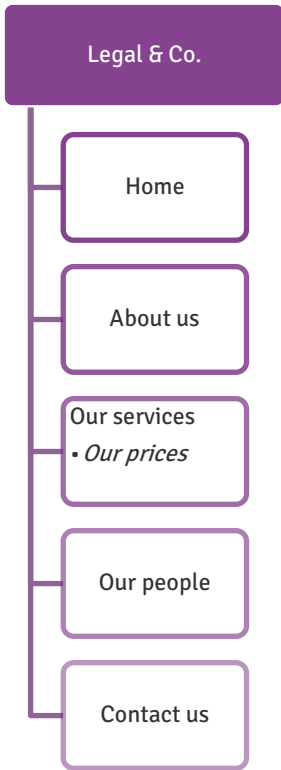
- In the *pricing model trial*, different treatment groups saw different pricing models, with common frames.

⁹ HM Land Registry (2017), “UK House Price Index May 2017”.

- In the *frames trial*, different treatment groups saw different frames, with common pricing models.

They also shared the same firm name, branding and overall look. This was to ensure that the trial tests the effects of changing pricing models / frames, not changes in the way the website looks. This involved some sacrifice of external validity, but we believe it was worthwhile to avoid capturing the effect of changes in website design.

We commissioned a web designer to design one master website. This master website contained five pages that all participants saw.






- **Home page.** This was the initial page that all participants saw. This page varied depending on which treatment participants were in.
- **About us page.** This page contained some background to the Legal & Co. company. This page was the same across all treatments.
- **Our services page.** This page contained some more information on the conveyancing services that Legal & Co. offers. This page varied depending on which treatment participants were in.
- **Our people page.** This page contained some background to the Legal & Co. staff, which was made up of a mix of female and male employees with white and BAME names to remove any potential bias. This page was the same across all treatments.
- **Contact us page.** This page contained contact details and opening hours for Legal & Co. This page was the same across all treatments.

Moreover, participants in the *two clicks* and *online form* frames were able to see an additional page:

- **Our prices page.** This page contained the pricing information for both the *two clicks* and *online form* frames and was only accessible over a hyperlink from the 'our services' page in the *two clicks* frame, or participants were automatically redirected to it, after they had filled in an *online form* on the 'home' page with their personal details.

The following table illustrates the different paths to the pricing information under the three different pricing frame treatments. Appendix 2.2 sets out screen shots for each of the different frames, showing what the hyperlinks looked like.

Table 2: Paths to pricing information under different pricing frames

	No clicks	Two clicks	Online form
Home page	 (see Appendix 2.2.2.1)	Hyperlink to 'our services' page (see Appendix 2.2.2.2)	If online form is filled out, automatically redirected to the 'our prices' page (see Appendix 2.2.2.5)
Our services page	Information on conveyancing	Information on conveyancing and hyperlink to 'our prices' page (see Appendix 2.2.2.3)	Information on conveyancing
Our prices page	This page did not exist in this frame	 (see Appendix 2.2.2.4)	 This page was only available through re-direction from the home page (see Appendix 2.2.2.4)

Amongst the six websites there were three 'good' and three 'bad' choices, namely three cheap options and three expensive options.

- The **good choices** had an expected conveyancing cost of **£600** (£720 incl. VAT).
- The **bad choices** had an expected conveyancing cost of **£635** (£762 incl. VAT).

Box 1: A brief note on good and bad choices in the context of this trial

The focus of this research was on price transparency in the conveyancing market and on the merits – or otherwise – of different pricing models for conveyancing services.

As such, we have adopted a very narrow definition of ‘good’ and ‘bad’ choices in the context of this trial. A ‘good’ choice was simply opting for one of the cheap websites, whereas a ‘bad’ choice was opting for one of the expensive ones. It was not in the remit of this research to assess the quality of legal choices more broadly, especially as we recognise that in practice, making a “good” legal decision will involve many other aspects apart from price, such as quality, convenience and so on.

That is why we kept all aspects of the different Legal & Co. websites that participants saw the same, except for varying either the pricing models or frames, as well as the price levels (cheap and expensive websites). We sought to keep the “quality” aspect of the different websites the same, for example by having the same staff on all websites. However, as discussed in section 5, there are some interesting questions regarding as to what participants indeed perceived as “quality” in the online trial.

All pricing models also showed all disbursements, which are required for the conveyancing process, but which do not constitute the solicitors’ fees (such as Stamp Duty). See the following figure for an example of the price presentation for a good choice with a *fixed fee* pricing model.

Figure 7: Illustration of fixed fee pricing model, good version

	Legal fees
Solicitors’ fees	£600.00
VAT	£120.00
Total fees inc. VAT	£720.00

	Disbursements
Bankruptcy search (VAT n/a)	£3.00
Local authority search (inc. VAT)	£150.00
Land registry office copies (VAT n/a)	£6.50
Environmental searches (inc. VAT)	£30.00
Drainage searches (inc. VAT)	£35.00
Local searches (inc. VAT)	£145.00
Telegraphic transfer fee (inc. VAT)	£42.00
Land registration fee (VAT n/a)	£135.00
Stamp Duty (VAT n/a)	£2,200.00

Choice (trial)

Once the participants in each treatment group had reviewed the six websites, they were asked to pick the website / offer they thought would best meet their needs, given the conveyancing scenario they were in.

By comparing the choices made by participants in different treatment groups, we can test how different pricing models and/or frames both:

- affect the choices made; and
- affect the ability of consumers to make a good or bad choice.

Questions (post-trial)

Finally, once the participant had completed the main decision task, we followed up with questions about:

- the reasons for the choice made;
- confidence in the choice;
- extra information they may have wanted; and
- demographic information, including whether they had recently purchased a house etc.

In addition to helping us understand the results of the trial better, this also allowed us to compare the participants' actual behaviour with their perceptions of their behaviour (e.g. whether those with higher levels of reported confidence have a lesser or greater tendency to make 'good' choices).

3.4 A discussion of the trial methodology

As the previous section sets out, the online trial involved real choices by participants and ensured that the effects of the different interventions / treatments were controlled for.

RCTs have been used for over 60 years to compare the effectiveness of new medicines and have recently become more commonplace in international development to compare the cost effectiveness of different interventions for tackling poverty.¹⁰ In the UK, the Financial Conduct Authority (FCA) has increasingly used trials and other methods, such as experiments, in developing interventions, and other regulators (Ofgem, SRA) have started using them, too.

One of the main appeals of this method for this research is that it overcomes limitations of survey-based approaches, as it does allow us to see how consumers' decisions would change with different price-related information in a controlled environment.

However, in the context of this online trial, we still need to be mindful of other limitations that arise. For example, making a choice in an online trial is not the same as making a choice in real life for several reasons, including:

- the costs and benefits involved in the trial are smaller than in real life;

¹⁰ Haynes et al. (2012), "Test, Learn, Adapt: Developing Public Policy with Randomised Controlled Trials".

- the trial participant is likely to be in a different frame of mind compared to a house buyer;
- the extent to which a trial can “mimic” real life is influenced by the time and costs associated with the research.

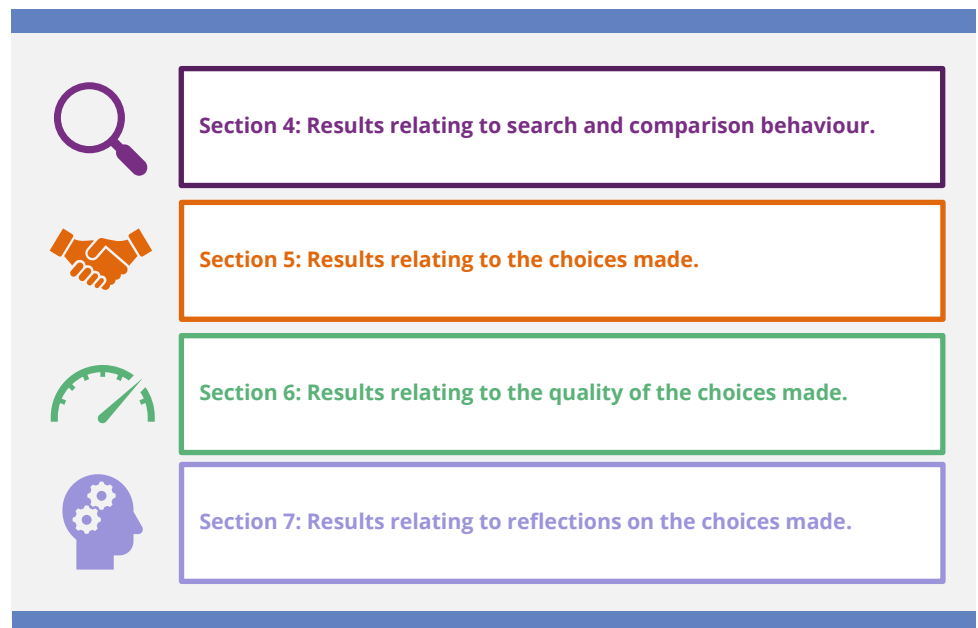
In our view, the advantages and disadvantages of both methods mean that the results of them should inform regulatory decision-making alongside other evidence, and that for this research question – i.e. price transparency - they nicely complement each other.

3.5 The structure of the rest of this report

Our main findings are structured very closely around the consumer journey, which both our online house buyer survey and our online consumer trial sought to mirror.

- **Section 4** sets out our findings in relation to search and comparison activities that consumers undertake.
- **Section 5** sets out our findings in relation to the choices consumers make, including their choice of pricing model.
- **Section 6** sets out our findings in relation to the quality of those choices, especially the extent to which they paid what they expected to (in the online survey) and the extent to which they made a “good” choice (in the online trial).
- **Section 7** sets out our findings in relation to consumers’ reflections on their choices.

Figure 8: Structure of our results





4. Results relating to search and comparison behaviour

This section sets out the search and comparison behaviour of the recent house buyers included in our online survey. It is split into two main sections: the first covers the results relating to respondents' search behaviour; and the second covers the availability and presentation of price information.

- The results in this chapter show that the house buyers have an appetite for shopping around. For example, 66% of respondents stated that they considered more than one solicitor before instructing one, whereas 30% only considered one. 71% of respondents stated that they spent more than one hour searching for a solicitor.
- The results show the importance of recommendations, with 61% of respondents using recommendations to find a solicitor. This is consistent with findings in section 5, which show that 72% of respondents instructed a solicitor based on someone's recommendation.
- In fact, 35% used recommendations from estate agents and financial advisors to find a solicitor in the first place.
- Respondents reported mixed experiences of finding prices:
 - 11% of respondents said that price information was difficult or very difficult to find, 89% said otherwise;
 - 63% of respondents had to contact the solicitor to obtain a quote; and
 - 53% required clarifications on pricing matters.

