



## Understanding Legal Fees by Jodi L. Wyman

---

Every client who comes into a lawyer's office is concerned about the cost. Many people find talking about the subject of money awkward, but it is important to ask about fees at the first meeting with a lawyer.

The billing practises of each lawyer and the fees for each case can be very different. Fees generally depend on a number of factors such as the lawyer's skills and experience, the difficulty and complexity of the case, the time and effort the case will require, and what area of law is involved.

There are a number of different ways lawyers charge legal fees. For example:

- Hourly rate – for unpredictable cases, such as in family law or civil litigation, lawyers often charge fees based on their hourly rate. The client should receive regular bills so they can monitor the cost of the file and make sure the time entries are accurate.
- Fixed fees – for some specific tasks such as preparing a Will or Power of Attorney or handling a real estate transaction, a fixed fee may be

set. The client should ensure they understand exactly the scope of services covered by the fixed fee. A problem could arise on a real estate transaction where negotiation or litigation may be necessary, so the client will want to ask what extra work will be covered by the fixed fee. Also ensure the cost of disbursements is discussed when a quote is given.

- Percentage fee – for some cases, such as estates or large real estate transactions, the lawyer's fee could be a set percentage of the value of the property or estate involved.
- Contingency fees are similar to percentage fees. The lawyer receives a percentage of whatever settlement the client receives in a litigation matter. If there is no settlement, the lawyer would receive no fees. There has to be a very detailed and specific agreement in place between the lawyer and the client so their agreement is clear. Contingency fees are a good way for clients without money to pursue litigation, however it is a significant risk for the law firm.

In addition to lawyers fees, clients must also pay for disbursements on their file. This includes photocopies, postage, faxes, Court filing fees, Land Titles filing fees, searches etc.

Some law firms also charge a fee for time spent on the file by legal assistants or articling students. This too is a question the client would want to ask the lawyer at the start of the file.

Most lawyers, but not all, will request a retainer prior to beginning a litigation-type case. It is often financially difficult for clients to provide a retainer, but it is necessary. Retainers allow the client to budget their money and they ensure the law firm has a steady cash flow to stay in business. Monthly payments, automatic debit and credit cards and post-dated cheques are usually accepted.

Many law firms will provide a "Retainer" letter which outlines the billing practises of that particular firm, and it should also set out the scope of services to be provided. If such letter is not sent, the client must ensure that they ask detailed questions about fees.