

# CONVEYANCING

July 2015



Veyo: a mountain to climb?

The future of Lender Exchange

Digitising data on local land charges

The CLC and CILEx on meeting the demand for conveyancers

A detailed architectural drawing of a building's roof and eaves system. The drawing includes labels such as 'EAVE', 'ATTIC (UNFINISHED)', 'GABLE ROOF', and 'PROVIDE ACCESS PANELS TO EAVE AREAS FOR SERVICING EQUIP. REQUIRED TWO'. A black pen and a white ruler are placed on the drawing, and a roll of paper is visible in the top left corner.

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## Consolidationtime



Home buyers don't like uncertainty and they don't like elections. Most people blame the election for the slow first three months of the year, which saw the average conveyancing firm handling 14% fewer transactions.

The top five firms saw the biggest drop in activity, but the long-term trend is a reduction in the total number of conveyancing practices. According to Search Acumen's tracker survey (see news pages), the total fell by a further 2% in the first three months of the year to under 4,200.

Other changes in the market point towards different kinds of consolidation. Lender Exchange, which gathers data on firms for mortgage lenders, is gaining ground, with the Coventry Building Society one of the latest recruits. In this issue we explore how Lender Exchange could expand to take on new tasks, such as issuing instructions or redemption statements, and what some of the drawbacks might be.

The Land Registry is planning a centralisation mission of its own – this time on local land charges. We explore the background to the £50m-plus project, its chances of success and the debate among search providers about its merits.

As spring was on the point of becoming summer, Veyo, the conveyancing portal developed by the Law Society and Mastek, was finally launched, with 80 law firms. Veyo does not aim to consolidate the market in terms of the number of law firms – it wants to help small firms compete. However, if it is successful and bearing in mind Veyo can also provide a case management system, it could lead to a greater uniformity of processes.

The Council for Licensed Conveyancers (CLC) and the new conveyancing regulator, the Chartered Institute of Legal Executives (CILEx), take a neutral position on Veyo. Writing for this magazine, Sheila Kumar, chief executive of the CLC, stresses the need to educate a new generation of conveyancers to meet growing demand. Meanwhile Victoria Hurdley, director of development at CILEx, reports a high level of interest in the new conveyancing practice rights.

As Rob Hailstone, founder of the Bold Legal Group, points out, every new scheme adds a further burden of administration, whether it is the Conveyancing Quality Scheme, Lender Exchange, Veyo or anti-money laundering checks.

David Bridge, managing director of bpl solicitors, suggests that in an ideal world a "centralised system for conveyancing" would be created, so firms had certainty on their obligations and were not repeatedly asked for the same information in slightly different forms. Perhaps that way conveyancers would have more time to look after their clients.

**Nick Hilborne**  
Deputy Editor, *Legal Futures*

## Big conveyancing firms hit hard in first quarter

The top five conveyancing firms handled 36% fewer transactions in the first quarter of this year, a survey has found, and their market share dropped from 8% to 6%.

The report by Search Acumen showed that firms as a whole dealt with an average of 14% fewer transactions, while the number active in the market fell by a further 2% to 4,177.

Mark Riddick, chairman of Search Acumen, said the fact that larger conveyancing firms had been hit most by the slow start to 2015 was a "clear sign that no-one is immune to competitive pressures in a temperamental housing market".

He described the drop in transactions this year as "perhaps an inevitable result of stricter lending criteria and pre-election uncertainty".

He went on: "Conveyancers can take some comfort from the fact that the average firm is still clocking up more transactions than they were two or three years ago.

"Looking ahead, the quick transition from

Mark Riddick



coalition to Conservative governments will help to avoid the market disruption that might have come from weeks of post-election party negotiations."

The Conveyancing Market Tracker survey, based on data from the Land Registry, found that the continuing decline in firm numbers was based on a "long-term trend of firms disappearing at the lower end of the market".

Of the 153 firms which ceased to be active, 129 averaged no more than 10 transactions a month. This compares with an average of 57 a month for firms as a whole.

The top five firms carried out just over 3,000 transactions each during the first quarter of 2015 – down from 4,750. However, an average top five firm was still carrying out 62% more transactions than it did two years ago.

Researchers said that the total number of conveyancing transactions in the first quarter, 238,668, was 16% lower than the previous quarter.

## Conveyancing 'significant cause' of complaints over pricing

Conveyancing came third for the number of complaints about unclear pricing in a major internal survey of 4,300 complaints by the Legal Ombudsman (LeO).

The survey found that more than a quarter (26%) of all complaints were triggered by lack of clarity on fees.

The study of cases between 1 June 2014 and 31 January 2015 showed that family law was by far the biggest source of complaints about unclear pricing, followed by wills and probate.

Family work accounted for 23% of these complaints, followed by wills and litigation, both with 14%. Residential conveyancing was the next biggest offender, with 13%.

Only 6% of complaints were caused by personal injury matters, and 5% by crime and employment.

The survey was requested by the Legal Services Board (LSB), which was particularly concerned about the use of damages-based agreements.

