



pa  
Dms  
25/2

10 DOWNING STREET

From the Private Secretary

Prime Minister<sup>(2)</sup>

EMPLOYED SOLICITORS

The Lord Chancellor found some support for  
his views at H Committee, and the issues  
will have to come back to Cabinet -  
probably the week after next.

Dms  
24/2

FROM THE PRIVATE SECRETARY

106



HOUSE OF LORDS,  
SW1A 0PW

19th February, 1985

CONFIDENTIAL

David Barclay Esq.,  
Private Secretary to  
The Right Honourable  
The Prime Minister,  
10 Downing Street,  
London, SW1.

*B/f to me with  
H Cttee minutes post, after  
mtg on 20 Feb  
DMS  
19/2*

*Dear David*

Conveyancing by Employed Solicitors

The Lord Chancellor has seen your letter of 18th February to Janet Lewis-Jones and has commented as follows:

"I am surprised that the Prime Minister should think there is any inconsistency between my paper (H(85)11) and the Cabinet conclusion numbered 1 of item 4 of CC(83)37th Conclusions. This (so far as is relevant) clearly states:

"agreed that action should be taken to extend the right of conveyance to employed solicitors and that consultations on how to achieve this and to avoid problems of conflict of interest should be initiated as soon as possible". (emphasis mine)

Consultations did in fact take place and revealed a wide division and a more serious danger of conflict of interest than I at first supposed at the time when I was mainly concerned with the implications of the Austin Mitchell Bill. It is true as the Prime Minister says that the majority on the official group considered that the problem of conflict of interest could be taken care of if the lending institutions were to offer only a "basic service". But the real question is how far they are right. If they are not, clearly we are back to square one.

What continues to worry me is that none of their proposed solutions tackles the real nature of the problem or shows any sign that they have even grasped its nature. This resides in the danger inherent in the relationship between the borrower and lender. Whatever the image that the building societies and the other lending institutions may like to promote, the interests of the lending institution are not those of the borrower, and no devices such as those proposed in the officials work can alter this.

/...

A conveyancing service which attempts, as does the "basic option", to exclude advice on the arrangements for the loan (where it is needed, only supplying the conveyancing work where the interests of the parties are identical) is obviously unsatisfactory, for the reasons set out in my paper. More than ever with the expansion of home ownership, people need independent advice before committing themselves to a complicated transaction of such significance as the purchase of a house on mortgage, which may affect them and their families (and not least the family budget) for years to come. By the time that the borrower realises that he should have obtained independent advice, it will often be too late. He will have been enticed into a situation into which he should never have been led by the bait of a conveyancing service which is irrelevant to the issues at stake."

I am copying this letter to the Private Secretaries to the members of H Committee and to Richard Hatfield (Cabinet Office).

Yours sincerely,

Richard

Richard Stoate

LEGAL PROCEDURE: Conveyancing NOV 83

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139 FEB 1985

COMPLETION



10 DOWNING STREET

From the Private Secretary

18 February 1985

Dear Janet,

CONVEYANCING BY EMPLOYED SOLICITORS

The Prime Minister has seen a copy of the Lord Chancellor's paper for H Committee (H(85)11) about conveyancing by employed solicitors. She was surprised to note its conclusion, which appears inconsistent with the decision of Cabinet on this subject (CC(83)37th Mtg, item 4), and with her own statement of Government policy in the House on 20 December 1983 (Hansard col. 270).

The Prime Minister also noted the majority conclusion of the officials' report, that the problem of conflict of interest could be taken care of, provided that lending institutions offer a basic conveyancing service and make its limitations clear.

The Prime Minister feels strongly that the Government cannot deny lending institutions the chance to compete in the conveyancing market. Nor can it deny housebuyers the opportunity to choose their services. It would be contrary to the Government's entire philosophy. It would, moreover, be difficult to explain why people who aspire to buying and managing houses must be thought incapable of understanding what an employed solicitor could and could not do for them under the arrangements envisaged in the officials' report.

I am sending copies of this letter to the Private Secretaries to the members of H Committee, and to Richard Hatfield (Cabinet Office).

Yours ever,  
David

(DAVID BARCLAY)

Miss Janet Lewis-Jones,  
Lord President's Office.