



Setting Up Fee Charging Services

Client Care Letter: Template for work to be paid by fixed fee or hourly rate

Dear [*name of Client*]

RE:[*subject*]

Thank you for instructing [*name of Law Centre*].

Purpose of this letter

This letter sets out the terms on which we are able to assist you in respect of the above matter. Your continuing instructions in this matter will amount to acceptance by you of the terms in this letter.

Scope of work

As discussed, our work in this matter will comprise [insert brief description of the matter], further details of which are set out below.

Your requirements and objectives

[At our recent meeting][During our recent telephone conversation][On [insert date]], we discussed the scope of your instructions and your particular requirements and objectives in relation to this matter. I set out below my understanding of those requirements and objectives. If you are concerned that my understanding, as detailed below, is in any way incorrect or not fully comprehensive, please contact me as soon as possible.

[*Detail the client's instructions, focusing on their requirements and objectives in relation to the work to be done*]

Issues involved and options available

As previously discussed with you, my advice is as follows:

[Confirm advice providing a clear explanation of the issues involved and options available to the client. Confirm also your advice as regards the justification of the expense and risk involved in pursuing the matter (cost/risk analysis).]

Our responsibilities and the action to be taken by us

We agreed that the Law Centre will be responsible for the following:

[Confirm your responsibilities]

We agreed that we will not undertake the following:

[Confirm, if applicable, any limits on the retainer and/or specific actions which the Law Centre will not do]

Your responsibilities

Additionally, we agreed that you would be responsible for the following:

[Confirm any actions the client needs to take as well as the client's responsibilities in relation to the matter]

Should at any time during the course of the matter it become apparent that significant further work is required in addition to that mentioned above, I shall of course let you know.

Progress

We have agreed that [I will keep you informed regularly of progress in your case, especially if I decide I need to do something which I have not yet discussed with you][I will provide monthly written reports on the progress of your case][I will explain the effect of any important or relevant papers in your case.] *[The manner in which the client will be updated should be agreed at the outset]*

[I may need to instruct a barrister to advise about your case and to represent you at a lengthy or complex Court hearing. I will explain this to you if this happens and, where appropriate, discuss the choice with you.]

Responsibility

[Insert name] will be the *[insert status]* here who has overall responsibility this matter. *[Insert name]*, who is a *[insert status]*, will also be working on the matter *[and [he/she] will have day-to-day running of your case]*. Please feel free to contact any of us at any time.

We try hard to avoid changing the people who are handling your work but, if this cannot be avoided, I will notify you promptly who will be dealing with your case and the reason for the change.

It may, in due course, be helpful to involve external experts who can advise on, and assist with, certain aspects of your case. It may also become appropriate to instruct counsel (a barrister) to provide advice or to represent you at a lengthy or complex Court hearing. I will explain this to you if this becomes appropriate and, where necessary, discuss the choice with you.

Professional indemnity

In the interests of our clients, we maintain compulsory professional indemnity insurance to a total level of *[insert amount]*.

[Our insurer(s) is(are) [full name of insurer(s)] and their contact details are as follows [set out the contact details of your insurer(s)]. The territorial coverage of our insurance is [set out cover limits of insurance]. A full hard copy of [all of] our insurance(s) is(are) available to view at our offices. Please ask for details.]

or [The full details of our insurers are displayed in our reception, but if you would like to have those details sent to you please let me know.]

Confidentiality

Occasionally, our files may need to be examined by our insurers, external auditors (for quality purposes) or external advisers (who assist the Law Centre in maintaining quality and risk). In particular, our files may need to be assessed for quality purposes by the Solicitors Regulation Authority (SRA). They are required to maintain confidentiality in relation to your files. Your file may be one of a sample which is to be assessed.

Timescales

How long a case takes depends on the amount of work involved. A case can often end up taking quite a different shape from that envisaged at the time when it starts and legal advisers are instructed. Accordingly, it can be difficult at this early stage to give you an accurate prediction of the time it will take to conclude.

At this stage, if the matter proceeds in the usual manner and without undue difficulty, I would expect the matter to be completed within *[insert estimate of the time it will take to deal with the matter, which could be based on your experience of dealing with cases of this nature and/or on assumptions taken such as that the ambit of work is not materially different to that set out above and your anticipation of the action/steps which need to be taken. Set out the basis of the estimate whether based on experience, assumptions taken and/or any other factors]*

As matters progress, we should be in a better position to advise you of the likely timescales.

