

## Legal Costs

### Costs disclosure and costs agreements

Your lawyer must advise you of the expected legal costs for your matter as soon as is practicable. A costs disclosure discloses the basis of which legal costs will be calculated and provides an estimate, or range of estimates, of total legal costs (if reasonably practicable). There are two types of costs disclosure – an abbreviated disclosure and a detailed disclosure.

#### *Abbreviated costs disclosure*

An abbreviated costs disclosure can be made orally or in writing. If made orally, your lawyer must confirm it in writing as soon as practicable after the disclosure is made. An abbreviated costs disclosure can be made in separate document or included in a costs agreement.

As part of an abbreviated costs disclosure your lawyer must disclose to you:

- in general terms, the legal services that will be provided,
- the basis on which legal costs will be calculated, including whether a scale of costs applies,
- an estimate of total legal costs,
- an estimate of the total amount of disbursements,
- your right to:
  - to negotiate a costs agreement,
  - receive a bill from the law practice,
  - request an itemised bill and
  - be notified of any substantial changes to disclosed matters

Your lawyer must also detail the costs for any other law practice they intend to engage on your behalf (such as barristers).

#### *Detailed costs disclosure*

Detailed costs disclosures must be in writing and may be made by a separate document or can be included in a costs agreement.

Costs disclosure obligations include:

- an explanation of how costs are calculated
- a realistic estimate of total costs or a range of estimates for the total costs and what variables can impact this
- your rights in relation to legal costs
- the intervals at which you'll be billed.

Your lawyer must also notify you of certain rights, as outlined below (see 'Your rights')

Your lawyer must also detail the costs for any other law practice they intend to engage on your behalf (such as barristers). They must provide contact details for you to discuss costs and disclose any interest rate they'll charge for overdue amounts.

Your lawyer must also tell you about any up-lift fees that may be charged, what rate they are charged at and when this may occur.

Your lawyer must also disclose costs for cases that go to court or a tribunal. They must tell you an estimated range of costs you could recover if your matter is successful, or what you could need to pay if you're unsuccessful.

Costs disclosure must occur as soon as practicable after you have retained the law practice.

Costs disclosure doesn't just happen at the beginning of your matter. Your lawyer has an ongoing costs disclosure obligation throughout the matter and must keep you updated if costs change.

If a lawyer fails to disclose any of the costs disclosure obligations, you are not obligated to pay the costs until a costs assessment is conducted and the law practice can't commence proceedings to recover costs.

## ***Your rights***

A detailed costs disclosure must notify you of your right to:

- negotiate the costs agreement
- receive a bill
- request an itemised bill
- be notified of anything that may cause a substantial change in a costs or fee
- receive progress reports
- apply for a costs assessment (and the time limits that apply if you dispute the bill)
- apply to the Supreme Court or the Queensland Civil and Administrative Tribunal to set the costs agreement if it's not fair and reasonable (and any time limits that apply).

## ***When costs disclosures are required***

Costs disclosures are only required when legal costs are likely to exceed \$1500 (ex-GST and disbursements).

A costs disclosure is not required if the matter is unlikely to exceed this amount.

However, if your lawyer later becomes aware that the legal costs are likely to exceed \$1500 (ex-GST and disbursements), they must then provide you with a costs disclosure. This can be either an abbreviated costs disclosure or a detailed costs disclosure.

If your lawyer becomes aware that the legal costs are likely to exceed \$3000 (ex-GST and disbursements) they must provide you with a detailed costs disclosure. This applies even if they have previously provided you with an abbreviated costs disclosure.

## **Costs agreement**

A properly made costs agreement is a contract for the payment of legal costs. It may also deal with some other rights and responsibilities between a law practice a client.

A costs agreement is not always required.

Costs agreements can be used to meet costs disclosure obligations (when disclosure is required).

The costs disclosure must be provided to you before, or as soon as is practicable after, you retain the lawyer.

A costs agreement must be in writing or evidenced in writing.

