

## Billing Practices Check for small law firms 2013

### Cross-tabs of responses regarding costs updates and exceeding estimates

The following tables bring together two sets of responses – the first on the frequency of the final bill exceeding the estimate by a range of percentages from 10% to >50% and the second, whether the client receives regular, scheduled bills that include the charges to date, and the estimated charges remaining.

There can be many good reasons for estimates being exceeded. There are few good reasons for clients not receiving ongoing costs disclosure if the costs are exceeding the estimates. The cross tabulated data that follows shows clearly that there is a pattern or trend of estimates being exceeded without the accompanying costs disclosures being made to clients

This is an important topic in the context of complaint handling as the majority of complaints we receive are about costs and the majority of costs complaints are about “overcharging” particularly in the sense of the final bill being a surprise to the client. Firms may want to consider where their practices fall in this spectrum.

### Summary

**18%** of respondents say their charges exceed the estimate by **over 50%** to some degree of frequency and they **never (16%), sometimes (61%) or always (22%)** inform their clients of changes to charges throughout the matter to varying degrees (provide costs disclosure to their clients).

**23%** of respondents say their charges exceed the estimate by **50%** to some degree of frequency and they **never (17%), sometimes (61%) or always (22%)** provide costs disclosure to their clients.

**33%** of respondents say their charges exceed the estimate by **40%** to some degree of frequency and they **never (16%), sometimes (60%) or always (24%)** provide costs disclosure to their clients.

**50%** of respondents say their charges exceed the estimate by **30%** to some degree of frequency and they **never (17%), sometimes (60%) or always (23%)** provide costs disclosure to their clients.

**77%** of respondents say their charges exceed the estimate by **20%** to some degree of frequency and they **never (17%), sometimes (61%) or always (22%)** provide costs disclosure to their clients.

**95%** of respondents say their charges exceed the estimate by **10%** to some degree of frequency and they **never (17%), sometimes (59%)** or **always (25%)** provide costs disclosure to their clients.

#### Estimates exceeded by >50%

The following table shows the responses of people to questions about the frequency of their estimates exceeding 50% and how frequently they provide costs disclosure to their clients. In brief:-

- One person says in their firm the estimate is *frequently* exceeded by over 50% and that their clients *never* receive costs disclosure
- 19 people say that their clients *sometimes* receive costs disclosure and the estimate is *sometimes* exceeded by over 50%
- 89 say that their clients sometimes receive costs disclosure and the estimate is *never* exceeded by over 50%

Those answers point to a strong possibility that in some cases estimates are being exceeded without costs disclosure to the client. **We can clearly point to a pattern or trend when the answer is that the client *never* receives costs disclosure:-**

- 29 of 177 people say that the client *never* receives regular scheduled bills that include the charges to date and estimated charges remaining (costs disclosure)

Of those 29 people who say the client never receives costs disclosure (or 16% of people answering the question)

- 23 say the final bill *never* exceeds 50%
- 5 say the final bill *sometimes* exceeds 50%
- 1 person says it *frequently* exceeds 50%

The numbers are small, nevertheless, the table shows that 20%, or 6 of 29 people are exceeding estimates by more than 50% without giving proper costs disclosure.

		How often does the final bill to the client exceed the estimate by >50%			
		<i>Never</i>	<i>Sometimes</i>	<i>Frequently</i>	Response totals
The client receives regular, scheduled bills that include the charges to date, and estimated charges remaining	<i>Never</i>	16% (23)	16% (5)	<b>100% (1)</b>	29
	<i>Sometimes</i>	<b>61% (89)</b>	<b>62% (19)</b>	0%	<b>108</b>
	<i>Always</i>	23% (33)	23% (7)	0%	40
		145	31	1	<b>Total = 177</b>

## Estimates exceeded by 50%

The following table shows the responses of people to questions about the frequency of their estimates being exceeded by 50% and how frequently they provide cost disclosure to their clients. In brief:-

- Two people say in their firm the estimate is *frequently* exceeded by 50% and that their clients *never* receive costs disclosure
- 25 people say that their clients *sometimes* receive costs disclosure and the estimate is *sometimes* exceeded by 50%
- 84 say that their clients *sometimes* receive costs disclosure and the estimate is *never* exceeded by 50%