The Civil Procedure Rules emphasise the need to comply with any timescales which have been agreed or ordered (for instance, by court order). Failure to do so is likely to result in serious adverse consequences for your case and could result in costs orders being imposed against you. It is therefore especially important that information we have requested is provided to us on time.

Basis of charging

I confirm that we are dealing with your case on a private fee-paying basis.

For cases charged at hourly rates

[Our charges will be calculated by reference to the time spent for each hour engaged on your case. Our hourly charging rate is *[insert rates(s)]* for all of the time we are engaged on your case. We will notify you in writing if there is to be any change to our hourly charging rate(s).]

We estimate that our fees for the work set out above to be [in the range of £__ to £__], exclusive of VAT and disbursements.

The estimate given is exclusive of disbursements which are dealt with below.

Estimates are given in good faith, but unless otherwise agreed, our costs may be higher or lower than estimates given. For instance, if significant further work is required in addition to that currently envisaged (or if the timetable is extended significantly) our costs will be greater than the indicative estimate. Should it become apparent at any time during the course of the matter that significant further work will be required or if any difficulties have arisen, I shall of course let you know.

Notwithstanding any estimates which we provide, our final bill will be a product of the amount of time our fee-earners spend on the transaction and our fee rates, as set out above.

Should your matter not be carried through to completion then a charge will be made in respect of the work that has already been completed. VAT or similar taxes will be payable on that amount and you will also be billed for any disbursements incurred.

OR – When charging a fixed fee

[We have agreed to charge you a fixed fee for our work on this matter in the amount of [£--]. This fee is exclusive of VAT and disbursements.]

VAT will be added to our charges at the rate applicable (currently this is 20%). We will notify you in writing if there is to be any change to the VAT rate.

Disbursements

Disbursements will be charged in addition to our fees. Disbursements are payments for essential expenses that we need to purchase to do the work for you.

All disbursements are (where liable) subject to VAT or similar taxes.

I estimate that the following disbursements will be incurred on your behalf:

	£	VAT	Total £
Expenses
Experts
Barristers' fees
Other

[Payment on account [optional]]

[It is normal practice to ask [new] clients to make payments on account of anticipated costs and disbursements.

At this stage please could you let me have the sum of [£__] on account. [Payment can be made by cheque made payable to [name of Law Centre].] [Payment can be made either by cheque or can be sent directly to our client account as follows: [insert details]]

Cost Updates

We will notify you [*as required*][*monthly*] to keep you informed of the actual costs on this matter. However, if, at any time, you would like us to provide an updated revised estimate, please let me know.

To assist us in carrying out the work as efficiently as possible, please could you ensure that all information provided is to the best of your knowledge complete, accurate and up to date. Please could you also notify us of any changes or variations to that information which may arise after the date it is passed to us and of any new circumstances that might be relevant to the work we are undertaking.

Billing

We will send you bills [*monthly*][*at regular intervals*].

Lien for unpaid costs

Unless otherwise agreed in writing, our fees are payable whether or not a matter is successfully concluded. If any matter does not proceed to completion for any reason during the period in which we are instructed, then we will be entitled to charge for work done on the [*an hourly basis plus expenses*][*by proportion of the fixed fee*] as set out above but, at its absolute discretion, we may waive part or all of such entitlement to fees.

Following the conclusion of your matter, we are entitled to retain your file of papers and documents while there is money owing to us for fees.

Concerns over your bill

If you are not satisfied with the amount of our fees please contact us. Objections about the amount of our fee will be handled by way of our complaints procedure (*see below*).

If you remain unhappy about the level of our fees you may be able to make a complaint to the Legal Ombudsman (as more particularly set out above) or may be entitled to have the bill assessed by the Court in accordance with Part III of the Solicitors Act 1974. Your rights are set out more fully in Sections 70, 71 and 72 of the Solicitors Act 1974.

Funding

In addition to providing you with the above information about how costs are incurred, it is important to advise you as to how those costs may be funded, any liability that might arise to pay your opponent's costs and any measures that can be taken to offer protection against such a liability.

[Legal Aid

[As this is not a type of case that is funded by legal aid] [In light of your financial circumstances], I have advised you that you do not qualify for legal aid funding to cover the costs of your claim.

Should you require any further information or wish me to explain this in more detail, please let me know.]

Orders for costs

There may be circumstances in which you may be liable the costs of your opponent(s).

[Law Centres may include here any relevant information about costs liability – see riders below for information which may be applicable]

Insurance

I have discussed with you whether there are any options open to you with regards to insurance.

Existing Legal Expenses Insurance

[You have advised that you do have existing legal expense insurance.]