4.1 Finding a provider

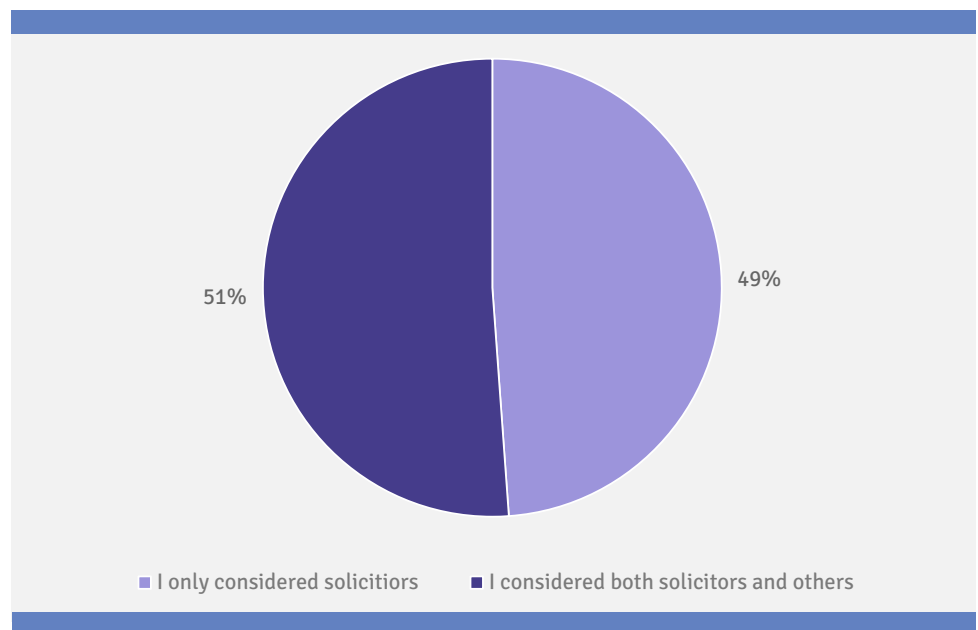
Here we set out:

- the types of providers considered by respondents;
- how they found a solicitor;
- how long they spent searching for a solicitor; and
- the number of solicitors they considered.

4.1.1 Types of providers considered

The following chart shows the types of providers that the online survey respondents considered.¹¹

Figure 9: Types of providers considered by all respondents



Source: *Economic Insight house buyer survey (N=1,001)*

As can be seen, around half (49%) of respondents considered only solicitors, whereas the other half considered solicitors and others – either other types of providers or doing it themselves / their partner doing the conveyancing.

Of those that considered both solicitors and others, around 90% considered using licensed conveyancers, whereas around a quarter considered either using solicitors or doing it themselves / their partner doing it. Licensed conveyancers are specialist property lawyers, who can deal with all the legal, administrative and financial requirements involved in buying or selling property or re-mortgaging a property. They are regulated by the Council for Licensed Conveyancers in England and Wales and were not the subjects of this research. All of the following results relate to solicitors only.

¹¹ Respondents had to have considered solicitors, as this was part of the profiling.

4.1.2 How solicitors were found

The next table illustrates how respondents found the different solicitors.

Table 3: How solicitor was found, multiple choice answer

	%	N
Internet search	38%	382
Recommendation from a family member / friend / work colleague	33%	330
Recommendation from an estate agent	19%	191
Recommendation from bank / building society / mortgage lender	12%	116
Recommendation from financial advisor / mortgage broker	11%	108
Walked past their offices	8%	83
Advertisement in newspaper / magazine	7%	68
Already knew the solicitor, but had not used	7%	66
Yellow Pages	6%	63
Leaflet	5%	55
Previous experience of using solicitor	5%	54
Advertisement on radio / television	5%	51
I was approached by the solicitor	1%	12
Other	1%	11
Don't know / can't remember	0%	5

Source: Economic Insight house buyer survey (each row is out of N=1,001)

Due to the nature of this survey (i.e. it being online) a high proportion (38%) of respondents found solicitors through an online search. A high proportion of respondents also followed recommendations, be these from family and friends or other advisors, such as their financial or mortgage advisor or bank and building society.

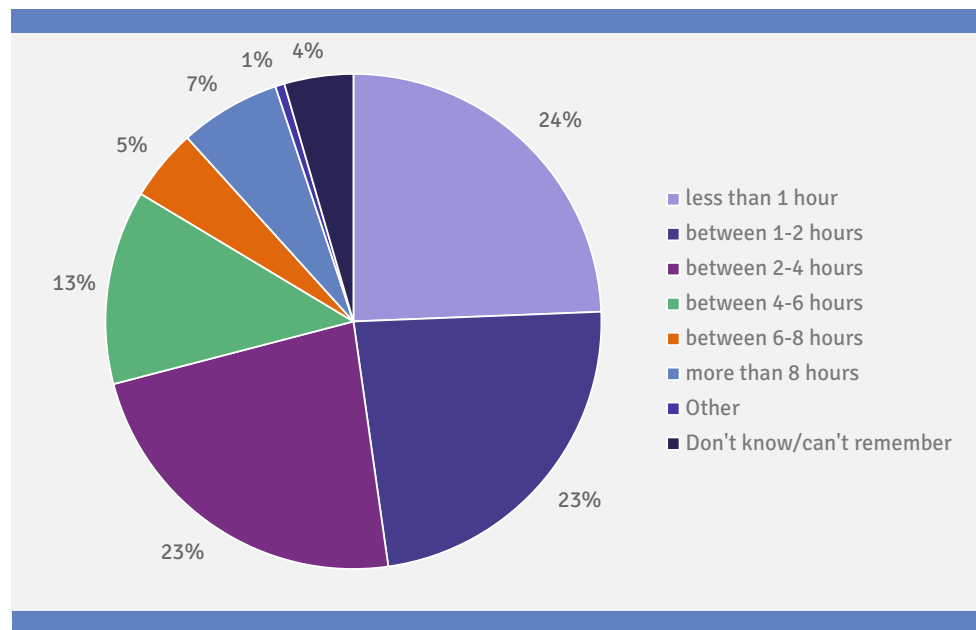
Respondents could pick more than one of the above answers to the question as to how they found a solicitor. Looking at those that considered solicitors that had been recommended to them, 61% said that they considered one that

was recommended to them be this from family and friends or other advisors. 35% considered a solicitor that had been recommended to them by an estate agent or financial advisor / bank.

4.1.3 Time spent searching

The following figure illustrates roughly how long respondents stated that they spent searching for a conveyancing solicitor.

Figure 10: Hours spent searching



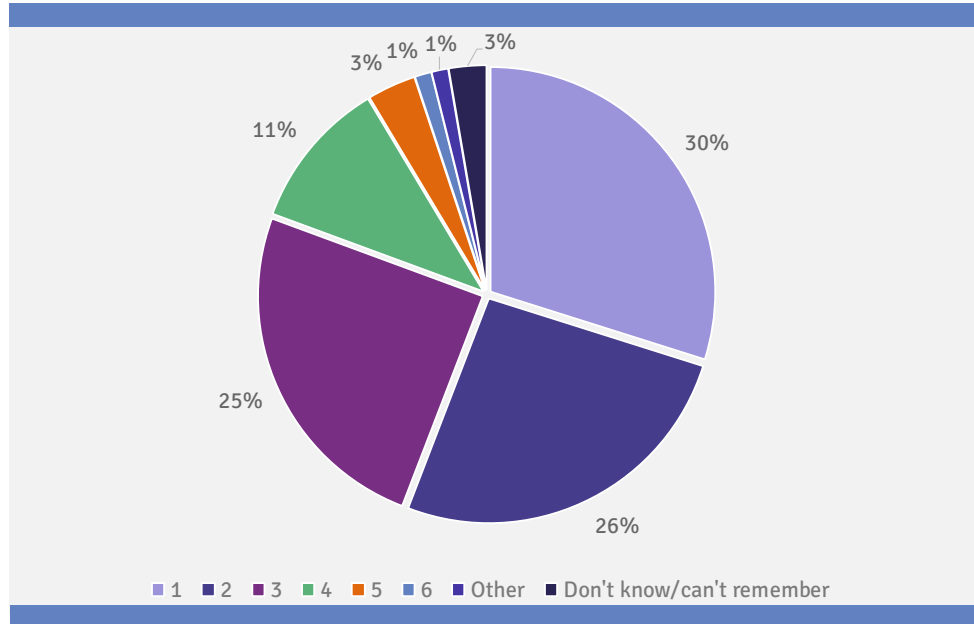
Source: Economic Insight house buyer survey (N=1,001)

Again, the results are consistent with respondents shopping around for conveyancing solicitors, with around 70% of respondents spending up to four hours searching for solicitors. Just under a quarter of respondents (24%) spent over four hours searching for solicitors.

4.1.4 Number of solicitors considered

The following chart illustrates how many solicitors were considered by respondents before instructing one.

Figure 11: Number of solicitors considered



Source: Economic Insight house buyer survey (N=1,001)

Around 66% of respondents considered more than one solicitor, whereas 30% of respondents only considered one solicitor. This indicates that respondents appear to “shop around” for conveyancing solicitors to some extent. Most respondents who considered more than one solicitor tended to consider up to four, with a small minority of consumers considering five or six different solicitors.

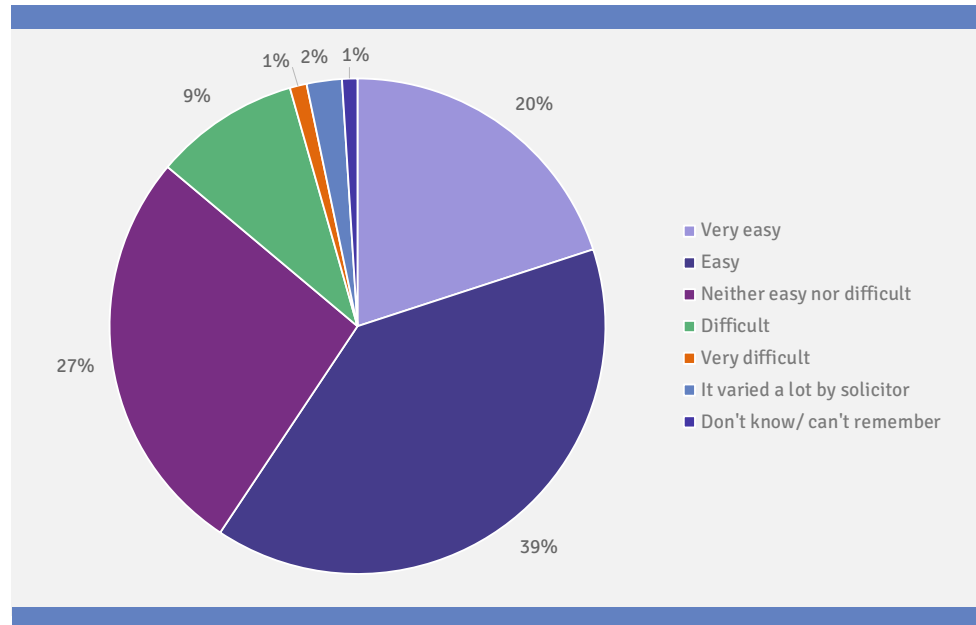
This result is different to the Legal Services Consumer Panel (LSCP) Tracker Survey (2017), which found that the proportion of consumers who shop around for legal services was at around 27%, but chimes with recent findings from the SRA’s conveyancing research, that of those house buyers who used comparison websites, 51% had used one to compare conveyancing providers.¹² The difference could be due to the LSCP survey covering all legal services, whereas the SRA’s recent and the current research is focused on conveyancing. When looking at the LSCP results by respondents who had a conveyancing need in the last two years, the proportion of those shopping around increases to 39%.

