



Transaction: Conveyancing Quality Scheme

Design

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supporting
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1 Glossary of Terms

Where words have a capital letter, (other than for punctuation purposes) please note that they are a 'defined term' and the corresponding definition and interpretation can be found in the Glossary for this guidance and unless stated otherwise will mean the following:

'Accountancy Staff'	accountant, and accounts staff.
'Assigned Risks Pool' ('ARP')	the arrangement by which an eligible Practice (as defined under the Solicitors Indemnity Insurance Rules 2010 ('SIIR')) may obtain professional indemnity insurance against civil liability by means of an ARP policy on the terms set out in part 3 of the SIIR.
'Client Service Charter'	the charter that sets out the client service standards to which Member Practices must adhere to and which is published at www.lawsociety.org.uk/accreditation .
'Core Practice Management Standards'	those standards set out in questions 45-69 inclusive of the application form.
'Glossary'	the glossary contained within these guidance notes.
'Head of Conveyancing'	a Qualified Conveyancer who is the head of Residential Conveyancing work conducted at the Practice.
'Key Support Staff'	any person not a Qualified Conveyancer or Non Qualified Conveyancer involved in Residential Conveyancing at the Practice including any person involved in the financial procedures relating to Residential Conveyancing. This may include, but is not limited to, interfacing with clients, requisitioning and directing use of funds or involvement in the financial procedures for Residential Conveyancing.
'Licensed Conveyancer'	a licensed conveyancer within the meaning of s11(2) Administration of Justice Act 1985 (who practises Residential Conveyancing) and who is regulated by the Council for Licensed Conveyancers ('CLC').
'Member Practices'	Practices which have attained membership of The Scheme.

‘New Conveyancing Protocol’	The Law Society's guide to best practice in domestic conveyancing transactions of freehold and leasehold property.
‘Non Qualified Conveyancer’	a person who is conducting Residential Conveyancing and who is not a Qualified Conveyancer and for the avoidance of doubt would be in breach s22 of the Solicitors Act 1974 (as amended by the Legal Services Act 2007) if they prepared a contract for sale or a transfer, conveyance or mortgage relating to land in expectation of fee, gain or reward.
‘Partner(s)’	partners in a partnership, members in an LLP, directors in a company, sole principal in a Practice.
‘Practice’	a Practice regulated by the SRA, including any SRA regulated partnership, company, Sole Practitioner, Limited Liability Partnership recognised under section 9 of the Administration of Justice Act 1985 ('LLP') and Legal Disciplinary Partnership recognised under section 9A of the Administration of Justice Act 1985 ('LDP') .
‘Practice Rules’	Solicitors Code of Conduct 2007 and any rules referred to within rule 25(4) of the Solicitors Code of Conduct 2007.
‘Qualified Conveyancers’	a qualified solicitor or a fellow of the institute of legal executives who practices Residential Conveyancing or (in each of the following cases, strictly provided that they are employed by or practice within a Practice) a Licensed Conveyancer, or a duly certified notary public who practices Residential Conveyancing.
‘Relevant Members of Staff’	all persons included within the definitions of Qualified Conveyancers, Non-Qualified Conveyancers, Key Support Staff, Accountancy Staff.
‘Residential Conveyancing’	the process by which domestic conveyancing transactions involving freehold and leasehold properties are legally transferred between parties, to include re-mortgages.
‘Residential Conveyancing Experience’	to have been in practice (not necessarily private practice) for a minimum period of three continuous years practising Residential Conveyancing.
‘Senior Responsible Officer (‘SRO’)	managing partner or senior partner or Director (as defined under s250 Companies Act 2006) or sole principal of the Practice or senior member of an LLP who will be nominated responsible person accountable to The Law Society on behalf of the Practice under the Scheme.

‘Serious Regulatory Complaints’	any complaint received and being investigated / has been investigated by the SRA irrespective of the outcome.
‘Sole Practitioner’	a solicitor authorised by the SRA under section 1B of the Solicitors Act 1974 to practise as a sole practitioner.
‘SRA’	Solicitors Regulation Authority.
‘Transaction Conveyancing Quality Scheme’ (‘CQS’) and ‘The Scheme’	The Law Society’s quality standard scheme for residential conveyancing practices as set out in the scheme design.

