

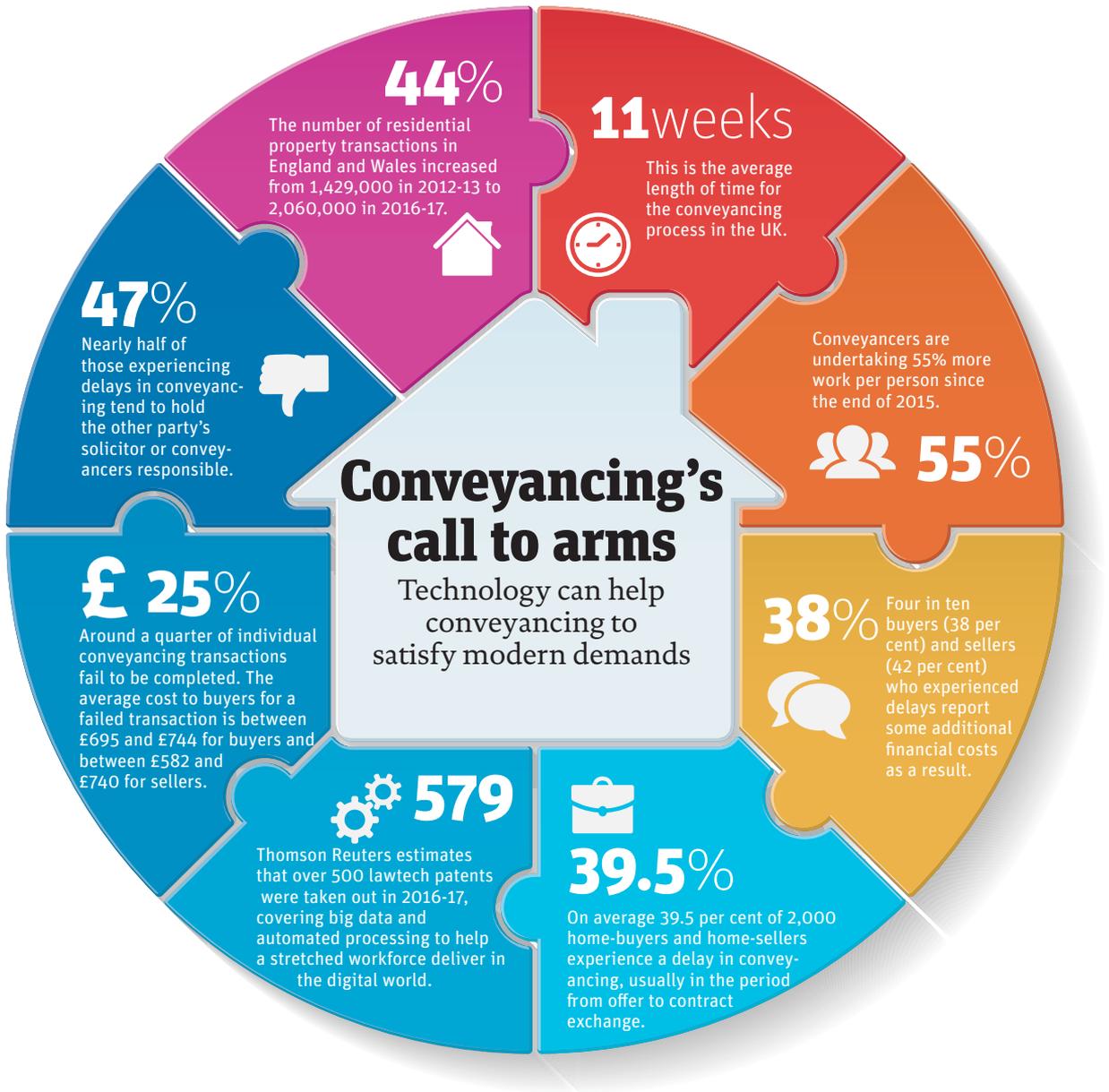
# The future of home-buying

How technology is set to transform conveyancing



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# The way people buy their homes is about to change

**Sheila Kumar, chief executive of the Council of Licensed Conveyancers, says innovation is already beginning to transform what is for most people the biggest purchase of their lives**



**A**s the regulator of specialist conveyancing lawyers and with a commitment to support innovation and competition in the delivery of legal services, the CLC is exploring how the property transfer process will change in the coming years. Across the firms that we regulate, there is an eagerness to find new ways of working and to exploit the potential of full digitisation and even innovations such as artificial intelligence.

Conveyancers are focusing on the expectations of today's consumers, HM Land Registry is planning the digitisation of their records to make new services possible and the Ministry of Housing, Communities and Local Government is encouraging us all to find ways to improve the home-buying and selling process.