¹² IFF Research (2017), “Understanding the experiences of conveyancing legal services”.

4.2 Finding price information

The following figure illustrates how easy respondents found it to find the prices of the conveyancing services.

Figure 12: Ease of finding prices

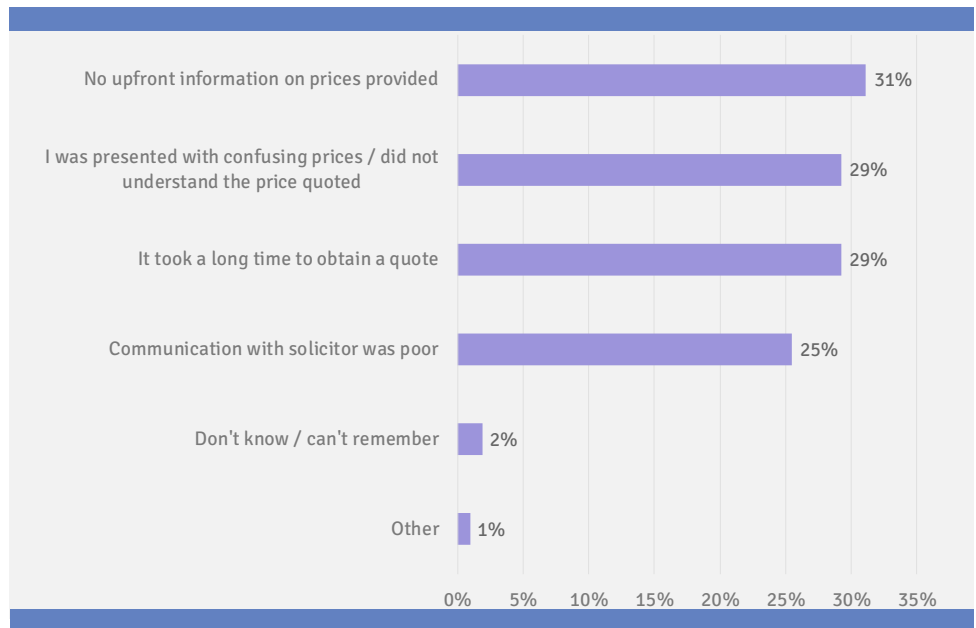


Source: Economic Insight house buyer survey (N=1,001)

59% of respondents found that prices were easy or very easy to find, compared to 10% who found it difficult or very difficult.

The following chart sets out the reasons why those that found it difficult or very difficult to find the prices for conveyancing did so.

Figure 13: Why it was difficult to find prices, respondents who found it difficult or very difficult to find prices, multiple choice answer



Source: *Economic Insight house buyer survey (each bar is out of N=106)*

As can be seen, 31% of respondents who found it difficult to find prices for the legal advice did so because no upfront pricing information was available. A similar proportion of respondents who found it difficult to find prices (29%) stated that prices were presented in a confusing manner and that it took a long time to obtain a quote.

The following table illustrates where respondents found the prices for the conveyancing services.

Table 4: How respondents found out about the price

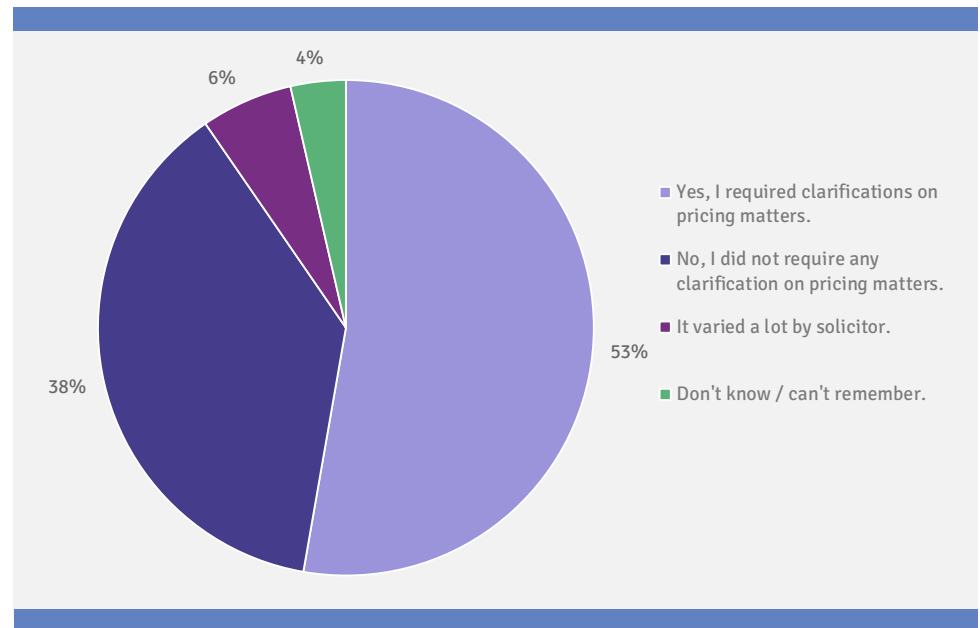
	%	N
Had to email to obtain written quote	21%	212
Had to call to obtain verbal quote	18%	178
Prices were readily available on the website	15%	151
Had to fill out form on website to obtain instant quote	11%	112
Had to arrange face to face meeting to obtain verbal quote	7%	75
A family member / friend / work colleague said how much it would cost (roughly)	7%	69
Had to arrange face to face meeting to obtain written quote	5%	53
A financial advisor / mortgage broker lender said how much it would cost (roughly)	4%	44
A bank / building society / mortgage lender said how much it would cost (roughly)	2%	25
Don't know/can't remember	2%	21
Other	1%	7

Source: *Economic Insight house buyer survey (N=1,001)*

The table illustrates that in 63% of cases, respondents had to contact the solicitor in some form to obtain a quote. This includes 11% who had to fill out an online form to obtain a quote. 15% of respondents stated that the prices were readily available on the solicitor's website. Overall, 26% of respondents found prices online, albeit only 15%, e.g. those not having to fill out the online form, were able to access them without having to contact the solicitor.

The next chart illustrates the proportion of respondents to the online survey that required clarifications on pricing matters.

Figure 14: Clarification on pricing required



Source: *Economic Insight house buyer survey (N=1,001)*

As can be seen, just over half (53%) of respondents required clarifications on pricing matters, with 38% requiring no pricing clarifications.



5. Results relating to the choices made

This section summarises the choices that respondents made in both the online survey and the online trial. It is split into three parts covering: the effects of different pricing models on choice; the effects of different pricing frames; and the reasons for the choices made.

- The results from the online survey and online trial suggest that, when given the choice, respondents choose a range of **pricing models** from fixed fees to hourly rates. One size does not fit all.
 - In the online survey, 57% of respondents stated they chose a solicitor offering a fixed fee pricing model, with the rest choosing a solicitor offering estimated fees or hourly rates. In the online trial, participants' choices were spread across fixed fee, hourly rates and a process / staged fee.
 - There is some limited qualitative evidence that some respondents like the certainty of a fixed fee, whereas others like the ability not to pay for work that may not be needed.
- The online trial strongly suggests that “small” changes in the ease with which price information can be accessed could have a large effect on consumers' ability and willingness to find and use it. When given the choice of **pricing frame**, participants strongly preferred the websites where price information was “no clicks” or “two clicks” away (86%) compared to completing an online form (14%).
- Though respondents **care about price**, they appear to **lack focus on price** when making choices. Only 6% of respondents to the house buyer survey stated that they chose the solicitor because it was the cheapest and only 25% of participants in the online trial said that they chose a website because it was the cheapest.

5.1 The effects of different pricing models on choice

The following table shows how the prices for the conveyancing services were presented to respondents in the online survey by the solicitor that they instructed to undertake the conveyancing work for them.

Table 5: How the price was presented

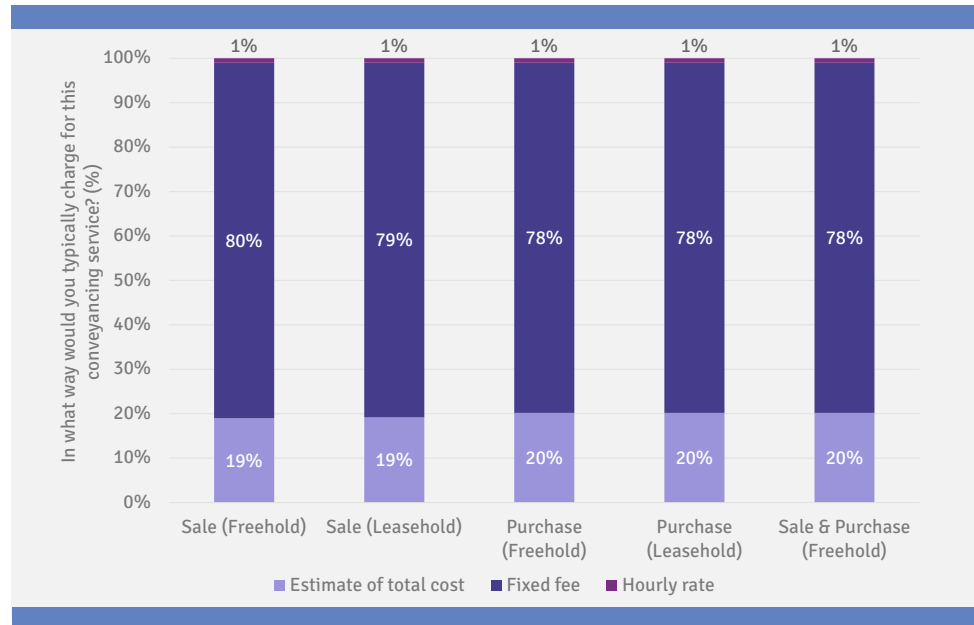
	%	N
Fixed fee for legal advice, including all expenses and additional fees	40%	399
Estimate of total costs for legal advice, including all expenses and additional fees	22%	217
Fixed fee for legal advice, excluding all expenses and additional fees	17%	166
Estimate of total costs for legal advice, excluding all expenses and additional fees	7%	70
I was given a breakdown of costs (including disbursements and VAT)	4%	43
I was given a rate card / pricing structure	4%	36
Hourly fees, and I was told how many hours would be required	3%	32
Don't know / can't remember	3%	30
Hourly fees, and I was not given an estimate of the hours required	1%	7
Other	0%	1

Source: *Economic Insight house buyer survey (N=1,001)*

As can be seen, 57% chose a solicitor that presented them with a *fixed fee* for the legal advice. Only 5% of respondents instructed a solicitor that presented them with *hourly rates*. Around 29% of respondents instructed a solicitor that presented them with an estimate of the total cost. Arguably, if this estimate was based on an hourly fee rate, approximately 33% of respondents picked a solicitor with an *hourly rate*.

