

PRIME MINISTER

cc 100
INMOS

Mr. Tebbit will be staying behind after Cabinet tomorrow to discuss:

- (i) The solicitors' conveyancing monopoly. He seeks your guidance as to how far to push the issue, which will come to Cabinet next Thursday, 15 December (see the Policy Unit note and the Minutes of H Committee - Flag A);
- (ii) He wants to give you an oral report on the complex of issues relating to BT/ICL, listed in my letter to his Private Office - see Flag B;
- (iii) He also wants to raise a question of senior management in his Department. I believe he discussed this about six weeks ago and will be enquiring about progress. Unfortunately Sir Robert Armstrong will not be available;
- (iv) He has minuted you on INMOS - see Flag C. He is suggesting additional funding for INMOS either in the form of an additional loan or an increase in its temporary borrowing ceiling. Lord Cockfield is extremely sceptical and would require more by way of justification. He also recommends that if any more money is put in, there should be a revision of the terms. Policy Unit are deeply sceptical and also suggest more information is required. I have not yet had the Treasury's response. I suggest you do not raise this until the Treasury have replied, but if Mr. Tebbit raises it, you should take the same line as Lord Cockfield.

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PRIME MINISTER

THE SOLICITORS' CONVEYANCING MONOPOLY

Norman Tebbit wishes to see you after Cabinet tomorrow. He seeks your guidance as to how far to push the issue, which will come to Cabinet next Thursday (15 December).

We have to respond to Austin Mitchell's Home Buyers Bill on 16 December. This Bill has been extremely well received by the press. It is a pity that the Government had not introduced a Bill of this kind itself, following the successful opticians' decision, since it would fit so well with the kind of competition policy which we would like to see developed - one which focuses on the major items in the consumer's budget (housing, cars, food, insurance). If we cannot claim credit for breaking an unpopular monopoly, at least let us avoid being cast as hide-bound protectors of it. The half-way house solution of merely relaxing the monopoly to allow employed solicitors will not be a convincing response, even though this will allow a larger injection of competition than the non-solicitor conveyancers might provide. We ought, therefore, to take a constructive approach by offering to develop a licensing framework within which non-solicitor conveyancers can operate without detriment to the consumer.

For the moment, we must hope to make as much progress as possible while causing as little distress as possible to Quintin, who has had a very difficult time of late.

Employed Solicitors

The overwhelming majority of H believes that the restrictions ought to be widened to allow solicitors employed by building societies etc to do conveyancing. The Lord Chancellor's central objection here is the possible conflict of interest when a solicitor acts for both client and building society.

The best line might be: we are agreed that we should announce, in response to the Home Buyers Bill, that:

- See H minutes attached.
- (a) we intend to make it possible ^{for} ~~to~~ employed solicitors to do conveyancing; and
 - (b) the Lord Chancellor will draw up, in consultation with the Law Society, a code of conduct to avoid potential conflict of interest.

Conveyancing of Registered Land by Non-Solicitors

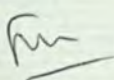
It is doubtful, however, whether this would be enough on its own to satisfy popular feeling. We would, after all, still be restricting the work to solicitors. We could still be portrayed as defending the closed shop so long as its members were largely our own supporters.

A sizeable number of Ministers in H/Cabinet do feel that we should go further. The officials' report outlines possible consumer safeguards designed for the conveyancing of registered land by non-solicitors, such as licensing, compulsory indemnity insurance and a compensation fund.

The Lord Chancellor points out certain difficulties which may arise in the conveyancing even of registered land. But how often do these difficulties occur in practice? Are they a conclusive argument against easing the restrictions? To use the medical analogy of which the legal profession is so fond, you don't insist on going to a brain surgeon every time you have a headache because of the complications that might conceivably arise. Ironing, cooking, driving a motor car - all of these activities would be confined to highly qualified experts if we took account of the accidents which have been very occasionally recorded.

We understand that these difficulties are not frequent (the Land Registry finds they arise in less than 1 per cent of cases) and are identifiable. For example, the register is amended, if necessary, following a divorce. There is no reason therefore why breakdowns of marriages themselves should give rise to conveyancing problems (see Annex). We envisage non-solicitor conveyancers identifying legal problems, but not solving them. If housebuyers encounter complex legal problems, they would be advised to consult their solicitor, but if they want a simple conveyancing operation, a non-solicitor conveyancer would be sufficient for many.

The best way through might be: to announce on 16 December that we intend to bring out a Green Paper which would outline the proposed consumer safeguards and invite public reaction. This would provide a strong positive steer from which we would find it hard to retreat, but would not commit us immediately.



Whatever the state of a matrimonial dispute, jointly owned property cannot be sold without both husband and wife signing the transfer document. A situation where the property is registered in the husband's name and he leaves the home and sells it, could give rise to problems for the purchaser if the wife still occupies the property. The Boland judgement two years ago dealt with such a case. A husband had offered his house as a security for a bank loan. His marriage and business collapsed; the bank wished to claim the house occupied by the wife. The House of Lords supported the wife. A conveyancer therefore needs to check that the purchaser will obtain vacant possession but there seems no reason why a legal training is required in order to ensure this.