Very excitingly, a host of proptech, lawtech and fintech entrepreneurs are fizzing with new solutions to old problems that hold out the promise of a complete transformation of the way properties change hands, starting with the moment that a house is first put onto the market through to the registration of the new owner at the end of the process. We are very pleased to be working with fintech firms, mortgage lenders and CLC-regulated firms, among others, to explore how new approaches to managing the money in conveyancing could improve the security of transactions and increase certainty for home movers on the day their purchase is due to complete.

But change need not wait for new IT solutions to be developed. There is huge

scope to make a significant difference through changes to ways of doing business. The most talked-about of these is making sure that there is much more information available about a property at the point that it is put onto the market. That could give buyers much greater certainty that the home they have their eye on will in fact meet their needs.

To achieve this improvement, every professional involved in the property transfer process – estate agents, mortgage lenders, freehold managing agents, insurers, and conveyancers – will need to work together. We should not underestimate the scale of the challenge in making such a significant change to ingrained custom and practice in the industry. Some say that only mandating the up front provision of information through legislation will achieve that. We at the CLC hope that the conversations already underway will have an impact and we will do all that we can to drive them forward.

The round table hosted by the *New Statesman* was a chance to hear voices from across the legal sector explain how what they are doing could transform conveyancing and for us to understand how we can support and even hasten that transformation. The insight from this and from our many conversations with leaders from across the industry will help us to continue to succeed in our core purpose of protecting the client and the public interest as the property transfer process becomes faster and more secure, because new approaches may bring different risks.

Uniquely in the legal sector, we were established to introduce competition into the legal services market and to do that we foster innovation, supporting the development of thriving legal businesses. We need to ensure that our regulatory framework continues to deliver that. We're looking forward to the changes that the next few years are set to bring to the delivery of specialist property law services and the consumer experience of buying and selling property.

**For more information, please visit [www.clc-uk.org](http://www.clc-uk.org)**

**The *New Statesman* and the CLC host a round table discussion assessing the rate, and type, of change in conveyancing in an age of digital development**

# Harnessing digital disruption in the housing market



**A**s a process-driven industry, conveyancing – the practice of law that facilitates the buying and selling of homes – is expected to be significantly affected by digital developments. The Council for Licensed Conveyancers (CLC) and the *New Statesman* hosted a round table in Westminster, bringing together housing decision-makers and conveyancing practitioners to discuss how the industry can navigate this disruption, to ultimately simplify the house-buying process and benefit customers.

Former Lord Chancellor Charlie Falconer kicked off the discussion with some opening remarks. He highlighted three key elements: technology, culture and regulation. Acknowledging the problems within the sector – “[buying a home] is stressful, but it’s more stressful in England and Wales than it needs

to be” – he argued that unhelpful cultural norms had prevailed, hampering progress. “It’s not regulation that is the issue; it is much more [about] culture.”

Falconer argued for more practical approach to the whole process. “Conveyancing is not a semi-religious experience where you’ve got to be ordained. A lot of it is basically repetitive work that can be done by properly supervised people who are not professionally qualified.”

Sheila Kumar, chief executive of CLC, hailed a new era in conveyancing, as a result of new technology and easier access to data; “property transfer is really, genuinely, on the cusp of transformation.” “CLC was also established to foster innovation and that’s why we’re at the table this morning. Good regulation should be an enabler of innovation, it shouldn’t stifle it.”

Graham Farrant, chief executive and chief land registrar at HM Land Registry explained how the Registry is “automating our processes wherever we can”, but with its current “Digital Street” project, his team is looking forward “to what it might be like in 2030 if you had a completely machine-readable register.” Through the programme it invites start-ups to offer potential solutions, and hackers to expose potential flaws.

Ian Hendey, chief practitioner services officer at Pexa (Property Exchange Australia), offered his insights as someone working in the Australian housing market, where 30 per cent of all transactions are completed electronically. “It’s transparent; everyone can see what’s going on in the process.”

Hendey observed that the prevalence of fraud in UK property transactions could be related to



way in which money is exchanged between banks and lawyers, sitting in accounts for more than a day only to, in some cases, be returned. “[In Australia] our money moves between the banks and the reserve banks in real time through electronic settlement accounts, which allows the immediacy and the security of the settlement.”

Increasing the risk of fraud, argued managing director of Ochresoft Robert Sanderson, was the fact that the technology utilised by many conveyancers is relatively basic. “Exchange of information through insecure email is the absolute root cause of the misdirection of funds. It’s the elephant in the room.”

When more advanced technology is used, this doesn’t necessarily stop fraud, said Geoff Dunnett, head of international growth and strategic product management at ShieldPay. “You’d expect with the advance of

technology for [fraud] to be reduced but actually it’s the contrary. Cyber criminals are becoming far more sophisticated.”