2 Scheme Design

2.1 Overview

The Law Society's Transaction – Conveyancing Quality Scheme (CQS) is a new quality standard for Practices that undertake Residential Conveyancing. Achievement of membership will establish a level of credibility for members with stakeholders including regulators, lenders, insurers and clients. The Council of Mortgage Lenders ('CML'), Building Societies Association ('BSA') and Association of British Insurers ('ABI') are supportive of the standard and the CML has indicated that it will be a prerequisite for lender panel membership.

This credibility will be achieved primarily by focussing on:

- The integrity of the SRO and other Relevant Members of Staff
- Adherence to good practice management and financial and risk procedures
- Adherence to prudent and efficient Residential Conveyancing procedures through the New Transaction Conveyancing Protocol
- A robust monitoring and enforcement procedure

Practices will be required to sign up to comply with the New Conveyancing Protocol as well as to the Client Service Charter, mandatory training and enforcement procedures that will operate under the Scheme. The aim is to provide a trusted community of Qualified Conveyancers which will deter fraud and within which we will drive up competence, standards and client service levels.

This will enhance the reputation of Qualified Conveyancers, allowing them to retain market share and develop and grow their business.

2.2 Objectives

The objectives of the Scheme are to:

- Provide assurance to key stakeholders, lenders, insurers, consumers and clients that Member Practices meet the CQS standards
- Provide assurance as to the financial probity of Practices that undertake Residential Conveyancing and all Relevant Members of Staff working in them
- Introduce consistent quality standards throughout the Residential Conveyancing process by means of the New Conveyancing Protocol
- Improve standards and maintain quality through annual monitoring and enforcement
- Increase client recognition of quality standards for Residential Conveyancing
- Minimise the risk of bogus Practices/individuals operating within the profession through carrying out identity and credit checking of both Practices and key individuals
- Support Practices in the transition towards e-conveyancing

3 Benefits

The aim of this Scheme is to produce benefits not only for Member Practices but also for consumers, clients and industry stakeholders, lenders, and insurers.

3.1 Scheme members

The Law Society will promote the Scheme to consumers and stakeholders to ensure that it is recognised as a badge of quality by clients and the lending community. Compliance with the New Conveyancing Protocol and Core Practice Management Standards will also benefit Member Practices in that it will:

- Improve efficiency with common, consistent standards and service levels
- Reduce operational risk
- Assist performance improvement for Practices that do not meet the standards initially
- Provide a helpline for Member Practices
- Ensure all Relevant Members of Staff are kept up to date with changes in law and practice via training and CPD provision

3.2 Lenders

The Scheme has been designed in order to provide assurance to the lending community as to the quality and integrity of The Member Practices. Lenders will be able to check the status of Member Practices and access the Lender liaison line with any queries they have. In addition the Scheme will:

- Provide assurance that initial vetting checks have been carried out as to a Practice's provenance and quality
- Provide assurance that supervision and enforcement of the Scheme is being carried out
- Introduce standardised and increased levels of information for lenders in relation to panel membership
- Help reduce lenders' internal costs when selecting panel members
- Endeavour to create an environment that deters fraud

3.3 Consumers

The Scheme will also be of benefit to the homebuying public and consumers will benefit from:

- A Client Service Charter to which Member Practices will be required to sign up
- Improved transparency with common standards, service levels and communication providing a more efficient process
- A better understanding of the Residential Conveyancing process enabling consumers to recognise Practices providing a quality Residential Conveyancing service
- Reduced transaction risk
- A helpline through which they can raise concerns about service standards or the service levels provided by a Member Practice

4 Eligibility criteria

- If an individual wishes to establish a new Practice, and/or the Practice has been in existence for less than three years, then the person operating as the SRO and/or Head of Conveyancing, must prove that they have a minimum of three years' Residential Conveyancing Experience and proven demonstrable experience of managing a Residential Conveyancing department
- Licensed Conveyancers or public notaries will be eligible as long as they are employed by or practise within a Member Practice
- Locums working in a Member Practice

5 Scheme Requirements and Processes

The quality mark will be awarded to a Practice on an annual basis subject to reaccreditation.

