

National

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Lawyers' bills face test of honesty

By Kate McClymont and Jennifer Cooke
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LAWYERS' practice of billing clients in six-minute units is under threat amid wholesale changes to reduce over-charging in the profession.

The nation's attorneys-general have united to develop new legislation to protect clients from excessive legal charges.

In June, the *Herald* published a series about allegations of over-charging by the state's largest specialised personal injury firm, Keddies Lawyers. This week the parliamentary secretary assisting the NSW Attorney-General, John Hatzistergos, sent a letter to a Keddies client saying the Government was aware of his concerns about the firm's professional conduct and that a review into the profession's system of charging was under way.

Former Keddies clients alleged the firm had not only grossly overcharged them but retained hundreds of thousands of dollars of settlement money without their knowledge.

Several clients who suffered injuries in car accidents told the *Herald* they were never sent bills. One such client, a Chinese businessman, thought his total compensation payout was \$50,000. He later discovered it was really \$300,000, of which Keddies retained \$250,000 for legal fees and expenses.

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A spokesman for Mr Hatzistergos confirmed the states and territories had agreed to work together on the new legislation "to ensure that vulnerable consumers are protected from lawyers who over-charge and exploit them".

The profession's watchdog, the Office of the Legal Services Commissioner, is investigating numerous complaints by clients against Keddies. The firm, which made 14 staff including five lawyers re-

The commissioner, Steve Mark, is unable to comment on any cases before the commission but he said he would welcome any proposed changes as the present billing system was not working.

"The whole costing regime for the legal profession needs to be reviewed," Mr Mark said. Everything from cost assessment, gross overcharging and lawyers' billable hours needed to be overhauled.

He suggested that the system of charging in six-minute units be abandoned. And he said clients should be given the option of a firm quote "which would be a contractual agreement".

The overhaul was raised by the NSW Attorney-General at the Standing Committee of Attorneys-General, held in New Zealand in July. Ministers from each state voted to refer it to a working group to develop legislation to combat overcharging and exploitation of clients.

Chris McGrath, a former butcher, who suffered brain damage in a motorcycle accident, was charged \$48 for a welcome letter sent by Keddies. The firm was later ordered to repay him \$85,000. The parties are negotiating.

"Keddies did a great job by me," Mr McGrath previously told the *Herald*. "I just think that their billing system is not so good."

A former client, Mohammed Tariq, felt moved to write a "thank you" to Keddies, only to be billed \$49 for his lawyer to read it. And he and two family members were charged almost \$600 for their solicitor to travel less than two kilometres.

"I'm grateful to the Attorney-General for initiating the review," Mr Tariq said yesterday.

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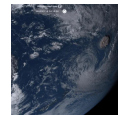
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