In the report, LeO said litigation and employment were the two areas it expected to have a "high number of relevant complaints".

However, the ombudsman said that people were "often at their most vulnerable" when seeking advice on family matters, and on wills.

LeO said that it was often "not the costs that are the problem, but the costs estimates being unrealistic, cost information being unclear and costs rising without the consumer's knowledge".

## Mortgage fraud risks highlighted in 'worst solicitor' case

The danger of falling victim to mortgage fraud has been highlighted by a case which led to a solicitor being labelled by a judge "by far the worst solicitor witness I have ever seen".

LSC Finance sought damages from Liverpool law firm Abensons in respect of breach of undertakings, negligence, breach of trust and breach of warranty.

Judge Hodge QC, sitting as a High Court judge, said it was common ground that LSC would "appear to have been the victim of a mortgage fraud", after lending £169,000 to a "purported" client of Abensons.

"I should emphasise at the outset that there is no suggestion that Mr Abenson, or his solicitors' practice, was knowingly involved in any way in setting up the mortgage fraud," Judge Hodge said. "All heads of claim are disputed by Abensons."

Delivering judgment in *LSC Finance v Abensons Law* [2015] EWHC 1163 (Ch), Judge Hodge found that Edward Abenson should have insisted on seeing the woman who "represented herself" as Mrs Gail Ann Bodice, and that the solicitor was negligent in accepting a sole legal charge and joint transfer as "genuinely executed documents".

Judge Hodge gave judgment for LSC Finance, but Mr Abenson later told *Legal Futures* the firm was appealing.

## Veyo gets off the blocks, but so do the critics

Veyo, the online conveyancing portal developed by the Law Society and IT giant Mastek, went live last month with around 80 law firms taking part in the first phase.

Des Hudson, chairman of Veyo, said that after an initial period of about four weeks, a much larger group of 1,800 firms which expressed an interest in the system would be able to join.

Mr Hudson said Veyo was powerful enough to cope with up to 2,000 firms signing up in the first 100 days after the launch.

"We always said we would launch the project in spring 2015 and that is what we are doing," Mr Hudson said. "It's been a long and hard piece of work because it needs to support a large part of the market."

Mr Hudson went on: "The society has deliberately bought in expertise from external suppliers to create a business at arm's length from itself.

"What the society is doing is trying to do is help its members hold on to the conveyancing market. It wants to equip member firms – big, small and medium-sized – to meet clients' expectations in all their walks of life."

However, shortly before the launch, the chief executive of Britain's biggest conveyancing firm, myhomemove, predicted that Veyo would fail.

Mr Crawford, whose business is regulated by the Council for Licensed Conveyancers, said: "It won't fail due the inadequacies of its case management system, or because its claims to create a trusted community seem to rely on levels of due diligence that are way below what is already available in the market.

"It won't even fail because a chain view is of very limited value if you can only see a few parts of the chain.

"Veyo will fail because, it appears to us, that the Law Society don't understand customers – they don't even it seems understand their own members, law firms, and how they now work."



Des Hudson

## New lender chooses Conveyancing Association panel

A new buy-to-let lender, Fleet Mortgages, has created the first law firm panel made up only of members of the Conveyancing Association (CA).

Eddie Goldsmith, chairman of the CA, said it was a "distinct possibility" that other lenders might follow suit and he had held "preparatory talks" with a number of them.

"Limiting the number of law firms in this way means that lenders know who they are," Mr Goldsmith said.

"It may well be that Fleet decides to extend its panel as and when it is appropriate to do so."

Mr Goldsmith said that over 30 of the CA's 53 member firms were on the panel of the new lender, based in Fleet, Hampshire.

He said "no lenders" were interested in setting up open panels any more, and the two options were setting up a very restricted panel of a handful of firms, or a larger "controlled" panel.

Bob Young, managing director of Fleet Mortgages, said: "We have taken the view that a small controlled legal panel is the best option for us, taking into account our appetite for risk management and customer choice.

"I would not be surprised at all if other emerging lenders did not take the same or similar view."

## "Huge future" for high street firms

There is a "huge future" for high street law firms, but the way ahead will be for practices to become more specialised, the new chairman of the Sole Practitioners Group has said.

Sukhjit Ahluwalia, principal of mixed civil practice Avery Emerson, said he was "excited and passionate" about high street law.

"You can help individuals and make a real difference in their lives. When people complete on a property, and move into their new house, they're so happy. No two cases are the same.

"Clients say to us that it's good to have people in front of them who they can talk to. Why would you want to go on the internet and communicate only by e-mail? People buy from people."

Mr Ahluwalia's career path is non-traditional, including working in research for Goldman Sachs, doing his professional training at the College of Law, working for City firms as a paralegal before returning to research work for Arthur Andersen and Ernst & Young.

To save up the money he needed to set up his own practice, he worked for Merrill Lynch during the weekends. Mr Ahluwalia set up Avery Emerson, based in Ilford, Essex, in 2003. The firm's services include family, litigation, conveyancing, immigration and private client.