This is consistent with previous research undertaken by the LSB, which shows that the majority of solicitors charge on a fixed fee basis for conveyancing.¹³

Figure 15: Charging approach for conveyancing



Source: OMB Research (2016), “Prices of Individual Consumer Legal Services: Research Report”, p. 10.

The consumer legal needs survey undertaken for both the Law Society and the LSB also showed that fixed price quotations were common for conveyancing.¹⁴ It also found that using a solicitor for conveyancing matters was seen as “the norm” by consumers, even though it is possible not to use a solicitor.¹⁵ 38% of respondents mentioned the *need* for a solicitor for conveyancing.¹⁶

Interestingly, most respondents (70%) stated that, given the choice, they would prefer conveyancing services to be presented as a *fixed fee*, whereas only 3% stated that they would prefer them to be presented as *hourly fees*. This suggests that what respondents do not always do what they say, as only 57% actually chose a solicitor with a fixed fee.

The “most preferred” pricing model varies between the online survey and the online trial. This could be for various reasons, not only because the two were asking slightly different questions. The former was assessing what the pricing model of the instructed solicitor was, whereas the latter was much narrower – instructing respondents to review solicitor’s websites and choose solely based on that information. Moreover, the samples were also different. Respondents to the online survey had by nature of the survey been through a conveyancing experience and were (at least to some extent) familiar with the market,

¹³ OMB Research (2016), “Prices of Individual Consumer Legal Services: Research Report”, p. 10.

¹⁴ Ipsos MORI (2016), “Online survey of individuals’ handling of legal issues in England and Wales 2015”, p.7.

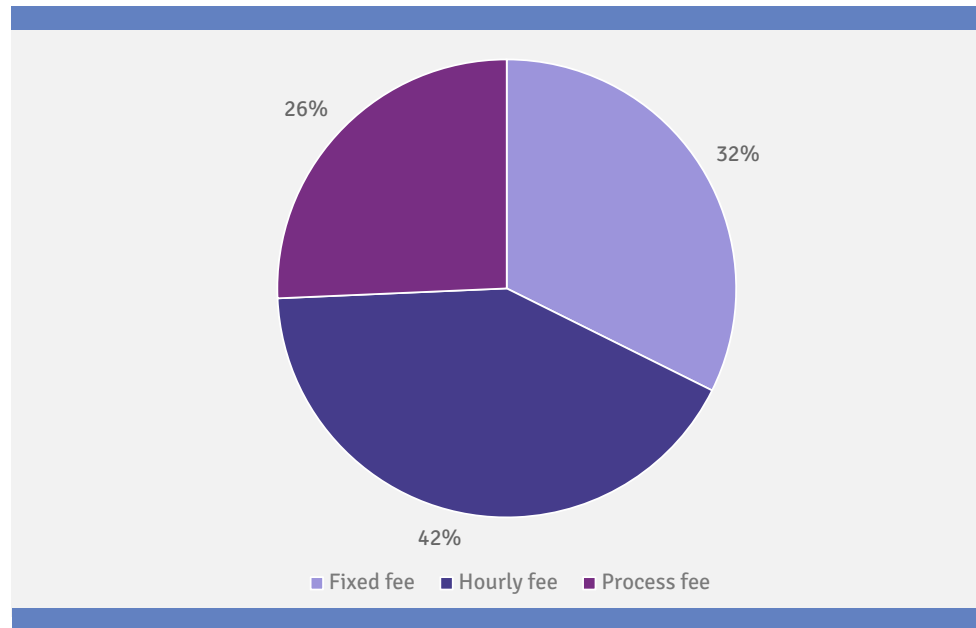
¹⁵ *Ibid.*, p. 86.

¹⁶ *Ibid.*, p.108.

potentially also being anchored towards the decision they had taken. Respondents to the online trial did not necessarily have the experience or familiarity with the conveyancing market.

The following figure shows which pricing models participants chose in the online trial, holding the frame constant. This choice includes both good and bad choices, demonstrating participants' preferences for any particular pricing model.

Figure 16: Participants' choice of pricing model



Source: *Economic Insight trial (N=1,997)*

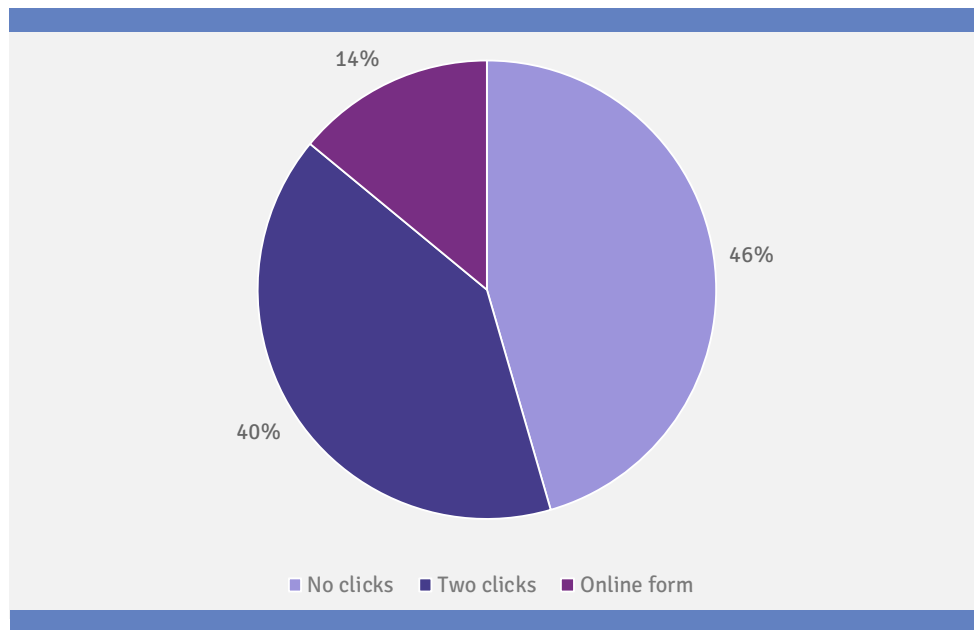
As can be seen from the figure, 42% of participants picked a Legal & Co. website with hourly fee rates as their preferred choice. This was closely followed by the one offering *fixed fees* (32%) and finally by the one offering *process fees* (26%). This did not vary much by demographic group.

5.2 The effects of different pricing frames on choice

The online trial further allowed us to explore participants’ preferences regarding the positioning or the effort required to obtain the pricing information.

The following figure shows which frames participants chose, holding the pricing models constant. As above, this choice includes both good and bad choices, demonstrating participants’ preferences for any particular frame.

Figure 17: Participants’ choice of pricing frame



Source: Economic Insight trial (N=2,004)

“The prices were straightforward not hidden.” – online trial respondent

“Transparency - prices on home page whereas the other websites were a few clicks navigation away.” – online trial

Participants appear to mildly prefer the ‘no clicks’ frame, whereby the pricing information is presented on the home page, closely followed by the ‘two clicks’ frame. In the latter, the pricing information is two clicks away from the home page. Finally, only around 14% of participants chose the Legal & Co. websites where the pricing information was “hidden” behind an ‘online form’. This low uptake of the online form could be explained by the “effort” associated with it offsetting the benefit of “personalisation”.

5.3 The reasons given for the choices made

5.3.1 Reasons given for choice made in the online survey

The following table illustrates the main reason respondents to the online survey gave for their choice of solicitor. It shows that most respondents (72%) instructed a solicitor to undertake the conveyancing work for them as they followed someone's recommendation.

Table 6: Main reason for choosing the solicitor that respondents instructed

	%	N
I followed family member/ friend/ work colleague's recommendation	37%	375
I followed estate agent's recommendation	21%	207
I followed bank/ building society/ mortgage broker's recommendation	14%	143
I had previous experience of using the solicitor	8%	77
I chose the cheapest solicitor	6%	60
I chose the solicitor which was located most conveniently, irrespective of price	4%	39
I chose the solicitor that promised the fastest completion, irrespective of price	3%	32
I chose the solicitor that represented the best balance of price and characteristics I care about	2%	18
Don't know/ can't remember	2%	16
I chose the solicitor that was best value for money	1%	15
Other	1%	13
I chose the solicitor that was highest quality, irrespective of price.	1%	6

Source: *Economic Insight house buyer survey (N=1,001)*

Of those that followed someone's recommendation, 35% followed the recommendation of an intermediary – be this an estate agent or mortgage broker. This highlights the important role of others in the supply chain of conveyancing services.

Only 6% of respondents said that they chose their solicitor because they were the cheapest and 1% because they were value for money. When asked about important factors in their choice of solicitor, respondents were given the option to select up to five important factors in their choice. The following table illustrates the factors that were picked either as first or second most important factors in the respondents' choice of a solicitor.

Table 7: Two most important factors for choosing a solicitor, multiple choice answer

	%	N
Their reputation	42%	422
Cost of legal services	32%	320
Distance from where you live	13%	134
Convenience of where they are located	13%	126
Friend referral/ word of mouth	11%	113
Recommended by another trusted advisor	11%	111
Speed of delivery	9%	94
Specialist in conveyancing	8%	82
Whether you have used them previously	6%	61
Don't know	2%	20
Other	2%	16
Gender of the solicitor	1%	15
They offered the right language skills	1%	13
The right to complain if things went wrong	1%	11
They had indemnity insurance	1%	11
Ethnicity of provider	1%	7
Quality mark	0%	5

Source: Economic Insight house buyer survey (each row is out of N=1,001)

As can be seen, 32% of respondents stated that the cost of the legal advice was either the first or second most important factor in their choice of a solicitor, only exceeded by the reputation of the solicitor.