The Scheme application and vetting process will include the following stages:

5.1 Application process

- The firm must nominate a SRO who will be accountable to the Law Society. The SRO will be required to complete an initial detailed application on behalf of the Practice and provide any supporting documentation referred to in the application form.
- The Relevant Members of Staff have to complete personnel details in the application form.
- The SRO is required, in relation to each Relevant Member of Staff, to confirm their identity and provide regulatory history for all Qualified Conveyancers.
- In addition the SRO will be required to give a declaration that the SRO has identified, verified, and carried out all necessary ID verification, fraud and Criminal records checks against all Relevant Members of Staff as required under the Scheme and that any ancillary investigations or enquiries necessary have been carried out as a follow up from the results of those searches.
- The SRO will also be required to give a declaration (in consideration of the Practice being awarded membership of the CQS) on behalf of the Practice to ensure that all Relevant Members of Staff within the Practice will comply with certain obligations under the Scheme. These are clearly set out under the CQS practice agreement and which is published at www.lawsociety.org.uk/accreditation.

5.2 Application assessment

The application will be processed by the Law Society and this will include:

- Checking all required information has been captured and supporting evidence supplied with the application form
- Verifying the data through third party on-line credit and business reference web information services
- Entering the data from the application form into the CQS the scorecard to assess whether the Practice meets the criteria to join the Scheme

5.3 Application outcomes

Three outcomes will be possible from the assessment:

- A pass - The Practice is accepted into the Scheme
- A fail - The Practice is not accepted into the Scheme
- A referral to the assessment panel or a request for further information.
- At this stage a referral may also mean that a Practice may be subject to an audit by a scheme assessor. This may result in recommendations as to how the firm could take appropriate remedial action within a given timeframe, such as to adopt the Core Practice Management Standards, for example. The application would be deferred until such remedial action had been carried out

For the CQS scorecard methodology see Appendix 1.

6 Key Areas

The CQS is designed around four key pillars:

- **Probity:** Initial application for membership to the Scheme focuses on identity and status checks on Practices and all Relevant Members of Staff.
- **Practice Quality Standards:** New Conveyancing Protocol at the heart of the scheme to introduce consistent Residential Conveyancing processes and Core Practice Management Standards to ensure effective management
- **Client Service:** Client Service Charter committed to excellence in client/stakeholder service
- **Scheme Quality Assurance:** Robust monitoring and enforcement processes

6.1 Probity

Objectives: To remove/reduce risk of fraudulent staff or bogus practices by requiring identity checks of the Practice and of all Relevant Members of Staff; and to minimise the risk of interruption through business failure.

- Practice identification - The Practice will be required to provide a range of data to enable The Law Society to confirm the identity, status and probity of the Practice including the names of all Relevant Members of Staff; the Practice's history and regulatory and insurance details; financial information; and evidence of adequate practice, financial and risk management procedures.
- Individual identification - Although the quality mark is awarded to the Practice the Scheme application process will require information to confirm the identity and status of all Relevant Members of Staff.
- Practice Business/ Financial Information - Financial information and bank reference will be required to provide assurance as to the financial standing, business model and effective management of the Practice.

6.2 Practice Quality Standards

Objective: To ensure a high level of professional and Residential Conveyancing competence as well as

The SRO will make a declaration to ensure that all Relevant Members of Staff follow the new Conveyancing Protocol.

Unless a Practice is Lexcel accredited, it will be required to have documented procedures for client care, financial management, risk management and file management, or to follow the Core Practice Management Standards set by the Scheme.

All Relevant Members of Staff must undertake the mandatory training within six months from the date when the Practice is notified that it has been assessed as suitable as a result of the application process and CQS scorecard analysis. The Practice should register all Relevant Members of Staff on the Law Society CPD portal so that they can comply with the Scheme related CPD training.

