

hodgehalsall

Litigation – Funding Options

Hodge Halsall understand that the expense and financial risk involved in pursuing or defending a claim is a major problem for many litigants. The party that loses a Court claim usually ends up paying not only his own legal costs but also those of his opponent. Litigation itself is uncertain and the financial risks are therefore not insignificant.

We recognise these difficulties and therefore offer a variety of options to clients to fund their claims.

Before the Event Insurance Many clients will have insurance policies that provide cover for legal disputes. For example, legal expense cover may exist on a household insurance policy which may be used to fund your claim. You should check all relevant insurance policies to see whether any such cover exists. If you wish, we will review the policy documents for you and advise whether your particular claim might be covered. We will then make enquiries of the insurers on your behalf.

Private paying client Historically this is the manner in which Solicitors have been paid for the work that they perform. It has been based on an hourly rate retainer with the fee dependent upon the amount of time spent by us on the particular matter. We still operate on this basis but will endeavour to provide you with an estimate of costs at the beginning of the case calculated and based upon the amount of time and work that we consider is likely to be involved on the information then available. We will review that estimate at regular intervals with you to ensure that you are kept informed about the costs being incurred.

We will, alternatively, endeavour to agree a fixed rate for particular types of work. If you require a specific piece of work carrying out it may be that we will be able to agree a fixed fee with you for performing that work. Please ask for details. We do ask for payments on account of the work in which we are involved on behalf of clients which we believe allows you to budget appropriately.

Conditional fee agreements

These are often referred to as "no win, no fee" agreements. These agreements provide for us to not be paid if your case is lost. Prior to 1 April 2013, we could charge an uplift on costs in the event of a successful outcome. All costs were then recoverable from the losing party. From 1 April 2013, however, the uplift of costs on a conditional fee agreement is no longer recoverable from the losing side and must be paid by the client.

After the Event insurance

This is a type of legal expense insurance policy taken out after a legal dispute has arisen. This insurance covers payment of your opponents costs and disbursements if the case is lost. It is often taken out for use with a conditional fee agreement.

Damages based agreement

A damages based agreement (DBA) allows a Solicitor to charge a client a fixed proportion of monies recovered in the claim. If the claim is successful costs can be recovered from the losing party and applied against the Solicitors share of the damages. This makes DBAs an attractive funding option for many clients. As an example, if we enter into a DBA agreeing to accept a fixed proportion of 25% of the damages and recover £100,000 we would have an entitlement to £25,000 but if we recover costs from the losing party of

£17,500 you only pay £7,500 of the damages. As with a CFA if the claim is unsuccessful you will not pay any fees to us although you may have a liability for your own expenses /disbursements and the legal costs of your opponent (subject to any insurance product that you may have taken out.)

As with a CFA we share the risk on costs with you in such circumstances. We both need to carefully consider at all stages the prospects of success and of ultimate recovery of damages/ costs from your opponent if the claim is won.