5.3.2 Reasons for choice in online trial

The following table illustrates the reasons for choosing any given Legal & Co. website.

Table 8: Reason for choosing Legal & Co. website

	%	N
I found the prices easier to understand	45%	1,799
The prices were easy to find	32%	1,287
The price for the legal advice (and disbursements) was cheapest	25%	1,005
The solicitors appeared to offer better quality	25%	984
Don't know	10%	391
Other	7%	262

Source: *Economic Insight online consumer trial (N=4,001)*

As can be seen, 25% of participants chose on the basis that the price for the legal advice was the cheapest. A similar proportion of participants (25%) chose because the solicitors appeared to offer better quality. Almost half of the participants chose because prices were easier to understand, and 32% because prices were easy to find.

“I liked the information spread over a few pages, and not having to provide personal information so soon” – online trial respondent

Box 2: A brief note on quality

We sought to keep quality constant in our trial design, yet a quarter of participants still quoted differences in quality as reasons for their choice.

But the Legal & Co. websites that participants saw were the same, except for varying either the pricing models or frames, as well as the price levels (cheap and expensive websites). This raises interesting questions regarding as to what participants perceived as “quality” in the online trial.

One of the aspects that did vary, however, was how prices were presented. Indeed, some participants attributed “quality” to the fact that some Legal & Co. websites presented prices split by the stages in the process, which they particularly liked.

“I liked the details of the process. More information means I am better informed.”

“Prices were split between the stages. Since a large majority of sales fall through, you could save some money.”

Whereas others may have attributed “quality” to where they could find the prices.

“All the information was in separate, easy to find places. So, you didn't get overwhelmed with information when looking, but everything you would need to know was there for you to find.”

This suggests that the distinction between “quality” and “price” is not clear cut – that is, from the perspective of consumers, good price information is one dimension of good quality.



6. Results relating to the quality of the choices made

This section sets out our results relating to the quality of the choices made by participants, primarily in the online trial. We start with the overall quality of choices and then examine how they are affected by different pricing models and pricing frames.

- Overall, the online trial results suggest that **participants found it difficult to make good price-related choices**, with 42% of participants choosing one of the expensive options.
- The online trial results also suggest that the extent of “**price focus**” participants had influences their ability to make good price-related choices. For example:
 - participants who said that they chose a website because it was the cheapest option are around 14% more likely to make a good choice compared to those that said they chose for other reasons (66% versus 58%); and
 - participants who could exactly recall the cheapest option were nearly 60% more likely to make a good choice compared to those that could not (90% versus 57%).
- There is some evidence from the online trial to suggest that participants make higher quality choices under a fixed fee **pricing model** compared to either the hourly rate or process fee pricing models, but the differences are small. Evidence from the online survey shows that there is a net overpayment rate of 13% across all pricing models, however this is significantly higher under non-fixed fee pricing models (26%) compared to 12% of respondents who said they paid a fixed fee.

Continues overleaf..

- The effect of the **pricing frame** – which affects how much effort participants expend to find the pricing information – appears to be a more important factor in the online trial. 62% of participants make good choices when prices are displayed on the home page compared to 57% of participants made to fill out an online form (a 9% improvement). 59% of participants who had to click through two pages make good choices.
- These findings do not vary significantly by **demographic group**.

6.1 Overall results

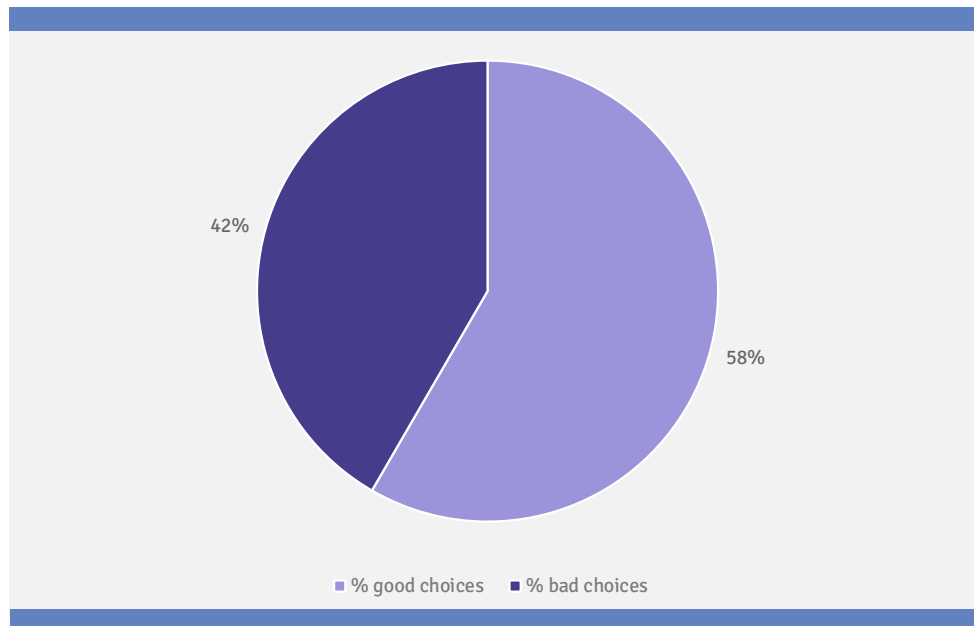
6.1.1 Results from the online trial

In the **online trial**, the main outcome of interest is the proportion of participants choosing the *cheapest option*. This is labelled a “good” decision in the context of this trial. We recognise that this is a narrow definition of “good”, as a “good” decision in practice will involve considering many other variables apart from price, such as quality, convenience and so on. However, in our trial, these other factors do not vary between the choices available and so it is appropriate to focus on price.

Overall, across all trials and treatments in the online trial:

- **58%** of participants chose one of the cheapest options.

Figure 18: Proportion of good and bad choices, all participants across all trials and treatments



Source: Economic Insight online trial (N=4,001)

- As mentioned in the previous section, 25% of participants said that they chose because price was cheapest, with a similar proportion (25%) of participants saying that they chose because of better quality.
 - **66%** of participants who said they chose a Legal & Co. website because the price was cheapest made a good decision, compared to **56%** of participants who chose a Legal & Co. website for other reasons, such as quality or ease of understanding and finding prices.
 - As to the **34%** of respondents that picked a Legal & Co. website because it was cheapest, but chose an expensive one, they did so across all pricing models and pricing frames equally. Again, a higher rate made these “mistakes” in the ‘*two clicks*’ and ‘*online form*’ frames. See also sections 6.2.1 and 6.3 below for the results relating to those that were price focused.
- 7% of participants could recall the price of their chosen option exactly, whereas 27% of participants could recall the price of their chosen option roughly.
 - **90%** of participants with exact price recall chose the cheapest option, compared to **57%** who did not recall the price exactly.
 - **63%** of participants with approximate price recall made a “good” decision, compared to **58%** of participants who did not recall the price approximately.

Box 3: A brief note on exact and approximate recall

To better understand the degree of price focus, we asked participants to state the price of the conveyancing services for the website that they chose. This could be interpreted by participants as either (i) the price for the legal advice (inc. VAT); the price for the legal advice (excl. VAT); or (iii) the price for the legal advice (inc. VAT) plus the sum of all disbursements.

Using these responses, we have defined two groups – those with “exact price recall” and those with “approximate price recall” (where the latter had a range of £600 to £800 and of £3,000 to £4,000 for the different potential interpretations of price).

Arguably, participants who remembered the price of their preferred option either exactly or approximately were at least, to some extent, price focused, too.

- **60%** of participants who spent over 10 minutes on the trial chose one of the cheapest options, compared to **56%** of participants who spent less than 10 minutes on the trial.

Box 4: A brief note on time spent answering the online trial

Another aspect that could be driving “good” or “bad” decision-making could be the amount of time spent undertaking the task. Arguably, participants who “rush” through the task (and relatedly the different websites) may not be in the best position to make “good” decisions. However, some participants may just make decisions fast – be this in the trial context or the real world.

Nonetheless, we have further separately assessed the choices of participants who took more than 10 minutes to complete the online trial. Around half of participants did take this amount of time and it would have provided for sufficient time to read the instructions carefully.

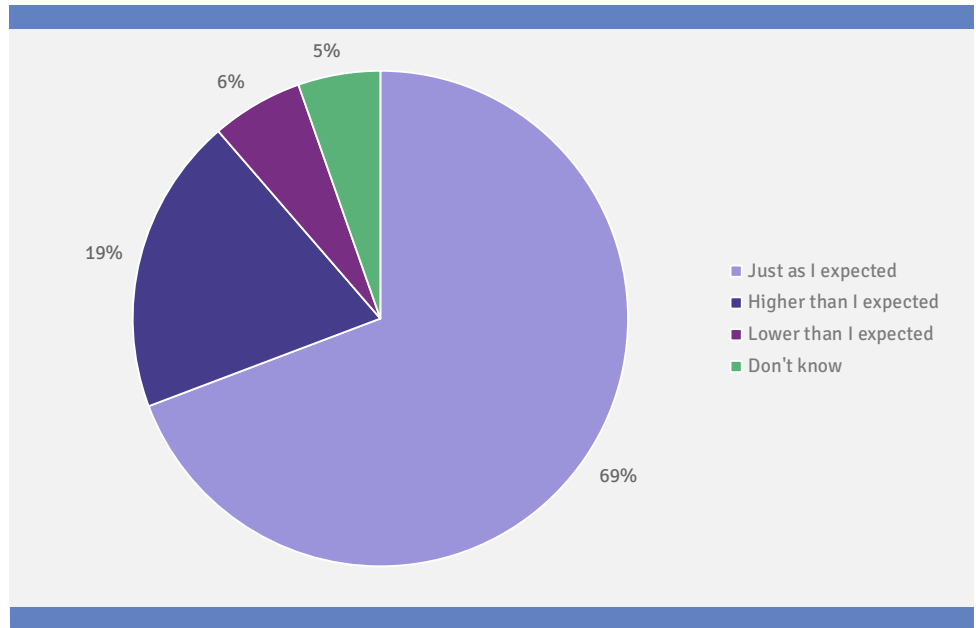
- There were no demographic groups that were particularly more likely than others to make good decisions. There is some evidence that older participants and those that previously bought a house made better choices. For example, 62% of those aged between 55-64 made good decisions, as did 64% of those aged 65-74. Similarly, 60% of those that had bought a house made good decisions. This is possibly linked to the point above, as 60% of those aged 55-64 spent over 10 minutes on the trial as did over 63% of those aged 65-74, for example.