- Cambridgeshire law firm Jeffrey Mills & Co has been bought by financial advisers Beacon Wealth Management through an alternative business structure.

Tony Larkins, managing director of Beacon, said: "A lot of our clients need the services of a solicitor, and a lot of solicitors' clients need advice from a good wealth management company. I deal with a lot of high net-worth individuals, and there are plenty of wills and powers of attorney that need to be sorted out. It makes sense to add the offer of conveyancing services."

He said his aim for the law firm was to double turnover over the next two to three years.

# Redbrick Practice Management Conveyancing

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**R**edbrick Solutions, market leading innovators in legal case and practice management, are the first case management provider to announce their plans to integrate with Veyo.

Redbrick Solutions have a history of being first to market with new innovations. Over their 14 year history they have been the first to market with automated 24/7 online case tracking, SMS and Email updates, Seamless SDLT integration, AML checks and the Pay Per Case business model. They are also the only case management provider to have achieved the Legal Eye Quality Standard.

Martin MacDuff, Redbrick Solutions managing director comments "We have consulted with our clients over the last 6 months in order to ensure that we continue to offer the best case management solution available. We believe Veyo offers many beneficial features to the conveyancer, such as the chain view and deal room, clients will be able to share information seamlessly through our case management solution into Veyo's chain view and vice versa, removing the need for duplication and increasing transparency for all involved in the process."

Veyo is a joint venture by the Law Society and Mastek UK, a global IT solutions specialist, with the aim of making the conveyancing process more efficient and transparent.

Martin concludes "Redbrick Solutions are committed to delivering best in class solutions and outstanding customer service. We have worked tirelessly over the years to provide conveyancers with a more efficient, profitable matter and are pleased to share this ethos with Veyo."

## What our clients are saying

"In today's toughened times and with greater competition for less work it was obvious to us that Redbrick's technology was the only choice to maintain first rate client service, a competitive edge and give us the tools to profitably grow our business."

**VANESSA MORGAN**, Emin Read

"We've been using Redbrick's Conveyancing case management system for many years, and the flexibility it provides allows us to offer a bespoke, very effective product to our clients. Redbrick offer fantastic support and I actively recommend them."

**MICHAEL MERCER**, Taylors Legal

Now we are offering you the opportunity to see what all the fuss is about and have a no obligation demonstration of the software your competitors are using to give their firm clear competitive advantage!

Desmond Hudson, Chairman of Veyo says, "We have always recognised the importance of integration with reputable case management systems that are widely used across the full spectrum of legal practices and we're delighted that Redbrick Solutions will integrate with Veyo. By partnering with Mastek UK, we have developed a truly agile portal that can integrate seamlessly with a myriad of systems."

"Veyo is bringing in a revolutionary change to the home buying process which is long overdue. For the first time, Veyo will allow all solicitors to collaborate online and to move away from traditionalist practices and communications, further speeding up the process and enhancing transparency and efficiency. We are looking forward to working with Redbrick Solutions and other leading service providers to bring this change."

For more information on Redbrick Solutions case management technology and to register your interest please see <https://www.redbricksolutions.co.uk/product/conveyancing-software>

Contact us now on  
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to arrange a demonstration!  
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## Great expectations

With award-winning marketing, massive investment and later than expected launch, Veyo is finally with us. However, the pioneering conveyancing portal will need to do plenty more work to convince the sceptics, reports **Nick Hilborne**

Veyo is a small community in Utah, USA. According to Wikipedia, it had a population, at the time of the 2010 census, of only 483, but it has a post office. One tradition suggests the name is an acronym of 'virtue, enterprise, youth, and order'.

Veho, as students of Latin will know, means 'I carry' or 'I convey'. It was this, rather than the settlement in Utah, that inspired the Law Society, and Indian IT giant Mastek, to use the name Veyo for their pioneering conveyancing portal. Chosen with equal care is Veyo's logo of the hare's head, with an eye in the shape of a house, which has already won a European branding award.

Jonathan Smithers, who will be shortly taking over as president of the Law Society, said Veyo could not have happened without the society's successful Conveyancing Quality Scheme (CQS). With around 3,000 law firm members, CQS is a requirement for firms wanting to be on the panels of the HSBC, Santander and Nationwide.

"CQS has improved conveyancing in a quiet and unassuming way," Mr Smithers said. "The concept is borne out of CQS, but we had to wait for the world to catch up with us. And we had to create a trusted community dedicated to doing conveyancing properly. Once you have that, you can look at doing it online."

### Chain gang

One of Veyo's pioneering features is 'chain view', which aims to allow home-buyers, estate agents and conveyancers to see the progress of a chain of transactions.

"Lack of transparency is an issue for buyers and sellers," Mr Smithers said. "If there is a chain, you don't know where the others are and what is going on. Better visibility will help the buyer understand the process and cope with their frustration."

"Chain view will also help conveyancers in advising clients. Information from estate agents is often second or third-hand and may not be reliable. Chain view could be helpful in relieving stress."

"We would be able to see more clearly where the inefficiencies are. This may have the effect of speeding things up. At the moment it's hard to target where pressure needs to be applied."

