**SME LEGAL COSTS SCENARIO**

I have a small hairdressers and I have a problem with my supplier over an incomplete order. I am a great citizen and do my best to mediate beforehand. My supplier does not budge.

I take the matter in my own hands without knowing the consequence and costs. I may do this because I wish to make a point on principle. I do not have the benefit of a legal expenses policy.

**A solicitor could cost a customer £180 per hour to understand the basic problem** and look at what information is required to understand prospects and evidence available.

We decide I may have a case -but we need more information.

First line is to instruct a solicitor to write a few letters on my behalf -these could incur a cost of **£1,000 + Vat** for several letters to help resolve the situation.

The letters do not move the matter forward. A protracted negotiation commences –which could easily impose fees of **£3,000 to £5,000 to resolve**. This involves meetings with my supplier, witness statements (getting the courier company involved) and other steps to support my case.I am now deeply distressed.

At this point I may try mediation to resolve the matter. **This could cost another £2-3,000**. However it is not successful.

I decide to go to court. Court fees alone on a relatively small claim of **between £5,000 to £10,000** would cost £410 with the cheapest court fee being £50.

Incidentally our Legal Expenses Product fee is usually less than that minimal court fee of £50 per annum. Remember you can have multiple claims within that same period.

The sheer inconvenience, anxiety and stress this would cause a customer if this went all the way to trial could range from **£10,000 to £50,000 fee** and if you lose you pay the other sides costs (a similar amount).

***Disclaimer: This information is for general guidance only.***

**Cost source information:** <https://www.unbiased.co.uk/life/get-smart/how-much-does-a-solicitor-cost> and **DAS Law**

|  |
| --- |
| **Legal document production** |
| **Service** | **Typical cost** |
| Drawing up an employment contract | £350 -£520 |
| Creating terms & conditions for consumers | £550 -£750 |
| Arranging a shareholders’ agreement | £750 -£1,250 |

|  |
| --- |
| **Hourly rates for a solicitor** |
| **Solicitor experience level** | **UK average per hour** | **London average per hour** |
| **Junior** | £111 | £130 |
| **4+ years** | £180 | £235 |
| **8+ years** | £210 | £300 |