Paul Albone, chief operating officer at TM Group, argued that conveyancing, although embracing automation in some areas, was still in its digital adoption infancy. “Where it’s repetitive, it’s not currently artificial intelligence (AI). Maybe in five, ten year’s time it’ll be AI, but AI is too expensive for a conveyancing process at the moment.”

Many attendees agreed with Falconer that industry culture is a drag on progress. “There are too many silos in the transaction and nobody wants to collaborate,” lamented Albone. Stephen Ward, director of strategy and external relations at CLC, noted that a lot of the reform being discussed could be put in place now, but it wasn’t “because of cultural resistance [and] positive protectionism”.

“We’re choosing to automate countrywide, but we’re still as quick as the slowest conveyancer in the chain,” argued managing director of Countrywide Paul Wareham, raising the issue of disparity within a process that relies on a chain of actors. “With over 5,000 practitioners there is a role for some standardisation here.”

However, delivery director of the Government Digital Service Etienne Pollard claimed that in many firms the technological capabilities were not in place to support regulation in this sphere. “The vast majority of [conveyancing firms] don’t have any particular in-house technology.” He disagreed with the idea “that you can take an entire industry, mandate a couple of standards and mandate that platform and boom – off you go.”

Tom Durbin St George, direction of private provider Easy Convey said that although “we butt up against the idea of government mandating a particular technology” as “anti-

competitive,” increased regulation may be necessary to cement a particular structure that could stop different conveyancers following their own individual set of processes. This lack of unity “shuns technology in its entirety”, in which case “regulation is core to success”.

Paula Higgins, founder and chief executive of the Homeowners Alliance, reminded attendees that it is principally customer who suffers from an inefficient service. “What’s shocking from a consumer point of view is not the cost of buying and selling, it’s the lack of certainty. A third of transactions fall through.” She said that with “more and more data” start-ups will be able to provide innovative solutions and help customers. Pollard agreed that the customer should remain the focus of digital adaptation: “The [firms] that win in this market are going to be the ones that genuinely focus on meeting the needs of customers.”

“We’re suffering from hugely low transaction – nearly half the peak at the moment,” pointed out Mark Hayward, chief executive of the National Estate Agents Association. He argued that “if you can improve the transaction process, I think more people will start to move because it is not going to be that painful experience.”

Concluding the discussion, Falconer noted that it will not be customers to drive change, as there are not “enough transactions for people to really be demanding about what they got” – an average customer will not buy many houses. Therefore, “if there’s going to be change, it’s going to be driven by a combination of the providers and the regulators and the government.” For their part, CLC remain committed to driving this much-needed innovation forward from a regulatory angle, to make buying and selling a home a smoother, less stressful process.

**Four legal experts make their predictions on the future of the conveyancing market, and the potential for digital reform to change the industry**

# Where next?



**“The conveyancing market is healthy, but needs reform”**



**Eddie Goldsmith**  
**Partner,**  
**Goldsmith**  
**Williams**

Contrary to hyperbole, the conveyancing process is not broken. The system has plenty of room for improvement, but the conveyancing itself is still performed to a very high standard. Currently, the market is steady, and despite low demand it is

not a low as it has been in the past. Policies like Buy-to-Let stifle the market and cause growth to stagnate; if the market was left to adjust without another wave of problems to tackle then I believe the future is bright.

Conveyancing has always been a cottage industry. There has been limited consolidation, but the biggest firm still only accounts for three per cent of the overall market. People have been predicting the demise of the high street conveyancing firm since I have been in practice, but I still view the high street structure as central to the industry.

Digitalisation should be welcomed, as the client deserves the most efficient service possible. However, the actual system itself needs to be fit for purpose for the 21st century,

and it is not. Whether a machine or a person performs tasks, the firm is still responsible for the quality. We are still going to get huge volumes of customer complaints until we update the conveyancing process itself. Digitalisation is not a silver bullet.

**“The potential of AI in conveyancing is huge”**



**Mark Montgomery**  
**Customer strategy**  
**and marketing**  
**director,**  
**My Home Move**



AI offers a unique opportunity for growth in conveyancing. It has the potential to transform the industry's relationship to staffing, allowing for reduced volume of staff at the bottom of value chain, and allowing people to move up the chain to do more complex work, where the knowledge and experience they have developed can add more worth.

I do not think AI is going to come in and be something that is applied to 100 per cent of cases. If you can apply it to 40 per cent of cases, then that is a massive shift in terms of efficiency, scalability and those sorts of elements.

However, there is a lot to consider when introducing this kind of technology into the sector. When it comes to fraud risk, if it is reasonable for all of the high street banks to have voice biometrics within the next

couple of years, where do those sorts of technologies sit in our sector? How do we regulate for the fact that some firms will be able to invest in that kind of technology and others may not?