The Law Society's investment of at least £5m in Veyo is a bold act of faith, aimed at ensuring that solicitors, particularly in small and medium-sized firms, are not pushed out of the conveyancing market or left on the receiving end of aggressive panel cuts by lenders.

Announcing the launch with 80 small and medium-sized firms last month, Des Hudson, chairman of Veyo and former chief executive of the Law Society, made it clear that one of the society's aims is to "help its members hold on to the conveyancing market".

Veyo's original launch date was 31 March, but a delay is not unusual for a project of this size. Mastek has a reputation for delivering IT projects that others might think were horribly complicated and virtually impossible, particularly the London congestion charge.

Mr Hudson said Veyo was powerful enough to cope with up to 2,000 firms signing up in the first 100 days after the launch.

"I am not for a minute claiming that everyone will sign up on the first available date," Mr Hudson said. "However, one reason this has taken time and investment is to build a system that can support a large proportion of the market."

"We would like the system to be ubiquitous," he said. "There are a number of benefits which will multiply if everyone is using it."



Veyo began its advertising campaign during the Six Nations

*continued on page 6*





Masheder: noble vision

### Noble vision

While Veyo may have successfully targeted small and medium-sized conveyancing firms, there are some firms at the top and bottom in terms of size who are yet to be won over.

"The Law Society's vision for Veyo is very noble," Nick Masheder, managing partner of top five conveyancing practice Beaumont Legal, said. "They have set a target of creating a system to make things better for conveyancing professionals and customers and I applaud their ambition, but they face some significant barriers if it's to become a success.

"I don't want to be negative because I appreciate what the Law Society is trying to achieve, but the huge amount of scepticism in the industry is an obstacle that must be overcome.

"This scepticism comes from a variety of places, including the fact that others have failed to set up similar systems in the past, that many law firms don't feel they've had any input into Veyo, and many feel that it just won't help them unless it reaches a 'critical mass' where the majority of cases use it."

Mr Masheder questioned how many conveyancing cases were handled by the first 80 firms to use the system.

"I understand many firms have 'expressed an interest' in Veyo, but the important number is how many there have been serious negotiations with. Also, bearing in mind that most firms in the industry work on more than just conveyancing, how can Veyo be integrated with other existing systems and how can it be adapted to work for the requirements of different firms?

"For Veyo to work the way it's intended, especially with the much-vaunted chain view, it needs buy-in from everyone in the industry – from small firms, who only do a handful of cases each year, to the large firms who complete thousands.

"If the Law Society was serious about making this work they should have been out talking to every conveyancing firm to involve them and tackle any scepticism before it arose."

### Industry support

Mr Masheder warned that unless Veyo could get a "good number of vocal supporters" within the industry, it would struggle to "overcome the detractors and build the momentum" it needs.

"They've done some high-profile advertising and won awards for their brand but none of that means anything if they don't have the support of the industry."

That will not be easy, to judge by the comments of Kem Masinbo-Amobi, former chair of the Sole Practitioners Group and principal of KMA Solicitors. She said: "There is a perception out there that this has been created by bureaucrats to make things more difficult for us.

"It's yet another thing that someone wants money for. I don't know how many of these people actually work in law firms and do conveyancing on the ground. It sounds good on paper, but it's just another layer requiring money from us. It would be great if, once in a while, someone who actually worked in conveyancing created the systems we use.

"How does this help me as a businesswoman? I want to encourage good practice – who doesn't? If you're doing a good job already, what does this add?"

Eddie Goldsmith is chairman of the Conveyancing Association, which is made up mainly of volume conveyancers, together accounting for over 15% of the market.

"I've always said from the start that the concept of a 'go to' conveyancing portal is a good thing," he said.

"If that portal can provide real benefits in speed and transparency, in terms of chains, it could make the conveyancing journey better and less stressful. My position at the moment is one of wait and see.

"If they are creating a case management system for high street firms to compete with volume conveyancers, I wish them every success, but I've not seen any evidence so far that Veyo will help the kind of firms that are our members."

Mr Goldsmith said that, to be a "useful tool" which allowed clients to see where the holes in the chain were, it would need a 70% take-up of Veyo to avoid a case of 'mind the gap'.

Referring to Veyo's fees of £20 per transaction, he concluded: "The business case has to be clear. Why would I, as a practice, spend £100,000 out of my meagre profits to duplicate things to see what might be happening in a chain in one out of five transactions?"

"I still wish them good luck, but I don't see Veyo applying at this stage to volume conveyancers."



While Veyo can provide a case management system for any conveyancing firms that do not have one, it has signed agreements with case management providers to integrate systems.

The first to sign was Redbrick Solutions, followed by Eclipse Legal Systems. Both companies mentioned not only 'chain view', but 'deal room', as unique features. 'Deal room' is the place where lawyers exchange contracts. If Veyo takes off, 'deal room' could transform exchange of contracts from a rather awkward telephone-based process into one that takes place entirely online.

