

## Ways to cut your legal costs

- Prepare for each meeting with your lawyer. Make sure you have all documents in order and that you have reviewed any documents your lawyer has sent you.
- Tell your whole story, even if it is damaging or embarrassing – your lawyer needs to consider all options. Anything you tell your lawyer is confidential and your lawyer is not allowed to disclose it without your consent.
- Keep your communications with your lawyer concise and organized. Don't spend time discussing issues unrelated to your legal matter.
- Try to make the right decisions the first time – changing your mind can cost you time and money.
- Get to know your lawyer's assistants. If a secretary, paralegal, articled student or junior lawyer can help you, contact that person instead of the most senior lawyer.
- Find out if your expectations are reasonable. Talk to your lawyer about his or her legal opinion. Find out about your options and alternatives. Make sure you and your lawyer agree on your plans and priorities and that they are likely to lead to the outcome you want.
- Above all, be realistic. Don't spend \$1,000 to recover a \$500 asset.

## If you and your lawyer disagree on a fee

**First steps:** If you don't understand some of the items on your bill or if you disagree with the amount, the first step is to talk it over with your lawyer. If your lawyer practises with a firm, there may be another member of the firm with whom you can discuss the bill. Go over the details and ask the lawyer to explain why a particular charge was made.

**Fee review:** If you and your lawyer can't resolve your differences, you have the right to have your bill reviewed by a Registrar of the BC Supreme Court. For more information, contact your nearest Supreme Court registry or see the court's website at [www.courts.gov.bc.ca/sc/self\\_help.asp](http://www.courts.gov.bc.ca/sc/self_help.asp) (click on "Reviewing a Lawyer's Bill under the Legal Profession Act"). Normally, a review of a bill must take place within three months after it was paid or, if unpaid, within one year after it was sent to you. Contingency fee agreements can also be reviewed within three months after the agreement was made or terminated.

**Fee mediation:** If both you and your lawyer agree, you may take advantage of the Law Society's informal and free fee mediation service. Under this program, an independent mediator will assist the lawyer and client to reach a mutually agreeable resolution. If you do not reach an agreement, you can apply for a fee review, provided the *Legal Profession Act's* time limit for applying for a review has not expired. For more information, see the Law Society's website at [lawsociety.bc.ca](http://lawsociety.bc.ca) (Public/Lawyers' Fees/Resolving Disagreements) or call the Law Society office and ask for the Fee Mediation brochure.

# Understanding Your Lawyer's Fees

Lawyers in British Columbia must be members of the Law Society of BC, an independent organization founded in 1869, incorporated in 1884 and funded by fees paid by all members of the profession. The Society's primary mandate under the *Legal Profession Act* is to protect the public interest in the administration of justice. In fulfilling its regulatory duties, the Society is responsible for the licensing, professional conduct and discipline of the more than 10,000 lawyers in BC.

The Law Society  
of British Columbia



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November 2007

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Every legal consultation is different and it is difficult to predict how much it will cost you to hire a lawyer. You and your lawyer should talk about fees the first time you meet.

## Retainers, disbursements and taxes

**Retainer:** A retainer is a sum of money you pay to your lawyer as a deposit for the services the lawyer will perform for you and the expenses the lawyer will incur on your behalf. Your lawyer will submit accounts to you, which will be paid from the retainer.

**Disbursements:** Disbursements are expenses incurred by your lawyer on your behalf, such as government fees, court filing fees, courier charges, photocopying costs or fees paid for expert reports from people such as doctors or engineers. You are responsible for these expenses and they will be included in your legal bill. Generally, interest will accrue on disbursements at a specified rate if the client defers payment until settlement or trial. Please note that you are responsible for reimbursing your lawyer for your disbursements, whether or not a fee agreement is in place and whether or not it covers disbursements.

**Taxes:** Lawyers are required to charge PST and GST on all fees and most disbursements.

## Common types of fee agreements

For lawyers, much like other professional advisors, fees are a market issue. There is no fee schedule for legal services and the Law Society has no authority to control what lawyers charge, other than setting maximum percentages for contingency fees in personal injury cases.

Before starting work on your file, your lawyer may prepare a fee agreement (also called a retainer agreement), setting out the

legal services to be provided and the terms for billing and payment. For example, fee agreements often provide for interim or progress billing for fees and/or disbursements as particular tasks are completed, or at regular intervals. Billing practices vary regarding the degree of detail provided in itemized descriptions of services. On occasion, a lawyer's account may include a bonus fee. Clients would be wise to ask their lawyers about bonus fees at the outset of their engagements.

It is generally a good idea to discuss the scope of the engagement and the terms of billing with your lawyer before the work starts, especially if there is no formal fee or retainer agreement.

The most common ways lawyers bill for their services are:

**Fixed fee:** For some services, a lawyer may quote a fixed fee that covers all the lawyer's work regardless of the time involved. This method of billing is often used for specific transactions, such as incorporating a business or purchasing a house. Some lawyers also use a fixed fee for specific types of court appearances, such as defending a client on a minor criminal charge.

**Hourly rate:** Under an hourly rate fee agreement, your lawyer will bill for the amount of time spent working for you. This includes time spent on the phone, in meetings, doing research, preparing documents, dealing with correspondence, appearing in court and all other services required for your file. Hourly rates usually reflect the lawyer's skill and experience – senior lawyers charge more per hour than lawyers just starting out in practice.

Some lawyers may charge different hourly rates depending on the type of legal work they are doing for you. Sometimes it

makes sense to have a senior lawyer working for you because he or she may be able to handle your legal issue more quickly and, therefore, more economically. In other situations – routine research, for example – it may be better to have a junior lawyer with a lower hourly rate working on your file.

**Contingency fee:** Under a contingency fee agreement, the lawyer acts for the client in return for a percentage of the money the client wins in a lawsuit. If no money is recovered, the lawyer collects no fee. Contingency fee agreements are common in personal injury claims, product liability cases and class actions.

Contingency fee agreements must be in writing. Contingency fees are not permitted in family law cases involving child custody or access. They are permitted in other types of family law cases, but must be approved by the court.

In a claim for personal injury or wrongful death arising out of a motor vehicle accident, the maximum contingency fee allowed is one-third of the amount recovered. In all other cases involving personal injury or wrongful death, the maximum allowed is 40 per cent of the amount recovered.

There are no rules limiting contingency fee percentages in cases not involving personal injury or wrongful death. Lawyers often vary their contingency fee rates depending on the amount of the claim, the degree of risk involved and the stage at which the case is resolved.

Most contingency fee agreements require the client to pay all disbursements, such as medical reports, court filing fees and photocopying charges, regardless of the outcome of the case.