6.3 Client service

Objective: to ensure that members of the Scheme provide their clients with a consistent and high quality standard of service.

- Practices will sign up to the Client Service Charter
- Practices will have in place an effective client care and complaints process
- Practices will carry out client surveys to ensure they are meeting client expectations

6.4 Scheme quality assurance

Objective: to ensure that Scheme is robustly monitored and enforced to retain the credibility and integrity of the scheme and Member Practices.

Member Practices must:

- Agree to mandatory training for Relevant Members of Staff.
- Agree to submit to the CQS monitoring and enforcement process.
- Be required to re-apply for membership on an annual basis.
- Be subject to monitoring as required on a risk-based assessment or following concerns raised with the helpline by clients or stakeholders throughout the year.
- Provide a six-monthly update on complaints or any other adverse regulatory interaction or concerns raised by lenders / the Land Registry.
- Advise TLS of leavers and joiners in the practice and carry out the required initial ID and vetting checks within fourteen (14) days.
- Report any merger / demerger plans as re-application may be required.
- Report on any change of business model or status of the Practice / partnership / conversion to LLP within fourteen (14) days.

7 Enforcement / governance process

A CQS assessment panel and a separate appeals panel are responsible for the governance of the CQS including setting the standards, adjudicating in disputes between applicants and the application team, or for enforcement decisions and appeals.

8 Training

All Relevant Members of Staff, that practise residential conveyancing, will be required to sit mandatory training on the protocol as part of the application process. In addition the SRO will be required to attend a mandatory course to outline the duties and responsibilities of this role. Training in the Core Practice Management Standards may be required for non-Lexcel Practices. All mandatory training must be completed within six (6) months from the date when the Practice is notified that it has been assessed as suitable as a result of the application process and CQS scorecard analysis.

9 Core Practice Management Standards

In addition to satisfying the Law Society that the Practice fulfils the requirements under the four pillars of the Scheme, Practices will be asked whether they have in place management processes and procedures for financial management, risk management, client care and file management. Lexcel practices will be exempt from this requirement.

If a Practice does not already have adequate systems in place it will be required to adopt the Core Practice Management Standards that have been developed for the CQS. Help will be provided to any Practices who require additional assistance in adopting these procedures.

Appendix 1 – CQS Scorecard Methodology

Scorecards are used widely in business as an aid to judgement in the financial services and insurance industry to assess credit risk or evaluate the risk profile of a particular customer or transaction.

The scorecard is divided up into two major sections, Probity and Quality. The section on Probity will carry greater weight than the one on Quality. It is a design principle of the scorecard that unless a firm can demonstrate integrity and Probity then a high score on the customer care capabilities of that firm would not, alone, be sufficient to achieve accreditation.

Approximately 75% of the score is awarded for Probity and 25% for Quality

The contents of the scorecard and their respective weightings may change with time. As data becomes available about mortgage fraud and as the patterns of fraud change over time, or there are any other issues arising within the market, then these will be factored into the scorecard design.

Probity

The section on Probity will comprise three sub-sections, The Practice, the Partners and other Staff at the firm, and Consistency of answers in the preceding two sub-sections.

- The Practice -This sub-section on the practice will look at the longevity and stability of the firm, its financial position, its policies and processes and its ability to get PI insurance.
- The Partners and all Relevant Members of Staff - This sub-section will look verify the identity of and look at the at the professional record of the Senior Responsible Officer along with his CPD record and at the information that he provides about other partners and all Relevant Members of Staff within the firm.
- Consistency -This sub-section will be used to cross reference information supplied on the application form with other information, either public or otherwise. For example the disciplinary record of the partners and Relevant Members of Staff will be checked against the SRA regulatory decisions pages.

Quality

The Practice - This sub-section will look at the processes and procedures for the four Core Practice Standards in relation to conveyancing. If a practice is a member of the Lexcel scheme it will generate full marks from this section.