Those answers point to a strong possibility that in some cases estimates are being exceeded without costs disclosure to the client. **We can more clearly see a definite pattern or trend when the answer is that the client *never* receives costs disclosure:-**

- 30 of 179 people say that the client *never* receives regular scheduled bills that include the charges to date and estimated charges remaining (costs disclosure)

Of those 30 people who say the client never receives costs disclosure (or 17% of people answering the question)

- 22 say the final bill *never* exceeds 50%
- 6 say the final bill *sometimes* exceeds 50%
- 2 people say it *frequently* exceeds 50%

The numbers are small, nevertheless, the table shows that 27%, or 8 of 30 people are exceeding estimates by 50% while never making costs disclosures to their clients.

		How often does the final bill to the client exceed the estimate by 50%			Response totals
		<i>Never</i>	<i>Sometimes</i>	<i>Frequently</i>	
The client receives regular, scheduled bills that include the charges to date, and estimated charges remaining	<i>Never</i>	16% (22)	15% (6)	100% (2)	30
	<i>Sometimes</i>	61% (84)	62% (25)	0%	109
	<i>Always</i>	23% (31)	23% (9)	0%	40
		137	40	2	179

## Estimates exceeded by 40%

The following table shows the responses of people to questions about the frequency of their estimates being exceeded by 40% and how frequently they provide cost disclosure to their clients. In brief:-

- Two people say in their firm the estimate is *frequently* exceeded by 40% and that their clients *never* receive costs disclosure
- 38 people say that their clients *sometimes* receive costs disclosure and the estimate is *sometimes* exceeded by 40%
- 71 say that their clients *sometimes* receive costs disclosure and the estimate is *never* exceeded by 40%

Those answers point to a strong possibility that in some cases estimates are being exceeded without costs disclosure to the client. **We can more clearly see a definite pattern or trend when the answer is that the client *never* receives costs disclosure:-**

- 30 of 182 people say that the client *never* receives regular scheduled bills that include the charges to date and estimated charges remaining (costs disclosure)

Of those 30 people who say the client never receives costs disclosure (or 17% of people answering the question)

- 21 say the final bill *never* exceeds 40%
- 7 say the final bill *sometimes* exceeds 40%
- 2 people say it *frequently* exceeds 40%

The numbers are small, nevertheless, the table shows that 30%, or 9 of 30 people are exceeding estimates by 40% while never making costs disclosures to their clients.

		How often does the final bill to the client exceed the estimate by 40%			
		<i>Never</i>	<i>Sometimes</i>	<i>Frequently</i>	Response totals
The client receives regular, scheduled bills that include the charges to date, and estimated charges remaining	<i>Never</i>	17% (21)	12% (7)	<b>100% (2)</b>	30
	<i>Sometimes</i>	<b>58% (71)</b>	<b>65% (38)</b>	0%	<b>109</b>
	<i>Always</i>	25% (30)	22% (13)	0%	43
		122	58	2	<b>182</b>

## Estimates exceeded by 30%

The following table shows the responses of people to questions about the frequency of their estimates being exceeded by 30% and how frequently they provide cost disclosure to their clients. In brief:-

- Two people say in their firm the estimate is *frequently* exceeded by 30% and that their clients *never* receive costs disclosure
- 58 people say that their clients *sometimes* receive costs disclosure and the estimate is *sometimes* exceeded by 30%
- 51 say that their clients *sometimes* receive costs disclosure and the estimate is *never* exceeded by 30%

Those answers point to a strong possibility that in some cases estimates are being exceeded without costs disclosure to the client. **We can more clearly see a definite pattern or trend when the answer is that the client *never* receives costs disclosure:-**

- 31 of 181 people say that the client *never* receives regular scheduled bills that include the charges to date and estimated charges remaining (costs disclosure)

Of those 31 people who say the client never receives costs disclosure (or 17% of people answering the question)

- 18 say the final bill *never* exceeds 30%
- 11 say the final bill *sometimes* exceeds 30%
- 2 people say it *frequently* exceeds 30%

The numbers are small, nevertheless, the table shows that 42%, or 13 of 31 people are exceeding estimates by 30% while never making costs disclosures to their clients.