Speaking to a property conference a few days before the launch of Veyo, Doug Crawford, chief executive of Britain's biggest conveyancer, myhomemove, spoke about the concept of "restless impatience", and the fact that an average person checks their phone every six and a half minutes, while a third of children worry that their parents are incapable of switching off their devices.

"Customers want greater transparency – whether tracking a parcel from depot to doorstep, or tracking a conveyancing case from offer to completion. Restlessly impatient customers want the ability to see what's really going on and to be able to reassure themselves that their expectations are going to be met.

"Some lawyers, even some agents, might sometimes describe this behaviour as 'unreasonable'. Well, we will all have to get used to it – it is the new normal and we all need to shape our services to make sure that we are meeting this customer need – or, get left behind."

Mr Crawford went to predict that "Veyo will fail". He argued that this would happen not because of limitations to its case management system, due diligence or chain view, but because the Law Society did not understand "customers" or even its own members.

Mr Crawford's comments came as he unveiled a new version of myhomemove's eWay online service, which he promised would help "revolutionise conveyancing".

Mark Montgomery, leading the eWay project for myhomemove, said that more than 85% of its clients were using an existing version of eWay and the 15% of clients not using it were a mixture of older clients, or people in complex situations, such as couples going through a divorce.

He said the new version would deliver new features, making it easier to deal with these issues and was likely to push the take-up rate to 90-95%.

The new version was going through its final testing last month, with live pilots starting this month and running into August before a full launch in September.

Some of the testing has been carried out with randomly selected members of the public, using sophisticated eye-tracking software to follow what part of the screen they are looking at and identify potential design improvements.

"What we aim to do is give our clients a clear view of progress and activity in the case," he said. "We are looking very hard at how to improve more complicated form-filling, with the right guidance at every level, to eliminate as much as possible cases of uncertainty and delay."

## Hearts and minds

Michael Day is managing director of Integra Property Services, which advises estate agents, surveyors and law firms. As a surveyor and estate agent, he describes himself as not having "an axe to grind" about the new conveyancing portal.

"Everyone would like a quicker, more streamlined service, but Veyo doesn't produce it. I think it's going to struggle. They announced that half of all conveyancing firms registered, but that does not mean they're going to use it.

"The only way it would work would be if it saved firms £20. Myhomemove estimated it would cost them £1m a year. Why would they want it? If you don't get the big players, you will fail before you've started. They've done this without discussing it with the people they really need to and winning over their hearts and minds.

"I am very sceptical about this. I wish I wasn't. I don't feel they've engaged with enough people in the industry before they embark on developing the product."

New things are often greeted with scepticism. Journalists said iPads would never take off, because everyone had phones and laptops. If Veyo is really good, and it works, people will use it. Buying a house often involves so much uncertainty and stress, that there is nothing some consumers would like more than being part of a 'ubiquitous' process.

It is not inconceivable that Veyo may one day resemble less a remote outpost in the wilderness of Utah, than its nearest city – Las Vegas.



Crawford: customers want greater transparency

# Too much information

Lender Exchange has established a strong presence in the market, but worries over duplication of requests for information persist, as **Nick Hilborne** finds out



Lloyds: using Lender Exchange is only way to stay on panel

Judged by the number of law firms that belong to it, Lender Exchange, which stores information on conveyancing panel firms for mortgage lenders, is a great success. From 2,600 firms in October last year, the number now actively using the system is around 4,900.

Justin Parkinson, managing director of Decision First, which operates Lender Exchange, is frank about the reason. Membership is the only way for firms to maintain their place on the panels of Santander and the Lloyds Banking Group – the two main backers of the scheme.

"The focus has been on trying to create a single portal through which lawyers provide information to lenders," Mr Parkinson said. "The role going forward is to make life easier for lawyers and lenders. An example is what we're doing for HSBC, where we are enabling them to send instructions electronically and securely. Lawyers can already check the client account details of any other law firm, helping protect themselves against fraudulent transactions."

Mr Parkinson said Lender Exchange was "toying with" other ideas to expand its range of services. One of them is enabling law firms to request redemption statements electronically.

"Some lenders have been better at dealing with redemption statements than others," Mr Parkinson said. "They are hampered by the size and scale of their IT systems. If we can make the process secure and simple, then we are happy to facilitate it. We're very much governed by what lenders and law firms want us to do."

Another possibility for Lender Exchange is a 'look-up facility', enabling house-buyers to check whether a law firm was on a particular lender's panel through a search facility on the site.

"This would avoid the situation where buyers have to scabble around to see if a law firm is on their panel," Mr Parkinson said. "It could also avoid the need to change firms or ending up with separate representation, where they have to pay their own law firm and the panel firm".

## Protracted negotiations

Lender Exchange has recently expanded to include Coventry Building Society and three smaller, specialist mortgage providers – Fleet, Paragon and Precise.

The one area where there appears to have been no progress is on the relationship between Lender Exchange, the Law Society's Conveyancing Quality Scheme (CQS) and Veyo, despite protracted negotiations. "We would be delighted to work with the Law Society on CQS or Veyo to avoid law firms having to provide the same information again and again," Mr Parkinson added.