6.1.2 Results from the online survey

In the **online survey**, the main outcome of interest is whether the respondents *paid the price they were quoted*. This again, is a very simple outcome measure, as for example there could have been many legitimate reasons for which the final price and the quoted one were not the same.

In the online survey, most (**69%**) respondents paid the price they were quoted, with around a quarter of respondents paying a price different to the one they were quoted. The following chart illustrates whether respondents paid the price they were expecting to pay, or whether they paid a higher or lower one.

Figure 19: Correspondence of quoted price and price paid, all respondents



Source: *Economic Insight house buyer survey (N=971)*

As can be seen, 69% of respondents to the online survey paid the price they expected to pay. 19% paid a price higher than they expected to and 6% paid a price lower than they expected to. So overall, subtracting those that paid less than they expected from those that paid more, there was a net “overpayment rate” of 13%.

6.2 The effect of different pricing models on the quality of decisions

6.2.1 Results from the online trial

The following table illustrates the proportion of participants choosing the cheapest option, holding the pricing model constant. That is, where participants were presented with a fixed fee pricing model, 58% chose the cheapest option (regardless of whether this was ‘no clicks’ or ‘two clicks’ away, or behind an ‘online form’).

Table 9: Proportion of participants making good choices, holding the pricing model constant – all participants

Trial	% good choices	N
Fixed fee	58%	667
Hourly fee	57%	667
Process fee	56%	670

Source: Economic Insight trial (N=2,004)

This confirms our **hypothesis 1** that participants will make better choices when presented with a *fixed fee* pricing model, compared to an *hourly rate* or a *fees by process stage* model, although this difference is not statistically significant.

Consistency with **hypothesis 2** – that participants will make better choices when presented with a *fees by process stage* pricing model, compared to an *hourly rate* – is contingent on the time spent on the trial. That is, we cannot confirm this hypothesis for all participants, whereas we can confirm it for participants who spent over 10 minutes on the trial.

The following table sets out the results for participants that spent more than 10 minutes on the trial.

Table 10: Proportion of participants making good choices, holding the pricing model constant – all participants spending at least 10 min

Trial	% good choices	N
Fixed fee	62%	300
Hourly fee	57%	312
Process fee	58%	320

Source: Economic Insight trial (N=932)

As can be seen, the proportion of participants making ‘good’ choices under a *fixed fee* model increased slightly by 4 percentage points, whereas the

proportion of participants choosing the cheapest option under a *process fee* model is slightly above that for those facing an *hourly rate*.

By price focus

The following table sets out the proportion of participants who are price focused making good choices under each different trial.

Table 11: Proportion of participants who are price focused making good choices

Trial	% good choices	N
Fixed fee	69%	175
Hourly fee	69%	162
Process fee	72%	138

Source: *Economic Insight trial (N=475)*

As can be seen, those that are more price focused appear to make more ‘good’ choices when they are presented with a *process fee* model.

By exact and approximate price recall

The following table illustrates the proportion of good choices given different pricing models for those with exact price recall.

Table 12: Proportion of participants with exact price recall making good choices

Trial	% good choices	N
Fixed fee	88%	78
Hourly fee	88%	25
Process fee	100%	13

Source: *Economic Insight trial (N=116)*

As can be seen, 100% of participants who were presented with *process fees* made good choices, compared to 88% of those who were presented with *fixed fees* or *hourly rates*.

The following table illustrates the proportion of good choices for those with approximate price recall.

Table 13: Proportion of participants with approximate price recall making good choices

Trial	% good choices	N
Fixed fee	62%	204
Hourly fee	60%	131
Process fee	61%	100

Source: Economic Insight trial (N=435)

Here, 62% of participants who were presented with a *fixed fee* made a good choice, compared to 61% of respondents who were presented with a *process fee* and 60% who were presented with an *hourly rate*.

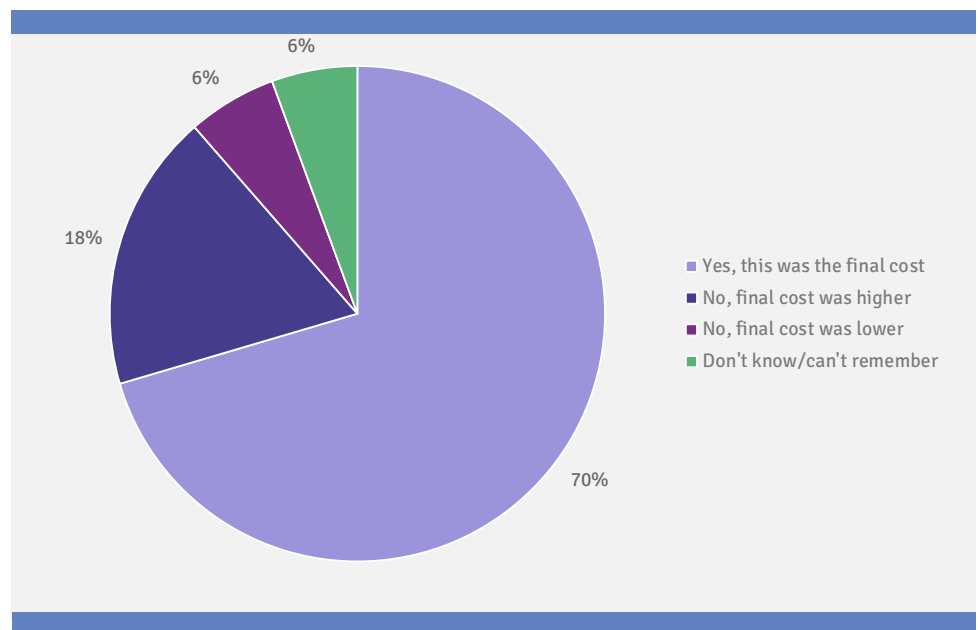
By demographics

We did not identify specific demographic groups that responded particularly well to certain pricing models, compared to others. See Appendix 3.2.

6.2.2 Results from the online survey

The following chart shows whether respondents paid the *fixed fee* for the legal advice that they had been quoted by the solicitor.

Figure 20: Correspondence of quoted price and price paid, those that paid a fixed fee



Source: Economic Insight house buyer survey (N=895)

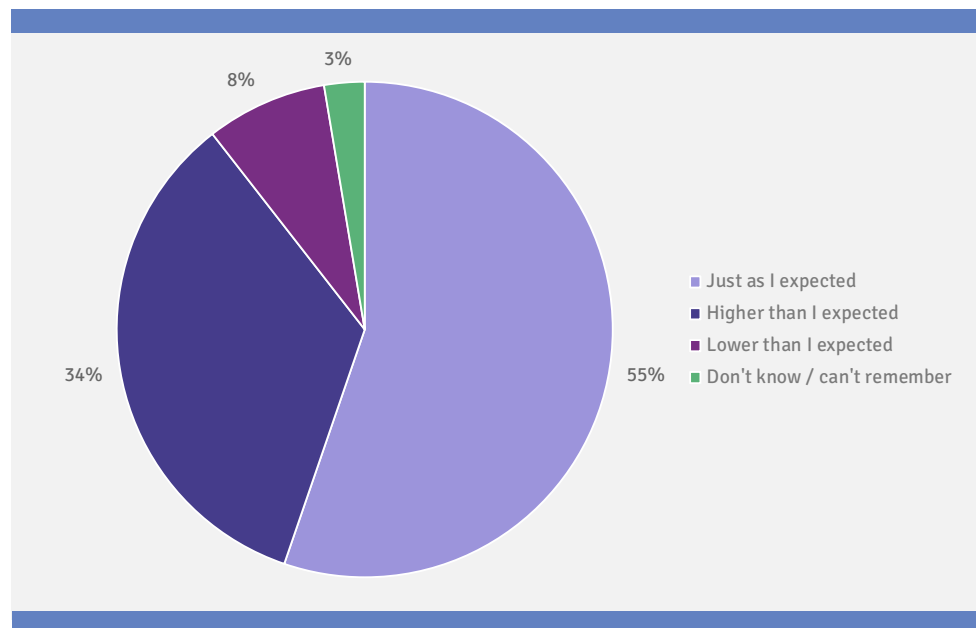
As can be seen, for most (70%) respondents the quoted price was equal to the final price paid, whereas around 24% paid a different price. 18% of respondents paid a higher price than they expected to, whereas 6% paid a

price lower than they expected to. This leaves a “net overpayment rate” of 12%.

This did not vary much depending on the time spent searching or the number of solicitors considered – see Appendix 3.1.

The following chart illustrates whether respondents’ expectations were met for those that were quoted *hourly rates* or were shown *rate cards*.

Figure 21: Correspondence of quoted price and price paid, those that paid hourly rates



Source: *Economic Insight house buyer survey (N=76)*

For respondents who were quoted *hourly rates* or given *estimates of the total costs* expectations were met less frequently than for those that were quoted *fixed fees*. More than half (55%) of respondents paid a price they expected to pay, with roughly 42% paying a price that did not meet their expectations. In 34% of the cases respondents paid higher prices than they expected to, whereas in 8% of cases they paid a lesser amount than they expected to. Again, the “net overpayment rate” for respondents who were not quoted *fixed fees* was at around 26%, which is 14 percentage points higher than under a *fixed fee* pricing model.

6.3 The effect of different pricing frames on the quality of decisions

The following table illustrates the proportion of participants choosing the cheapest option, holding the frame constant. That is, where participants were presented with the pricing information on the home page (*no clicks*), 62% chose the cheapest option (regardless of whether price was presented as a *fixed fee, hourly rate, or process fee*).

Table 14: Proportion of participants making good choices, holding the frame constant – all participants

Trial	% good choices	N
No clicks	62%	664
Two clicks	59%	667
Online form	57%	666

Source: *Economic Insight trial (N=1,997)*

This confirms our **hypothesis 3** that respondents will make better choices when presented with a ‘*no clicks*’ frame, compared to a ‘*two clicks*’ or an ‘*online form*’ frame. The difference between the ‘*no clicks*’ and ‘*two clicks*’ frame is not statistically significant, whereas the difference between the ‘*no clicks*’ and ‘*online form*’ frame is statistically significant at the 10% level ($p=0.06$).

Looking at participants who spent longer on the trial, the following table illustrates the proportion of good decision for those spending more than 10 minutes on the trial.

Table 15: Proportion of participants making good choices, holding the frame constant – all participants spending at least 10 min

Trial	% good choices	N
No clicks	65%	340
Two clicks	60%	331
Online form	56%	302

Source: *Economic Insight trial (N=973)*

‘Good’ decision-making increased by a couple of percentage points for both participants in the ‘*no clicks*’ and ‘*two clicks*’ frames, whereas it decreased slightly for those who only saw ‘*online forms*’.