It also needs to clearly include an offer to enter into a costs agreement that can be accepted in writing.

A costs agreement that is invalid under Division 5 of the Legal Profession Act 2007 may not be enforceable.

## **'No win, no fee' agreements**

Lawyers may enter 'no win, no fee' arrangements where they only charge fees if you win the case.

### **Agreement**

Before entering the agreement, you must agree with your lawyer on what constitutes a 'successful outcome'.

These details must be included in the 'no win, no fee' agreement.

This agreement must also contain:

- a statement telling you that you can seek independent legal advice before you sign
- a cooling-off period of not less than 5 business days during which you may terminate the agreement in writing.

It should also state whether the firm can recover any outlays, regardless of the outcome.

The agreement must be in writing, in plain language and signed by the client.

### **Extra fees for 'no win, no fee' agreements**

Regardless of the outcome in a 'no win, no fee' agreement, your lawyer is entitled to recover money spent pursuing your claim (disbursements).

Examples of disbursements include court filing fees and barrister fees.

If your case is unsuccessful, you may be required to pay the other party's legal costs, even if you have a 'no win, no fee' arrangement.

Dependent on the type of matter, your lawyer may charge an 'uplift fee' of up to 25% of the legal costs. This fee is only paid if your case is successful.

## **Billing**

A bill usually summarises the work that your lawyer has done for you and gives a total amount of the legal costs for that work. You have a right to receive a bill before paying for legal work.

### ***Lump sum v Itemised bills***

An itemised bill is one that states, in detail, the work the lawyer did, and the amount charged for each unit of work.

A lump sum bill is one that describes more generally the work done and specifies the legal costs associated with those services.

If you receive a lump sum bill, you may request an itemised bill from your lawyer. They must comply with this request within 28 days of the date it was made.

Your lawyer must not charge for the preparation of an itemised bill.

Your lawyer cannot commence proceedings to recover legal costs until:

- at least 30 days after delivering a lump sum bill, or
- until 30 days after giving you an itemised bill, if you requested one.

## ***Interest***

The LPA allows your lawyer to charge interest on unpaid legal costs where:

- it's provided for in the costs agreement
- otherwise, 30 days after your lawyer has given you a bill for the legal costs.

When charging interest, a bill must state that interest is payable and the rate of interest.

## **Costs assessments**

If there is a dispute between you and your lawyer about your legal bill, you may be able to have it independently assessed.

### ***Unexpected or unreasonable costs***

Your lawyer should tell you about the process their firm has for resolving disagreements about costs. You should approach your lawyer about any issues before taking further steps.

You may request a costs assessment, where an independent person will consider your issues with the legal costs charged by your lawyer.

You have 12 months to apply for a costs assessment from:

- when you receive the bill
- when the lawyer asks for payment
- when you pay the costs (if there is no bill or request for payment).

### ***Court-ordered costs assessments***

Costs assessments are only binding for lawyers if they are ordered by a court.

You can apply to the court for a binding costs assessment.

We recommend you get independent legal advice before applying.

**Learn more about court-ordered costs assessment here:**

[Costs assessment – legal fees | Queensland Courts](#)

### ***What we can do***

After a costs assessment, the costs assessor or court may refer the matter to the Commission if they reduce your bill by 15% or more.

They must refer any matter to the Commission if they:

- find the costs to be grossly excessive or
- find your lawyers conduct may be professional misconduct or unsatisfactory professional conduct, whether related to your legal costs or not.

After you receive the results of your costs assessment, you may also still decide to make a complaint. We may consider your complaint if the circumstances above are met.

After you receive the results of a costs assessment, you may decide to make a complaint to the Commission about your lawyer.

We may consider your complaint if the independent costs assessor:

- reduces your bill by 15% or more
- finds the costs to be grossly excessive
- finds your lawyers conduct may be professional misconduct or unsatisfactory professional conduct, whether related to the fees or not.

You can lodge this via our complaint form which is available here:  
<https://www.lsc.qld.gov.au/complaints/complaints/making-a-complaint>