Eddie Goldsmith is chairman of the Conveyancing Association, which has 53 members, most of them volume conveyancers. "I've always supported the principle of Lender Exchange," he said. "Conveyancers get very frustrated about have to make multiple applications with different information, year in, year out.

"It gives us a single validation point to process basic management information on our practices. I always understood that this was nothing to do with panel membership, and the lenders would make their own decisions and set their own criteria. Whilst the principle and concept is good, it would be a shame if it created a backlog in the process of applying for lenders' panels."

Mr Goldsmith said he would also be concerned if, as a result of information sharing between the lenders, a law firm was taken off one of the lenders' panels for a particular reason and the other lenders simply followed. A further concern was if Lender Exchange diversified its services and became involved in managing lenders' panels. "Finally, I would be concerned if Lender Exchange expanded even further and became a portal for lenders which could compete with Veyo."

Rob Hailstone, founder of the Bold Legal Group and a former conveyancer, said it was no surprise that Lender Exchange was successful in getting law firms on board, given the importance of being on the Santander and Lloyds panels. After some initial teething problems "the system is now well embedded in the market. Firms using it are quite happy with it".

"My only concern about all these things is that the list is getting longer and longer – Lender Exchange, CQS, Veyo and anti-money laundering searches. It was a lot simpler in the 70s, when there was a lot more unregistered land. The Internet should be making things easier, but it is making things more cumbersome. It's becoming more stressful, with all the time and effort involved, and practitioners are working longer hours to cope with the administration."



Hailstone: it was a lot simpler in the 70s

## Centralised system

Mr Hailstone shared a general sense of frustration in the failure of the lenders and the Law Society to work together. "Shouldn't they be working together better? Information gathering and accreditation processes are becoming very similar and are equally time-consuming."

David Bridge, managing director of bpl solicitors in the West Country, suggested that a "centralised system for conveyancing" should be created, so firms had certainty on the extent of their obligations.

"Our problem is that everyone's requirements are different – different enough to need to be done separately," Mr Bridge said. "The basic information required is the same, but the way they want it is different. Everyone wants to put their own twist on it. Even within Lender Exchange, Santander wants slightly different information to Lloyds."

"The Law Society and the lenders are both trying to achieve the same thing – a standard level of service, which provides comfort for lenders and clients. The mistake with both CQS and Veyo is that they operate by market forces and not by imposition. I don't want more regulation – I hate it – but imposing a single standard is better than 15 ways of operating under the same rules."

## Competition time

To make matters more complicated, Lender Exchange now has a smaller rival – LMS, which counts the West Bromwich, Monmouthshire and Newcastle building societies among its members, along with Metro Bank.

Andy Knee, managing director of LMS, said initial level of checking of firms was similar to Lender Exchange or CQS, but later varied from one lender to another, depending on what the lenders required. "There is no single set of questions – so everyone has confidence that the information on their panel is absolutely spot on," he said.

"Two doesn't seem enough in the market, but two is better than one. I think it's good that we can offer an alternative to Lender Exchange and provide some competition in the market."

Phil Rickards, head of BM Solutions, part of the Lloyds Banking Group, sees Lender Exchange as good for lenders and solicitors/conveyancers alike. "The advantages of the Lender Exchange are that it enables us to maintain effective control over a large number of firms, and continue to offer customers a choice of firms. At the same time, the more lenders who use the system the better it is for panel firms."

"Another key benefit is the security it provides around the transfer of data, and the reduction of duplication. All decisions made by lenders using information transmitted via the system are confidential between the lender and the submitting firm. The solution is working as intended for us. It has benefited our control framework, our acceptance rate to panel has increased, and we have had positive reaction from panel firms."



# Searching for a solution

With paper records physically decomposing, the Land Registry now has the green light to take the world of land charges into the 21st century, as **Dan Bindman** explains



Online searches: better to digitise than to centralise

The property search industry is on the cusp of its biggest development in years after the Infrastructure Act completed its passage through Parliament earlier this year, including plans to make the Land Registry the centralised provider of information from local land charges (LLC) registers.

Removing control of LLC1 searches from England and Wales' 350 local authorities will involve a major project to digitise the data held on the 20% or so registers that are not already in digital format. The project could cost in the region of £50m, although sceptics believe the final figure could be far higher. CON29 further enquiries could be the subject of a further digitisation push at a later date.

One of the rationales behind the LLC centralisation was that some paper records are physically decomposing with age and are at risk of loss or damage. Other arguments for government intervention were that there is no "single standardised customer experience for LLC" and a "postcode lottery" on price exists, depending on the local authority in question.

According to the government's impact assessment of the change in policy as it will affect England, approximately 1.4m paid-for residential searches cost an average search fee charged by local authorities of £26.50.

In London that average is over £32, but in the north-east it is just £18. The government predicts fees will fall by around 80% within 10 years, to an "indicative fee" of £4.60 by 2024.

