



An overview of the Legal Services Act 2007

The aim of the Legal Services Act 2007 (the Act) is to encourage more competition and increase the number of consumer-focused legal service providers resulting in wider access to justice. It has reformed the way in which legal services are regulated in England and Wales by creating a new regulatory structure. It enables Alternative Business Structures (ABS) to be created which permit lawyers and non-lawyers to form businesses together and for non-lawyers to be involved in the management and ownership of businesses that provide legal services. This enables a variety of professionals to join together, for example solicitors and accountants, effectively creating 'one stop shops' providing packages of legal services and other services that better meet the needs of consumers.

The Act created the Legal Services Board (LSB) which has a duty to promote the regulatory objectives of the Act which are:

- protecting and promoting public interest;
- supporting the constitutional principles of the rule of law;
- improving access to justice;
- protecting and promoting the interests of consumers;
- promoting competition in the provision of services;
- encouraging an independent, strong, diverse and effective legal profession;
- increasing public understanding of the citizen's legal rights and duties; and
- promoting and maintaining adherence to the professional principles.

The LSB oversees the whole regulatory framework in England and Wales and supervises the work of approved regulators which are permitted by law to regulate the supply of legal services. The approved regulators also have a duty to promote the regulatory objectives. ICAEW is an approved regulator and licensing authority for ABS under the Act.

Section 12 of the Act defines 'legal activity' and 'reserved legal activity' and makes it a criminal offence for a person to carry on an activity ('the relevant activity') which is a reserved legal activity unless that person is entitled to carry on the relevant activity.

Schedule 2 of the Act defines the following six reserved legal activities.

- Exercise of rights of audience
- Conduct of litigation
- Reserved instrument activities
- Probate activities
- Notarial activities

- Administration of oaths

For the purposes of the Act 'authorised persons', in relation to a reserved legal activity means:

- a person who is authorised to carry on the reserved legal activity by an approved regulator in relation to that reserved legal activity (other than by virtue of a licence under Part 5 of the Act);
or
- a licensable body which, by virtue of such a licence, is authorised to carry on the reserved legal activity by a licensing authority in relation to that reserved legal activity.

The Act permits two methods by which a firm may be accredited to undertake reserved legal activities.

- As an authorised firm in which case all of the principals (and shareholders in the case of a company) have to be individually authorised to undertake the reserved legal activity.
- As a licensed firm if all the principals (and shareholders in the case of a company) are not individually authorised to undertake reserved legal activity work. Additional requirements then apply.

All individuals who undertake, or control the undertaking of a reserved legal activity on behalf of an accredited firm must be individually authorised to do so under the Act unless they are exempt. The Act also created the Office for Legal Complaints (OLC) to deal with complaints made by consumers about the provision of legal services. The OLC established the Legal Ombudsman to deal with these complaints.

The regulatory arrangements of an approved regulator must make provision requiring each authorised person to establish and maintain procedures for the resolution of legal complaints or to participate in, or make arrangements to be subject to, such procedures established and maintained by another person.

The Act also requires authorised persons to comply with the Legal Ombudsman's Scheme Rules and to notify clients of their rights to make complaints relating to relevant legal services in accordance with these Scheme Rules.