



WHY PEOPLE HATE ENGAGEMENT LETTERS

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Clients hate engagement letters. They see them as bureaucratic waffle, which lawyers insist on to protect themselves.

Lawyers hate engagement letters. They see them as bureaucratic waffle, which the SRA insists on to protect clients.

In any case, people rarely read them with care, unless something goes wrong. Then you may discover that the letter was ill-thought out, or has been overtaken by events, and has created more problems than it solved.

The trouble is that a typical engagement letter is trying to do three inconsistent things.

- Helping the client understand the most important things. (For example are we advising the company or the directors? What will it cost? How long should it take?) Those things should be discussed with the client, and then confirmed in writing in big, bold print.
- Setting ground rules on minor things like deposit interest, and capping the firm's liability. Such rules are necessary, but should not distract from the big messages.
- Keeping the SRA happy. For example the SRA insists you give the client written information about the complaints process at the start of every engagement. That is best tucked away in your standard terms, to be referred to if the need ever arises.

Here is how to get your engagement letters working smoothly.

Keep it brief. Over the years, many firms have accumulated more and more text in their standard documents. Nobody is sure if it might serve some purpose, so they leave it in, and the documents become mind-numbing and time consuming.

Put as much as possible in your terms of business. Then the actual engagement letter can be pithy and easy to write and read.

Keep it up to date. Have you reviewed your firm's standard engagement letter and terms of business in the light of recent regulatory changes?



Train and supervise. Even after an engagement letter is sent, your fee earners need to update the client, for example about changes in the costs profile or timescale. You need to train your people to do that. You also need to supervise and review files.

This can all be a burden. That is why we include in the Socrates COLP & COFA service template engagement letters and terms of business, plus updating, plus online training.