Land Registry-commissioned research found that conveyancers use a variety of methods to conduct property searches. Just over 40% said they used search intermediaries and the National Land and Property Information Service (NLIC) hub, which provides online searches supplied by SearchFlow or Thames Water. Some 38% applied to the local authority direct, and 20% used personal search companies.

## Land grab

Understandably, the personal search companies were hostile to the Land Registry taking over the registers and were confused as to why the policy persisted even after plans to privatise the Land Registry – said to be worth £1.2bn – were shelved due to Liberal Democrat objections, in July 2014.

The sell-off plan is likely to be revived at some point, since the Conservatives won a majority in the general election. Many commentators believed the LLC project was originally driven by a desire to 'fatten up' the Land Registry before it was sold.

In a last-ditch attempt to influence the passage of the then infrastructure bill, in January 2015 the organisation representing search companies, the Council of Property Search Organisations (CoPSO), wrote to the then secretary of state for business, innovation and skills, Vince Cable MP.

CoPSO's chairman, James Sherwood-Rogers, who signed the letter, is sanguine about the speed of change and doubts there is a sound business case for Land Registry replacing local authority control, which he described as a "land grab by a government agency that may or may not be privatised in the future".

As a specialist in innovation who has been at the forefront of a number of "big industry shifts" towards digital, he said, he is in favour of the general direction of travel, but sceptical it should happen this way or that it will go to plan.

The history of government-backed IT infrastructure projects is littered with vastly expensive disasters, Mr Sherwood-Rogers pointed out. Far better to achieve digitisation of the remaining 50 or so local authorities' data relatively cheaply – he estimates it would cost less than £10m – than centralise the whole register, he argued.

"The track record of government in delivering these projects is bad to appalling, if you look at any of them... This is true if you look at the property side and the previous failed projects by the Land Registry, and also if you take a broader view and look at government generally."

The government slogan 'digital by default', which is supposed to inform all public sector ventures, has been subverted, he said. "The Land Registry project has been championed by the Cabinet Office and as a result it's sort of become a project which... has become 'digitisation at any cost'. There isn't really a sensible business case at all."

## Positive change

One search company that is content with the digitisation project and intent on taking full advantage of the government's policy of giving the private sector access to raw public data, is Search Acumen. The company was started jointly by Andrew Lloyd, a former managing director of SearchFlow, Andy Sommerville, a former SearchFlow director, and SearchFlow's founder, Mark Riddick.

"There's a certain inevitability about what's going to happen with data generally, not necessarily just for the land charges, but also other elements of the data that are used within personal searches and other conveyancing search products," said Mr Lloyd.

"More and more, the initiative for open data and big data are driving these data sets into usable sources... It allows businesses and search companies... the opportunity to reinvent and re-create the way they present this data to the conveyancing industry."

He criticised many players in the search industry for failing to embrace technological change more positively. "They tend to sit behind organisations such as CoPSO and try to prevent these changes occurring in the first place, in the hope that things will stay the same and that they can continue to make a living in the way they have done for the last 20 years."

"The opportunity is always going to be for the businesses that are prepared to make use of the rapidly developing modern technology; it doesn't cost very much now to run a very sophisticated technical business, because you can source everything from the cloud, you can manage your infrastructure at very low cost and you have access to software development as never before."

SearchFlow's current managing director, John Pickford, who formerly headed up Thames Water's property searches division, is upbeat about the Land Registry's LLC project. As one of the industry's largest players – the company said it performs more than 114,000 searches for some 2,500 firms in England and Wales each month – SearchFlow has the scale needed potentially to flourish under whatever regime is in place.

SearchFlow's customers will not notice the difference once the LLC digitisation project is completed, he said, because the company will have "a seamless integration with the Land Registry". He points out that since the same rules on open access will apply to the registry, "they will need to provide unrefined access to data through that portal the same as local authorities do now. So I think search firms will have to update their systems and their processes to reflect that."

Mr Pickford was wary about promising that prices will fall, although he predicted customers would benefit from faster processing and "there will be more surety of supply". He continued: "I guess there will still be challenges around ensuring that the data is interpreted correctly, because obviously unrefined data is just data; you need to be sure you are responding to what your customers are actually asking and providing them with the solution that they need."

"So there are still other costs that need to be incurred. Obviously there are costs around maintaining and developing internal systems as well."

Search industry insiders are united in believing that while the Land Registry's move into LLC probably represents the biggest single development since the arrival of digital and the internet, the total digitisation of the registers will not happen fast and the various elements that make up the industry will have time to adapt.

Yet Mr Sherwood-Rogers predicted that "the likelihood of it going smoothly is almost zero". Coming from someone with experience of major transformational IT projects, the Land Registry would do well to tread carefully.



Land Registry:  
privatisation shelved

# A free market for conveyancers?

With the housing market as healthy as ever and an urgent demand for qualified conveyancers, the Council for Licensed Conveyancers (CLC) and Chartered Institute of Legal Executives (CILEx) set out their plans for the future



Sheila Kumar

## **SHEILA KUMAR, CHIEF EXECUTIVE OF THE CLC**

As the country began slowly to pull itself out of the last recession, we saw licensed conveyancers carve out for themselves a growing share of the market. The recovery in overall turnover of CLC-regulated practices began sooner, and was faster, than the overall number of conveyancing transactions.