OR

[You have advised that you do not have any existing legal expense insurance. I would ask however that you check this position, for instance, by checking that you are not a member of a union or other organisation that might provide legal assistance or any other cover or support for legal work. You should also check any documentation relating to any insurance that you or your spouse/partner may have within home, motor or other insurance policies. I would be happy to review copies of this documentation for you to ascertain whether you are insured and, where appropriate, the level of cover.]

Law Centres may want to include here confirmation of a discussion about ATE insurance in an appropriate case. If you are requested to recommend a suitable insurer, you should advise the client about a broker(s) that can assist with arranging insurance. You may have identified appropriate insurance policies with an FCA authorised broker. However, unless you are registered on the Exempt Professional Register (EPF) section of the FCA Register or otherwise registered with the FCA, you cannot advise or recommend a policy to a client.

After the Event Insurance

On the basis of your instructions, in the event that you lose your case, I have discussed with you that your risk of becoming liable for any costs in this case is insurable.

[I have discussed with you our belief that you require an ‘After the Event’ insurance policy to cover your opponent’s charges and disbursements.] [I have discussed with you arranging ‘After the Event’ insurance and have explained how you may manage to get in touch with an insurance broker. We are not insurance brokers and cannot give advice on all products which may be available.]

Complaints

We are authorised and regulated by the Solicitors Regulation Authority (SRA). We are committed to high quality legal advice and client care and aim to offer all our clients an efficient and effective service and I am confident that we will do so in this case. However, if you would like to discuss how the service to you could be improved, the level of your bill, or should there be any aspect of our service with which you are not satisfied, please contact *[insert name of person in the Law Centre*

responsible for complaints] on [*insert phone number and e-mail*] or by post to [*insert address*]. We have a procedure in place which details how we handle complaints and this will be immediately be sent to you.

If you would like to see a copy of our complaints procedure at any other time, please let me know and I will arrange for a copy of our complaints procedure to be sent to you.

We have eight weeks to consider your complaint. If for any reason we are unable to resolve the problem between us within that timeframe, then you may ask the Legal Ombudsman to consider the complaint. The Legal Ombudsman may be contacted at PO Box 6806, Wolverhampton WV1 9WJ.

Please be aware that any complaint to the Legal Ombudsman must usually be made within six months of your having received a final written response from us about your complaint. Complaints to the Legal Ombudsman must usually be made within six years of the act or omission about which you are complaining occurring; or within three years from when you should have known about or become aware that there were grounds for complaint. However, the Legal Ombudsman will not accept complaints where the act or date of awareness was before 6th October 2010. For further information, you should contact the Legal Ombudsman on 0300 555 0333 or visit www.legalombudsman.org.uk.

Equality & Diversity

We are committed to promoting equality and diversity in all of our dealings with clients, third parties and employees. Please contact us if you would like a copy of our equality and diversity policy.

Conclusion

If you are concerned or wish to discuss any of the information in this letter then please contact me as soon as possible.

As confirmation that you would like our Law Centre to proceed on this basis, I should be grateful if you would sign the enclosed extra copy of this letter and return it to me.

I look forward to hearing from you.

Yours sincerely,

.....

[name of advisor], [name of Law Centre]

I agree to the terms of this letter

.....

[name of Client]

[Also see next page on riders]

RIDERS

[Note – Law Centres may need to consider whether any of the following paragraphs need to be included or adapted for use on the letter. Alternatively, they may be useful information which can be provided to the client as the case progresses]

Privilege

In general terms, privilege is a means by which a person can refuse to disclose documents or answer certain questions in legal or other proceedings. In particular, the form of privilege known as 'legal advice privilege' protects from disclosure communications between a lawyer and his client which came into being for the purposes of obtaining or giving legal advice (or documents evidencing the legal advice). The rationale for legal advice privilege is that a client should be able to consult his legal advisers openly, without fear of disclosure of what is communicated.

It is not my intention at this stage to provide an overview of the law of privilege. As and when the need arises, I will explain the principles in more detail and discuss with you the implications.

At this stage, I need only to make you aware that, as there is a degree of uncertainty surrounding legal advice privilege, it may be that only advice from us addressed to *[you] [or name/s] [or other individuals as agreed above]*, or from *[you] [or name/s] [or other individuals as agreed above]* to us, will attract legal advice privilege. Therefore we will address all communications from us to *[you] [or name/s] [or other individuals as agreed above]*. Similarly, it would be prudent for only *[you] [or name/s] [or other individuals as agreed above]* to instruct us or to prepare documents for the purpose of instructing us. Please be aware that copying or summarising our advice to others, may result in the loss of privilege in that advice. Please let me know if you would like our advice on how to guard against losing or waiving privilege.

