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Buyer beware when using online services for legal advice

Many people, even if they realize the need for a Will and Powers of Attorney, do not have these documents in place. Reasons given include: cost, difficulty in finding time to see an attorney, reluctance to contact an attorney, or difficulty in finding an attorney who they feel will help them. As a result, many people contact online services such as LegalZoom, or buy programs that allow them to create their own documents “without having to leave the privacy of their homes or offices.”

While this sounds very easy and attractive, it is a case of “let the buyer beware.” Trying to save money with “do-it-yourself” legal documents can have very expensive results. For example, LegalZoom is the target of a class action lawsuit in California, as reported in Elder Law Answers (www.elderlawanswers.com) recently. A man with only a few months to live asked his niece to help him execute a Will and Living Trust using LegalZoom. The niece believed the advertising on the website that the documents would be legally binding. Furthermore, it was represented that if there was any trouble with the documents, the customer service department would help resolve them. In actuality, the financial institutions that held the man’s money refused to transfer any money into the trust because they maintained that the documents were not legally valid. The customer service department apparently provided no assistance. After the man’s death, it cost thousands of dollars to rectify the damage caused by reliance on the LegalZoom documents.

LegalZoom documents are not free; however, I was unable to easily determine the cost in pursuing the website. There was however, “fine print” where it stated that “LegalZoom is not a law firm, does not act as your attorney, and is not a substitute for the advice of an attorney. Rather, it helps you represent yourself . . .” The buyer should be aware that any documents developed are based on a short questionnaire, which may not ask the appropriate questions for your circumstances. Furthermore, any documents developed online, or from a purchased program will not be State specific, which can be an issue for Power of Attorney documents and Wills. You or your executor or agents may find the documents inadequate or invalid when it is too late to rectify the damage.

Another area where failing to consult an attorney can have unexpected and expensive results is in the Living Trust or Revocable Trust market. Non-attorneys are marketing these documents, using standard forms that are “customized” for the client. However, the same issues arise any time a non-lawyer is attempting to develop legal documents. Every client is different, and has different needs, and neither the Living Trust salesman, nor the client, knows the correct questions to ask, or what to do if circumstances change. Furthermore, a basic question in Pennsylvania is whether a Living Trust is needed at all, since avoiding probate in Pennsylvania is an inadequate reason to spend more than five times the cost for a Living Trust versus a Will. Probate in Pennsylvania is quick, easy and relatively inexpensive. A Living Trust often involves probating a “pour over” Will anyway; furthermore, a Living Trust does not prevent the need to pay inheritance tax.

Wills and Powers of Attorney may seem like simple documents which should be easily prepared with minimal assistance. Buyers of online services or programs should be alert, however, to what they are buying, and the unintended consequences of improperly prepared documents. The result can be costs that far exceed the initial investment.