### **Meeting the demand**

This inevitably leads to increased demand for qualified conveyancers. The CLC's response to this issue has been threefold:

- As an immediate step, we increased promotion of CLC qualifications and have seen a very significant growth in student numbers and uptake in qualification rates;
- We've supported the development of apprenticeship routes to qualification in order to broaden the pipeline by making the qualification even more accessible in future; and
- We're reviewing the traditional routes to licence by the CLC and our education delivery model to put in place a refreshed approach for the longer term.

These responses are already delivering a greater supply of qualified licensed conveyancers. This may seem surprising when there is a very significant oversupply in other parts of the legal sector, but it is an indication of the value placed on specialisation of education and regulation.

The conveyancing apprenticeship will create the new, intermediate qualification of conveyancing technician (CT) that will not lead to license by the CLC but will give employers a very clear understanding of the level of specialist expertise the CT has. That achievement could be a milestone on the way to full qualification and registration as a licensed conveyancer or be a stopping point itself.

In addition, there will also be new routes to qualification as a probate practitioner licensed by the CLC. Until now, we have only been able to award a probate license to a licensed conveyancer who has also completed the additional probate course. Later this year the CLC will be able to issue standalone probate licences.

We believe this will provide new opportunities for lawyers, other professionals such as accountants or entrepreneurs to develop new businesses delivering probate services. All of this activity is driven by our founding mission that was not simply to protect the public and consumer interest through effective regulation but to support innovation and growth in the legal sector.

### **Veyo and Lender Exchange**

As a regulator we hold an agnostic position about tools such as these themselves, but take steps to ensure that licensed conveyancers are able to use them if they wish, without any particular criteria or obstacle that is not in place generally in respect of all providers of legal services.

So, for example, we are making available to Veyo, to HSBC for panel management purposes and to comparison websites, basic data about our regulated community so that those organisations are able easily to verify who is and is not regulated by the CLC.

There is no reason why licensed conveyancers should not have exactly the same market access under the same conditions as any other provider, and that includes free and open choice



of commercially provided tools and services to use as the conveyancer deems appropriate for their practice, just as much as access to lender panels.

## **Risk and security**

Fraudsters are displaying growing sophistication when trying to gain access to funds in client accounts. Through digital or other means, fraudsters can gain a great deal of information about activity in an account and know just when to strike to attempt to divert the funds that are in it. That could be by e-mails to clients advising them of a change to the client account number or a call alleged to be from the lawyer's banker asking for passwords and other 'challenge and response' information that will then give the fraudster control of the account.

In either case, any money that is extracted can be spirited away very quickly and may never be seen again. This risk, which could prove catastrophic to a firm and cause terrible difficulties and anxiety for clients, can only be countered by very good security measures and vigilance.

## **VICTORIA HURDLEY, DIRECTOR OF DEVELOPMENT AT CILEx**

There are definitely indications that there is an increase in the demand for conveyancing services in line with the upturn in the housing market. CILEx Regulation has had a higher level of enquiries regarding the new conveyancing practice rights than expected.

These new rights provide an opportunity for existing trained staff to practise without supervision, providing an opportunity for regulated firms to reduce the numbers of staff who need to be supervised and potentially increase the number of files that can be handled.

## **Practice rights**

These provide an opportunity for the 4,500 CILEx members who specialise in conveyancing to have a more direct relationship with clients, whether that is as a partner or specialist lawyer with practice rights. The rules being applied by lender panels are restricting any conveyancer who wishes to practise independently. However, we are seeing applications being made by CILEx members for practice rights as it supports their professional development and progression to partnership.

Practice rights enquiries are starting to grow, with nearly 200 enquiries since January. We anticipate that this will continue to rise. Our research suggests that there is a significant appetite for our members to gain practice rights; however, this is likely to be within an existing entity at first.

Those who will be looking to set up their own businesses will benefit from CILEx Regulation's tailored model of regulation, and its streamlined approach, such as the single proposal form for professional indemnity insurance used by all the insurers who have signed up to the qualifying insurers agreement.

## **Veyo and Lender Exchange**

Our conveyancing practitioners will be able to register on Lender Exchange. We have also made Veyo aware of our conveyancing practitioners and they have agreed in principle that CILEx conveyancing practitioners can register on the system.

## **Reducing risks**

We are aware of the risks and we are confident that CILEx Regulation's supervision and monitoring arrangements, as well as our work on gathering sector intelligence, will help us to anticipate future risks and effectively monitor firms that might be subject to them. We require firms to produce marketing and risk plans that help them think about forward planning and how they will develop viable businesses.

On our website we have provided additional support tools for firms. The escrow element is an important tool for us in reducing risks relating to firm finance and money laundering. Without access to client money there is a reduced risk in times of financial downturn for firms, and lenders should be supportive of the escrow model.



Victoria Hurdley



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