Preservation of documents

As you are instructing us in relation to *[potential]* litigation, it is especially important for you to take immediate steps to preserve any documents which may have to be disclosed in this dispute, including copies of documents and electronic documents, such as emails.

The obligations to preserve and disclose documents relevant to litigation are extensive. I will, if necessary, write separately and explain these obligations more fully in due course.

If you have a routine procedure for the destruction of documents, that should be stopped in respect of documents which are, or may be, relevant to the dispute, until its conclusion.

Statements of truth

Under the Civil Procedure Rules, all statements of case (the term for pleadings and includes documents such as claim forms, defences and witness statements) and certain other documents must be verified by a statement of truth, to the effect that the party putting forward the document believes the facts stated in it are true. Making a false statement of truth is potentially a contempt of Court. I will write and explain this more fully before any statement of truth is to be given in this case.

[However, whilst a statement of truth can be signed by the party or its legal representative, I must advise you that it is our Law Centre's policy that clients should normally sign their own statements of truth.]

Attendance at hearings

I should make you aware that, under the Civil Procedure Rules, the Court can order you to attend hearings. I will discuss this with you further as the case progresses.

Alternative dispute resolution

As part of the active management of a case under the Civil Procedure Rules, both the Courts and the parties in a dispute are required to consider the use of alternative dispute resolution (ADR) if it is considered appropriate to help to resolve the dispute. ADR includes methods of dispute resolution such as mediation, adjudication and expert determination.

There have been occasions when the Courts have imposed costs penalties on parties who unreasonably refuse to consider ADR. I will discuss both the methods of ADR and any possible cost implications further with you if and when it becomes appropriate.

Costs

Orders for costs

If you are successful in your case

You will be liable for our costs (both fees and disbursements). However, in the event that you are successful in your case, you may be entitled to a contribution towards your costs by some other party to the proceedings.

However, it is rare for the system of 'assessment' of costs, as it is known, to result in the other side having to pay the full amount of the costs incurred by the client with their own solicitor. This may be because the Court allows recovery at a lower hourly rate than that agreed with you and/or the Court does not allow recovery in respect of all the work we have carried out on your behalf. This means that you will still be liable for the difference between the full amount of our charges and such sum of recoverable costs, if any, as may be received from the other side.

In addition, the court may apportion costs according to whether each party was successful on each issue so that even if you are successful overall but are unsuccessful on, for example, one particular issue, you might recover only a proportion of your otherwise recoverable costs.

If the other party is in receipt of Public Funding, there are statutory controls on the amount of costs that can be recovered against them and in such cases it is unlikely that the Court would make an order that they must contribute to your costs.

Irrespective of the amount ordered to be paid, there is always a risk that the other side may refuse to comply with the Order. If they do not pay, then you would have to try to enforce the costs Order (for example by instructing bailiffs or obtaining a charge over property owned by them) and this itself costs more money and takes time. *[You will be responsible for paying the charges and expenses of seeking to enforce any judgments and/or to recover any charges and expenses that the Court orders the other party to pay.]*

In the event that you are successful and costs do fall to be paid by the other party, interest can be claimed on those costs against the other party as from the date on which the order for costs was made. *[To the extent that any of our charges have not been billed and/or not been paid we will retain interest on such outstanding sums.]*

If you are unsuccessful in your case

If you are unsuccessful in your case, you may be required to pay the other side's costs (including expenses and any interest) in addition to your own costs.

These costs will usually be assessed and paid on the 'standard' basis although if the court considers that you have acted unreasonably in connection with the litigation it may order costs on the more generous 'indemnity' basis.

If the other side has entered into a conditional fee agreement and taken out insurance to meet its costs liabilities you will also be liable for any success fee and the cost of the insurance premium, subject to the reasonableness of both.

Settlement

If an offer is made or a payment made into Court by the other side in settlement of the case which you do not accept, there may be adverse cost implications which may impact on your ability to recover costs from the other side. Additionally, it may become apparent during the proceedings that it would be prudent for you to consider making an offer of settlement to the other side. I will discuss this with you during the course of your case and, if and when appropriate, will discuss with you any cost advantages or implications.

Additional costs

If, for any reason, your costs or the other side's costs in this matter are assessed or contested you should be aware that we will incur further costs on your account *[which you will be required to pay]*. *[These will include the costs we incur in preparing any bill of costs on your behalf and the costs of attendance at any assessment hearing.]*

LCN Development Team 2014