		How often does the final bill to the client exceed the estimate by 30%			
		<i>Never</i>	<i>Sometimes</i>	<i>Frequently</i>	Response totals
The client receives regular, scheduled bills that include the charges to date, and estimated charges remaining	<i>Never</i>	20% (18)	12% (11)	100% (2)	31
	<i>Sometimes</i>	56% (51)	66% (58)	0%	109
	<i>Always</i>	24% (22)	22% (19)	0%	41
		91	88	2	181

## Estimates exceeded by 20%

The following table shows the responses of people to questions about the frequency of their estimates being exceeded by 20% and how frequently they provide cost disclosure to their clients. In brief:-

- Five people say in their firm the estimate is *frequently* exceeded by 20% and that their clients *never* receive costs disclosure
- 84 people say that their clients *sometimes* receive costs disclosure and the estimate is *sometimes* exceeded by 20%
- 23 say that their clients *sometimes* receive costs disclosure and the estimate is *never* exceeded by 20%

Those answers point to a strong possibility that in some cases estimates are being exceeded without costs disclosure to the client. **We can more clearly see a definite pattern or trend when the answer is that the client *never* receives costs disclosure:-**

- 31 of 184 people say that the client *never* receives regular scheduled bills that include the charges to date and estimated charges remaining (costs disclosure)

Of those 31 people who say the client never receives costs disclosure (or 17% of people answering the question)

- 10 say the final bill *never* exceeds 20%
- 16 say the final bill *sometimes* exceeds 20%
- 5 people say it *frequently* exceeds 20%

The numbers are small, nevertheless, the table shows that 68%, or 21 of 31 people are exceeding estimates by 20% while never making costs disclosures to their clients.

		How often does the final bill to the client exceed the estimate by 20%			
		<i>Never</i>	<i>Sometimes</i>	<i>Frequently</i>	Response totals
The client receives regular, scheduled bills that include the charges to date, and estimated charges remaining	<i>Never</i>	24% (10)	12% (16)	<b>42% (5)</b>	31
	<i>Sometimes</i>	56% (23)	64% (84)	42% (5)	112
	<i>Always</i>	20% (8)	24% (31)	17% (2)	41
		41	131	12	<b>184</b>

## Estimates exceeded by 10%

The following table shows the responses of people to questions about the frequency of their estimates being exceeded by 10% and how frequently they provide cost disclosure to their clients. In brief:-

- Eight people say in their firm the estimate is *frequently* exceeded by 10% and that their clients *never* receive costs disclosure
- 92 people say that their clients *sometimes* receive costs disclosure and the estimate is *sometimes* exceeded by 10%
- 6 say that their clients *sometimes* receive costs disclosure and the estimate is *never* exceeded by 10%

Those answers point to a strong possibility that in some cases estimates are being exceeded without costs disclosure to the client. **We can more clearly see a definite pattern or trend when the answer is that the client *never* receives costs disclosure:-**

- 31 of 187 people say that the client *never* receives regular scheduled bills that include the charges to date and estimated charges remaining (costs disclosure)

Of those 31 people who say the client never receives costs disclosure (or 17% of people answering the question)

- 3 say the final bill *never* exceeds 10%
- 20 say the final bill *sometimes* exceeds 10%
- 8 people say it *frequently* exceeds 10%

The numbers are small, nevertheless, the table shows that 90%, or 28 of 31 people are exceeding estimates by 10% while never making costs disclosures to their clients.

		How often does the final bill to the client exceed the estimate by 10%			
		<i>Never</i>	<i>Sometimes</i>	<i>Frequently</i>	Response totals
The client receives regular, scheduled bills that include the charges to date, and estimated charges remaining	<i>Never</i>	30% (3)	13% (20)	35% (8)	31
	<i>Sometimes</i>	60% (6)	60% (92)	52% (12)	110
	<i>Always</i>	10% (1)	27% (42)	13% (3)	46
		10	154	23	187