## “Transparency is the goal”



**Beth Rudolf**  
**Director of delivery,**  
**Conveyancing Association**

That transparency is lacking from conveyancing isn't a controversial statement. Customers get frustrated when they don't understand what stage their purchase is at, or what is going on with it. It is crucial to identify these “communication gaps” so that you can deliver that transparency, and remove some of their frustration.

As well as providing piece of mind, transparency has the ability to heavily impact the conveyancing process chain of reaction. For example, firms using the data-driven chain management tool “View My Chain” are delivering quotes 30 days earlier; we are now talking about 114-day transaction times – a big improvement.

Whether online or in person, transparency means demonstrating that as lawyers, we are giving good advice. Whether I am handing you a file that my secretary has typed out, or the computer has collated, the customer must be sure that I have trained my secretary or my computer to give the right answers to their questions.

To create a smoother, less stressful buying and selling experience for both customers and conveyancers, we need a skin over the top of the whole process that enables the customer journey to be seamless, to the point that it doesn't matter if it is an online agency or an online conveyancer.

## “Conveyancing needs to be ready for digital reform”



**Jimmy Vestbirk**  
**Founder,**  
**Legal Geek**

Before AI, cloud computing was all the rage, and I believe it went through a so-called “hype cycle”. Currently, AI is at the top of the hype cycle: it is being talked about incessantly, but cloud computing is still quite a long way off for a lot of firms, never mind AI! The industry is playing catch-up when it comes to putting the digital foundations in place before applying these types of technologies. There is a big disconnect in the legal profession that you do not see in other industries. For example, unlike in the health sector, conveyancing data is protected on standalone servers on individual premises, so any reform that utilises customer data cannot take its lessons and apply them to the next firm. Because of this, there are some real technological challenges for us to get hold of clean data.

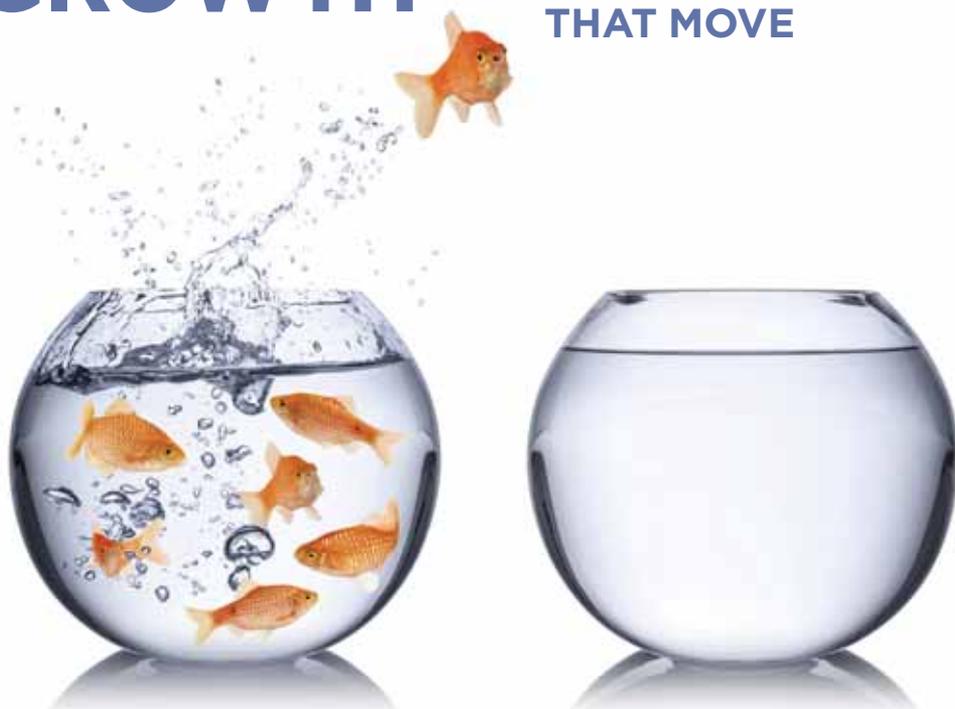
The other area in which considerable work needs to be done is perception. One of the important things to do is shift away from a picture of a robot; it is crucial to draw a distinction between saying “this is a robot that is going to replace you”, and what employers should be saying, which is “this is technology that is going to allow you to do your job better for the consumer, learn new skills and new ways of working.” Fear is a big driver against change in the legal profession. To counter this, there should be many more forums that bring together conveyancing professionals and technologists. *These comments were taken from a Legal Futures round table. To read them in full, visit: [www.legalfutures.co.uk/reports](http://www.legalfutures.co.uk/reports)*

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IT'S TIME TO  
THINK ABOUT  
THAT MOVE



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