By price focus

The following table sets out the proportion of participants who are price focused making good choices under each different frame trial.

Table 16: Proportion of participants who are price focused making good choices

Trial	% good choices	N
No clicks	70%	218
Two clicks	59%	173
Online form	58%	139

Source: *Economic Insight trial (N=530)*

As can be seen, even those that chose a Legal & Co. website because of its price made better choices when prices were 'no clicks' away.

Similar results are found when looking at those that spent at least 10 minutes on the trial.

By exact and approximate price recall

The following table illustrates the proportion of good choices given different pricing frames for those with exact price recall.

Table 17: Proportion of participants with exact price recall making good choices

Trial	% good choices	N
No clicks	94%	49
Two clicks	84%	32
Online form	100%	7

Source: *Economic Insight trial (N=88)*

As can be seen, 100% of participants who were presented with the price after filling out an *online form* made good choices, compared to 94% of those who were presented with prices on the home page and 84% of those who had to click twice to obtain the pricing information.

Looking at those with approximate price recall, the following table illustrates the proportion of good choices under different price frames.

Table 18: Proportion of participants with approximate price recall making good choices

Trial	% good choices	N
No clicks	70%	164
Two clicks	59%	138
Online form	63%	65

Source: *Economic Insight trial (N=367)*

Here, 70% of participants who were presented with prices on the home page made a good choice, compared to 63% of participants who had to fill out an online form and 59% who had to click twice to obtain information on prices.

Again, similar results are found when looking at those that spent at least 10 minutes on the trial.

By demographics

We did not identify specific demographic groups that responded particularly well to certain pricing frames, compared to others.



7. Results relating to the reflections on the choices made

This section sets out respondents' reflections on the choices they made, including how satisfied and confident they were in them.

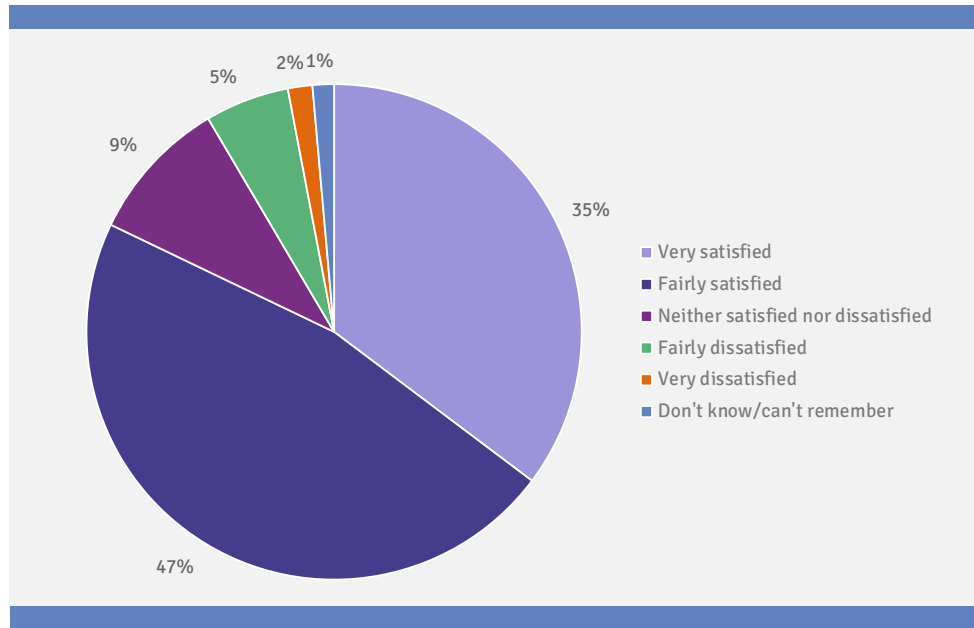
- Most respondents to the **online survey** were satisfied or very satisfied with the service they received (82%) and considered it to be value for money (72%). Consistent with this, 61% of respondents said that they would make the same choices again.
- Respondents paying more or less than they expected are more likely to say that they would do things differently next time, highlighting the importance of price-related outcomes to them.
- Most participants in the **online trial** (68%) were confident or very confident in the choices they made. However, there is not a strong connection between stated confidence and the quality of choices participants made.
- Around 30% of participants said that they would like the opportunity to speak to someone from Legal & Co. to help them make their choice, again indicating that "one size does not fit all" when it comes to information provision.

The rest of this section is split into three parts: respondents' satisfaction with the choices they made; participants' confidence in the choices they made; and additional information that participants would have liked.

7.1 Respondents' satisfaction with the choices they made

The following chart demonstrates respondents' satisfaction with the solicitor's overall service. Most respondents (82%) were satisfied with the service they received. This did not vary by how the prices were presented to the respondents.

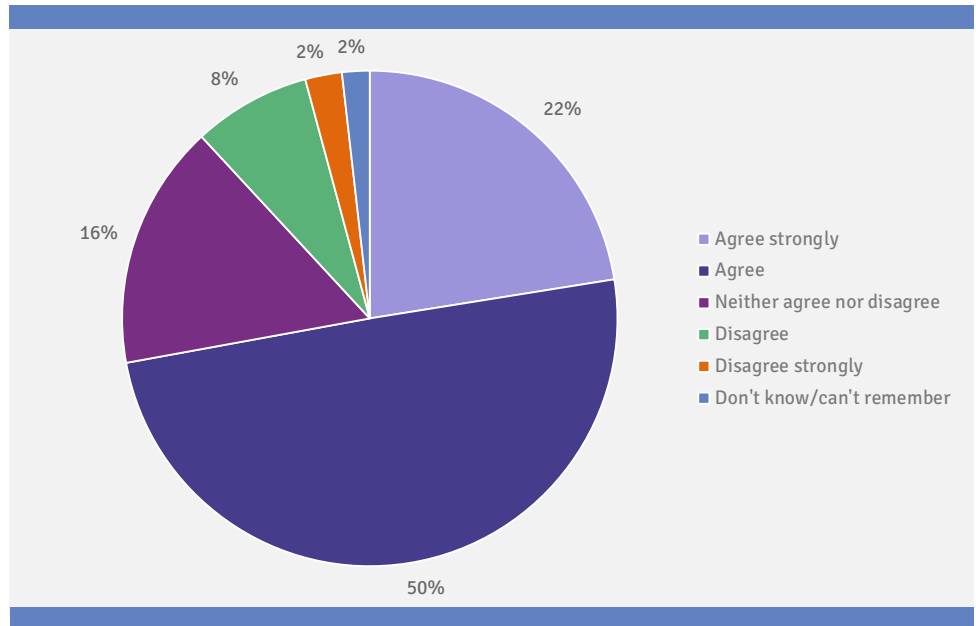
Figure 22: Satisfaction with solicitors' service



Source: Economic Insight house buyer survey (N=1,001)

The next chart illustrates whether respondents to the online survey considered the services they received to be value for money. Again, most respondents (72%) agreed that the service they received had been value for money.

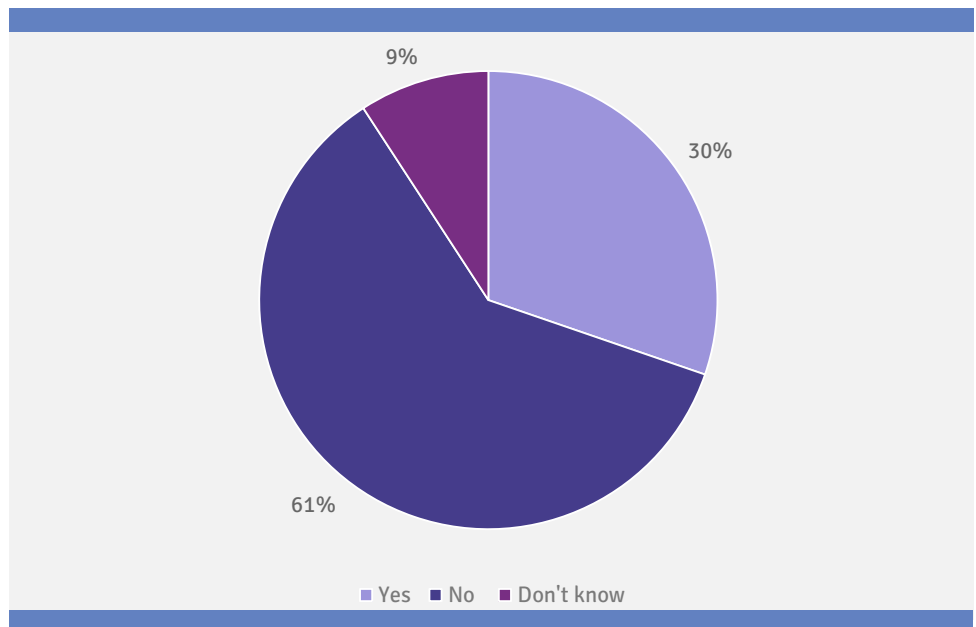
Figure 23: Value for money



Source: Economic Insight house buyer survey (N=1,001)

Consistent with this, the following figure illustrates the proportion of respondents to the online survey that would do something differently next time in terms of searching and choosing a conveyancing solicitor.

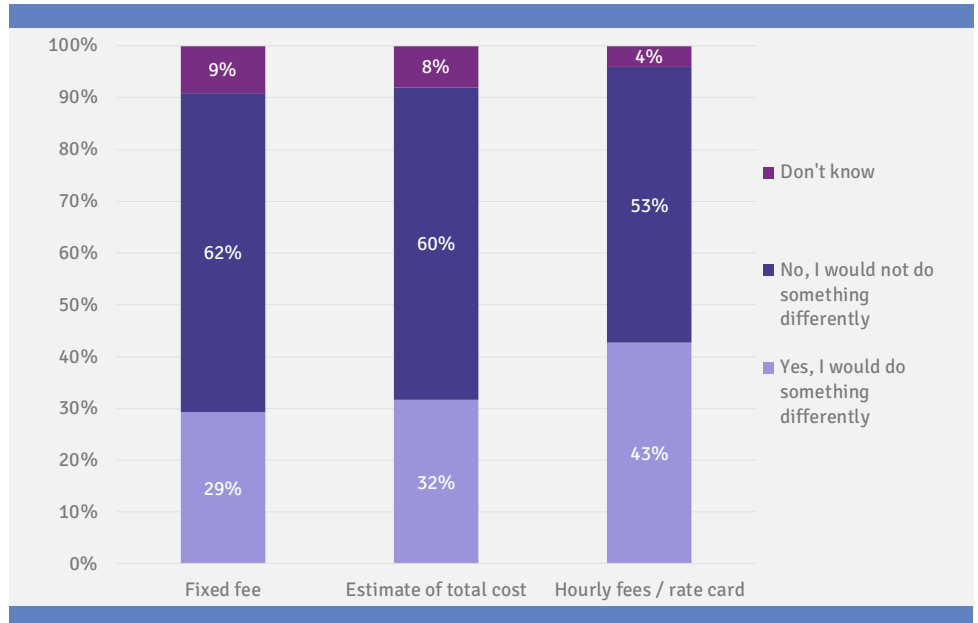
Figure 24: Proportion of respondents who would do things differently next time



Source: Economic Insight house buyer survey (N=1,001)

30% of respondents would do something differently next time, with most respondents (61%) not thinking about changing their behaviour. This varied by how respondents paid for their conveyancing services, as the following chart illustrates.

