

# How Legal Costs Are Calculated

Here we provide a summary of how legal costs are calculated for those who may be unfamiliar with how they are calculated in contentious matters.

## Introduction to Legal Costs

You may find yourself in a situation when it becomes necessary to ask a solicitor to give you advice on your legal position and the most appropriate course of action. It may be that you wish to go one step further and ask that solicitor to act on your behalf in the pursuit or defence of a legal claim.

If so, the solicitor will usually send you an invoice at the end of every month in which he / she has provided you with advice and assistance. In addition to the solicitor's charge, the invoice will incorporate VAT and any [disbursements](#). The solicitor's charge, VAT and disbursements are generally referred to as 'legal costs'.

## Time Charges

Solicitors generally calculate their charge by applying their hourly rate to the amount of time they have spent advising you and acting on your behalf.

There are various factors that affect the amount of time a solicitor spends on a client's case so it can be difficult for the solicitor to accurately predict his / her total charge for pursuing / defending a claim on your behalf. However, an experienced solicitor with some familiarity of the facts of your case should be able to provide you with a fair prediction or a reasonable 'range'.

To complicate matters, however, it may be uncertain as to whether a case will proceed all the way to a final determination such as a Court Trial or a Land Registry Adjudication – it may be that the case is capable of settlement before then. Even if a case is capable of settlement, it may be difficult to predict 'when' the case will settle. Some cases are settled without the need to commence formal proceedings and so at a very early stage. Other cases are settled 'on the doors of the court' i.e. immediately before the final determination. The longer a case remains active, the more time the solicitor will spend on the case and, therefore, the greater his / her charge.

In light of the uncertainty as to how long a solicitor will ultimately spend advising you and acting on your behalf, it is worth considering the legal cost benefits of instructing a law firm with specialist expertise. Click [here](#) for information regarding those benefits.

## Hourly Rates

A solicitor's hourly rate tends to be the only factor that is fixed and certain (although you should note that some solicitors reserve the right to increase their hourly rate before their clients' cases have concluded).

Hourly rates vary greatly depending upon the solicitor’s geographical location, experience and type of firm in which he / she works. For example, a solicitor practicing in a top-tier law firm in the City of London will have a higher hourly rate than a solicitor having the same experience and same level of specialist expertise practicing in a second-tier law firm in Manchester.

## Guideline Hourly Rates

The Supreme Court Costs Office (‘SCCO’) issues guidelines as to appropriate hourly rates for different levels of ‘fee earner’ in different parts of the country.

The SCCO guidelines cover the following grades:

Grade A	Solicitors with over 8 year’s post-qualification experience including, at least, 8 years litigation experience.
Grade B	Solicitors and legal executives with over 4 year’s post-qualification experience including, at least, 4 years litigation experience.
Grade C	Other solicitors, legal executives and fee earners of equivalent experience.
Grade D	Trainee solicitors, paralegals and fee earners of equivalent experience.

The guidelines also cover different geographical areas:

London	City of London	EC1, EC2, EC3 and EC4
	Central London	W1 WC1, WC2 and SW1
	Outer London	All other London postcodes
Outside London	Band 1	e.g. Manchester (Central) and Newcastle (City Centre)
	Band 2	e.g. Manchester (Outer) and Sheffield
	Band 3	e.g. South and West Wales

A fresh version of the SCCO guidelines was published in June 2010. The table below shows the guideline rates for grade A and grade B solicitors:

		Grade A	Grade B
London	City of London	£409	£296
	Central London	£317	£242
	Outer London	£229 – £267	£172 – £229
Outside London	Band 1	£217	£192
	Band 2	£201	£177

(Our standard hourly rates for a Grade A solicitor operating outside London and in a Band 2 location are less than the SCCO's guideline rate of £201).

## Discounted Charges

Some solicitors may apply a discounted hourly rate to the amount of time they spend advising you and acting on your behalf. These solicitors may apply their discounted rate to the entire case or just certain parts of the case.

## Capped Charges

Some solicitors may apply their hourly rate to the amount of time they spend advising you and acting on your behalf but their total charge is subject to an agreed cap that will not be exceeded. These solicitors may apply the cap to the entire case or just certain parts of the case.

## Fixed Charges

Traditionally, solicitors have not offered their services on fixed fees for a variety of reasons. However, some solicitors sufficiently experienced in their practice areas to determine a fair fee can increasingly be found offering fixed fees to provide their clients with financial

certainty and help with legal cost budgeting. These solicitors may offer fixed fees for certain parts of a case and, in some instances, the entire case.

## Legal Charges Are Like Mortgages So Shop Around

References have been made to different hourly rates, discounted charges, capped charges and fixed charges applicable to either the entire case or just certain parts of the case. All of this makes solicitors' charges sound similar to mortgages so treat solicitors' charges in the same way and shop around for a legal charge that suits you.

There are other reasons to shop around – individual solicitors vary in terms of geographical location, experience, degree of specialist expertise and type of firm in which they work. Solicitors also vary in terms of their style, language, personality, etc. Solicitors also vary in competence. It is crucial to find a solicitor that you are confident suits you and your case. In effect, treat the solicitor / client relationship as a 'partnership' and find a solicitor you can work with and who is as committed as you to a successful outcome.

Feel free to [contact us](#) if you would like more information about [our service standards](#) or [our approach to legal costs](#).