

DAS



SUBJECT cc  
matter

DS2 AP4

cc C. Sinclair (PV)

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

4 April 1989

Dear Paul,

LEGAL REFORM GREEN PAPERS

The Lord Chancellor came to see the Prime Minister yesterday to discuss the latest position on the proposed reforms. He said that the proposals had been issued in the form of Green Papers to make clear that they were the basis for consultation. If there were detailed points on which respondents put forward a strong case for changes, then these could be considered. The Prime Minister supported this approach; it would not be appropriate to retreat on the broad lines of the Lord Chancellor's reform package but details could be modified where a good case had been made.

In discussion of possible detailed changes, the Lord Chancellor raised three possibilities:

- As regards the so-called "state control" aspects, it would be very easy to make some change. Although he recognised there were disadvantages, in the extreme an amendment might take the form of leaving the Law Society alone to decide which of their members would have rights of audience.
- Fears had been expressed about large firms of solicitors becoming overly dominant in the profession. To counter these worries, it might be possible to introduce a requirement that an Advocate should be required to act for anyone seeking his or her services, whether or not the customer also required the services of the firm of solicitors to which the Advocate was linked.
- As regards conveyancing by others than solicitors, there were fears that consumers could be exploited by institutions given, for example, the practices adopted by some building societies in relation to endowment-linked mortgages. Others were concerned about the position of an estate agent being in the position of acting both for the vendor and the buyer. It was therefore worth considering whether some action could be taken in this area, although arguably the most appropriate context for this was via the Financial Services Act machinery. The Prime Minister commented that an important need was for

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disclosure of information about the financial interests of intermediaries or recommended to them.

In further discussion, the Prime Minister said that she had been amazed and horrified at the intemperate tone of comments by those opposed to the Green Paper proposal. She believed that the Lord Chancellor had been absolutely right to respond to the debate in a dignified way, by focusing on the real arguments of substance, and this was the means by which he was most likely to continue to succeed in the dialogue.

The Lord Chancellor said the next major stage in the Green Paper process would be the House of Lords debate on Friday 7 April. He anticipated that most if not all of the lawyers speaking would be opposed to the reforms. There would, however, be a fair number of independants who would speak in favour of the proposals, although unfortunately this was unlikely to include any one of real authority. The Prime Minister commented that it was unfortunate that Lord Boyd Carpenter would be away at the time of the debate, and wondered whether he would be prepared for it to be known that, had he been present, he would have spoken strongly in support of the proposals.

*Yan,  
Paul*

PAUL GRAY

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Lord Chancellor's Office