Figure 25: Proportion of respondents who would do things differently, by price paid

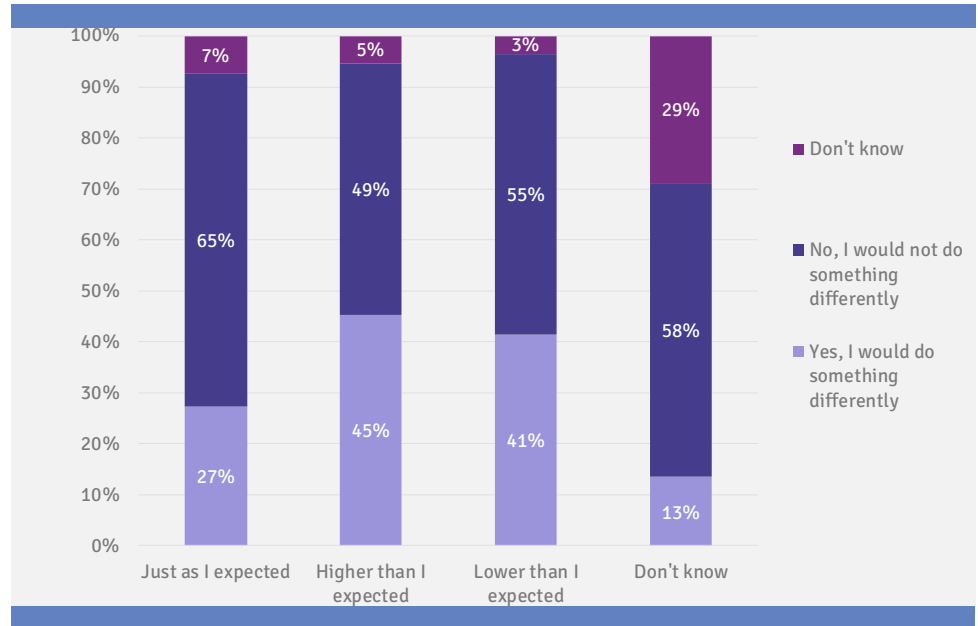


Source: Economic Insight house buyer survey (fixed fee, N=565; estimate of total cost, N=287, hourly fees, N=75)

Respondents who paid using a *rate card* or based on *hourly rates* were more likely to state that they would do things differently next time – 43% of respondents, compared to 29% of those paying using *fixed fees* and 32% of those paying an *estimate of the total cost*. This could be because those that paid under a *non-fixed fee* were more likely to have overpaid than those paying under a *fixed fee* (26% versus 12%).

Moreover, respondents who paid a price higher than they expected were more likely to say that they would do something differently next time, too. This is illustrated in the chart overleaf.

Figure 26: Proportion of respondents who would do things differently, by expectations



Source: Economic Insight house buyer survey (Just as I expected, N=671; Higher than I expected, N=188; Lower than I expected, N=58; Don't know, N=52)

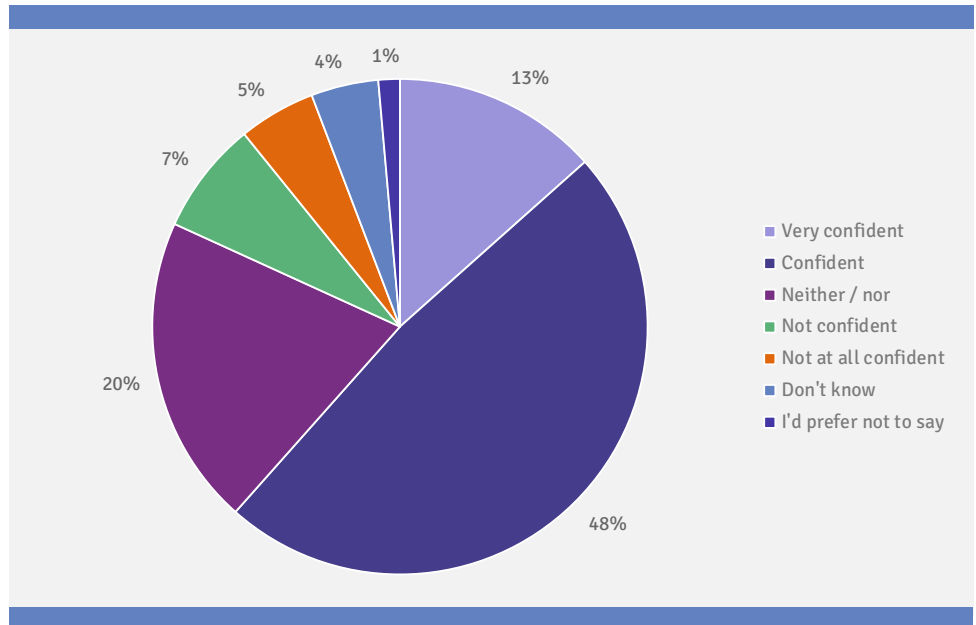
As can be seen, of those that paid a price in line with their expectations, 27% would do something differently, whereas 45% of those that paid a price higher than they expected would change their behaviour. Similarly, 41% of those that paid a price lower than they expected would do something differently next time.

Interestingly, respondents that paid a price different to their expectations were more likely to say they would do something differently next time. One potential reason for this could be that their “price focus” has been enhanced, by paying a different price. Respondents who paid the expected price may not be aware / know that price is negotiable, and hence not consider doing anything differently next time.

7.2 Participants' confidence in the choices they made

The following chart illustrates how confident participants to the online trial were in their decision.

Figure 27: Proportion of participants who are confident in their choice



Source: *Economic Insight trial (N=4,001)*

62% of participants were confident in their choice and 12% were not confident. Men and those aged 16-34 are more confident in their decision (see Appendix 3.2), but tended to choose the higher priced options.

Overall, 59% of those that stated that they are confident or very confident made a 'good' choice. This did not vary much by demographics or time spent on the trial (of those spending more than 10 minutes and being confident or very confident in their choices 60% made a 'good' choice).

7.3 Additional information that participants would have liked

The following table illustrates which additional information participants said they would have liked to have to make their choices in the online trial.

Table 19: Additional information required by respondents, multiple choice answer

	%	N
I would have liked to go into Legal & Co. to speak personally to someone about this	12%	482
More information on who would be undertaking the conveyancing work	11%	421
More information on prices	10%	401
I would have liked to speak to someone from Legal & Co. on the phone to clarify some issues	10%	401
I would have liked to have the opportunity to clarify some issues over email	8%	327
No additional information required	8%	313
More information on indemnity insurance	7%	265
Don't know	3%	102
Other	1%	56

Source: *Economic Insight online consumer trial (N=4,001)*

Even though most of the pricing information was available on the websites, 10% of participants would still have liked to have additional information on prices. 8% of participants did not require any additional information, whereas around 30% of participants would have liked to have the opportunity to interact with someone from Legal & Co., be this over the phone, email or in person.



8. Conclusions and recommendations

8.1 Conclusions

We suggest that the research points to the following conclusions:

- It supports the view that increasing the availability of price-related information is likely to improve consumer decision-making in relation to conveyancing services, as previously concluded by the CMA for legal services more generally.
- The research additionally suggests that increasing consumers’ “price focus” – which itself may be influenced by increasing the availability of price-related information – will also contribute to improvements in consumer decision-making. The results of the online survey and online trial suggest that a high proportion of consumers do not focus on price when choosing a conveyancing provider, even though they say that price matters to them.
- The research further shows that some consumers pay more than they expected to, even under an “all-inclusive” fixed fee pricing model. Although this is more likely to happen under an hourly rate pricing model, there is evidence of it occurring under an all-inclusive fixed fee pricing model, too. It is not clear from the survey whether this happens because firms are quoting an all-inclusive fixed fee basis and then not departing from it (an emerging form of “bait pricing”?) or because consumers misunderstand the pricing model that they have signed up to or both.
- The research suggests that in relation to conveyancing, providers could adopt a range of pricing models. Not all consumers want a fixed fee pricing model, even when it would be possible to offer one – and the evidence is not clear cut on the effect of different pricing models on the quality of consumer decision-making. The results of the online survey and the online trial suggest that consumers sometimes choose an hourly rate

or process / staged pricing model, even when a fixed fee model is available.

- The research suggests that consumers make better decisions when prices are “easier to access”. We found that the best decisions in the online trial were made when prices were available on the home page of the Legal & Co. website, compared to prices being ‘two clicks’ away or obtainable via an online form.
- Finally, this research suggests that intermediaries, such as estate agents and financial advisors, appear to have a significant influence on consumer choice and could play an important role in helping to increase the availability of price-related information and consumers’ “price focus”, as a large proportion of consumers appears to follow their recommendations.

Considering these conclusions, we set out several recommendations below.

8.2 Recommendations

In relation to the conclusions above, we would recommend that the SRA considers exploring the following issues.

- The research suggests that there is a good case for considering whether there are ways of increasing “price focus” amongst consumers, alongside increasing price transparency amongst firms. This is not a straightforward thing to do. The Legal Choices website, run by frontline regulators, provides consumers with information on important matters when they have to make choices regarding legal issues and lawyers. One possibility would be to ensure that the Legal Choices website makes clear that consumers have a choice of price, as well a choice of provider.
- The research further shows that some consumers pay more than they expected to. This raises various questions, for example why does it happen and what could be done about it? One way of addressing this issue occurring for consumers paying under a fixed fee pricing model would be to have a common definition of a what an “all-inclusive fixed fee” pricing model is. That is, if a firm adopts such a pricing model, consumers should expect to pay no more than the fixed fee quoted – otherwise is it right to advertise it as a “fixed fee”?
- Regarding minimum disclosure price requirements, SRA might usefully consider providing guidance on how and when price-related information is provided (which influences the effort that consumers must expend to find it) as well as what price-related information is provided.

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