Nine Tips to Help Law Firms Avoid Frequent Legal Billing Disputes

No lawyer wants to be caught up in a fee dispute. These conflicts can be extremely stressful, potentially impacting your firm's reputation and profits. While there's no way to completely prevent a fee dispute from ever arising, firms can implement some best practices to lower the probability of being hit with a fee dispute.

Here are eight tips to help your firm avoid frequent legal billing disputes:

Tip #1 Be Honest From the Start

Some lawyers set themselves up for a fee dispute right from the start. From the very first consultation, it is imperative to have an honest conversation with the client about the complexity of their matter and the potential costs.

Lawyers can get into trouble when they under-represent the cost of a matter in order to secure a new client. They either end up losing money on the case because they feel compelled to follow through with their estimate, or the client ends up mad because they are being charged more than they expected.

An honest engagement conversation sets the stage for representation, so the client has a true understanding of the cost. This promotes trust in the attorney-client relationship and minimizes the possibility of a legal billing dispute down the line.

Tip #2 Always Follow the Rules

Every state maintains rules of professional conduct for attorneys. These rules typically include language about fee arrangements and excessive fees. Lawyers should always comply with the rules of their jurisdiction when setting fees and billing clients.

For one, a finding that your firm did not follow the rules can have a major impact on your credibility should a fee dispute arise. Secondly, not following the rules can land your firm in big trouble with the state bar.

Make sure you know and understand the rules of your state. Then, tailor your fee setting and billing practices to ensure that your firm remains in compliance.

Tip #3 Get It in Writing

All of your law firm fee agreements should be in writing and signed by the client in order to ward off fee disputes. Your agreement outlines what the client will pay for your firm's services. These documents not only provide insight to the client, but they can also protect you should disputes arise.

Along with outlining your general expenses, the fee agreement should also include provisions that address the possibility of additional fees or expenses. For example, explain specific circumstances that may require more costs due to the need for more attorneys or staff. That way, when these instances occur, the client will not be surprised by the extra costs.

Tip #4 Detailed Billing

Clients prefer detailed to block billing. Block billing lists numerous tasks under one single block of time. For example:

Drafted pleadings, Telephone Conference with Opposing Counsel, Review of Medical Records: 6.5 hours

Clients often question these large blocks of time. Detailed billing uses single time entries, listing each task separately, along with the amount of time the individual task took to complete. It provides specific information about what work has been done on the case. So, instead of simply listing a telephone call, the task description might say:

"Telephone call with opposing counsel in preparation for a settlement conference."

This entry gives the client enough information to minimize doubts and the potential for billing disputes.

Tip #6 Track Expenses

Clients want to know where your firm is spending their money. Even questions over a single dollar can turn into an ugly fee dispute. That's why it's important to keep track of every expense. There are numerous ways to accomplish this task. Some attorneys take pictures of relevant receipts and store them in the client's file. With billing software like TimeSolv, you can scan in your receipts and organize them within the client file electronically.

It's also a good idea to discuss third-party expenses with your client ahead of time. Fee disputes become less likely when the client has agreed to general expenses in advance.

Tip #7 Keep Communicating

Lawyers should not stop communicating with the client about fees once representation begins. Make sure you provide regular invoices and have honest discussions about any changes or unforeseen costs. Continuous communication is key to keeping clients happy and preventing billing disputes.

Tip #8 Be Careful with Delegating Tasks

Your support staff is a great asset, and delegation is an extremely useful tool, but lawyers have to watch how they bill clients for work delegated to a paralegal or legal assistant. If you are charging your client at the partner rate for work done by support staff, you may be headed for a billing dispute.

Adjust fees according to who will be handling each task. If your firm utilizes case management or time tracking software, make sure the program includes the accurate personal hourly rates, and that each person is billing under their own profile.

Tip #9 Do You Really Want to Sue Your Clients

When clients fail to pay their legal fees, it can put a law firm in a challenging situation where they are forced to make some difficult decisions. Should they forego the earned legal fees, or should they bring a lawsuit to collect the fees?

Sometimes, the cost and stress of pursuing unpaid legal fees in court are just worth it. Not only could you be faced with a malpractice counterclaim, but you may also lose your case and all of the money that you put into it.

A mandatory arbitration clause could be a better resolution than suing your clients. Simply add a provision that complies with the laws of your state to your engagement agreement.

Tip #10 A Client Portal

A client portal is an effective way to promote transparency among your clients. With this tool, clients can log in independently to see work done on their case, invoices, and even retainer account balances. Clients appreciate being able to see this information any time they want. It builds their confidence, so they are less likely to dispute fees on the backend. TimeSolv legal billing system offers a state-of-the-art client portal feature. To learn

more, visit the TimeSolv website and take advantage of the free 30-day trial period.

About Erika Winston:

Erika Winston is a freelance writer with a passion for law. Through her business, Personal Touch Edits, she helps legal professionals deliver effective written messages. Erika is a regular contributor to TimeSolv and a variety of other publications.