



INVESTOR NEWSLETTER

04 2025



ABOUT SEVEN STARS LEGAL FUNDING

Seven Stars Legal Funding was established in 2022 as an investment company targeting market leading investor returns working within the well-regarded and regulated UK legal services sector, and specifically litigation cost financing and litigation case generation.

The company was founded and is led by a successful litigation finance team, with an incredible track record and a history of managing approximately £400mn in litigation funding investments, who identified a substantial funding opportunity that far exceeded their existing requirements.

Since launch, Seven Stars has built up a potential loan book of over £40mn and funded over 56,000 claims across various case types.

As of 2025, the company is only investing in the UK and lending to firms working in the UK legal sector, which is globally recognised as one of the preeminent jurisdictions for legal services.

Our activities to date affirm the view we took when launching the company, namely, that the key to successful litigation financing lies in the selection of cases or case types to fund.

Further to this, it is impossible to not speak to the genuine systematic objectives of the company in driving social impact. Whilst we may speak of the claimants that we finance merely as numbers, we are also very clear that behind every claim there lies a genuine need or hardship that we play an essential role in helping to solve; from the 70-year-old forced to return to work as his pension pot was lost after receiving unsuitable transfer advice, to the families suffering health issues due to damp problems in their home, from the victims of abuse at the hands of trusted financial institutions, to those facing hardship as a consequence of the systematic failures of lenders. At Seven Stars, we strive hard to see beyond the numbers and to focus on the genuine, positive social impact that our business brings about for those who genuinely need assistance and representation.

ABOUT OUR QUARTERLY NEWSLETTER

These quarterly updates are designed to provide you, as an investor, with clarity on our activities and how these relate to your investment.

As an investor in the Seven Stars Litigation Finance Bond series, a unique and promising opportunity combining the worlds of finance and law, you can receive an excellent income and have a positive and socially responsible impact on the consumers we help. In a dynamic economic landscape where innovative investment avenues are sought after, this groundbreaking financial instrument is a compelling option for those seeking attractive returns and diversification, as well as the benefits of our bonds being uncorrelated to other investment types and sectors.

This investor newsletter aims to shed light on the intricacies and potential of our investments and where Seven Stars operates, helping to cover our role in fostering access to justice while delivering consistent and impressive financial gains for you, our investors.





ABOUT LITIGATION FUNDING AND OUR LITIGATION FINANCE BONDS

Litigation finance, a relatively nascent yet rapidly growing sector, has been reshaping the legal landscape by providing crucial financial support to consumer victims and the law firms representing them.

While the UK consumer claims sector can trace its “origins” to the PPI scandal, the true scope and potential of the market are only really starting to become apparent with what feels like a continuous flow of new outrages. And as further abuses of consumers and breaches of professional trust and responsibility come to light, the demand for external funding solutions has soared, opening a compelling avenue for investors seeking to tap into this expanding market.

While the big funders seek to hit high multiple returns by providing limited recourse lending in ‘high stakes’ cases, Seven Stars operates at an established but lower octane level, lending funds to lawyers on well-established, precedent-backed, or governmental directive-orientated

litigation and claims that provide an element of predictability of outcome to our loans and lending activities.

At its core, our Litigation Finance Bond seeks to capitalise on a diversified portfolio of vetted legal cases, where the potential for favourable outcomes presents an exciting prospect for investors seeking what is a primarily uncorrelated asset. We achieve this in part by steering away from the more spectacular returns that can often be achieved through collective claims and new legal challenges, preferring to focus on more process-orientated claims with proven track records or clear mandates from the Superior Courts or Governmental schemes.

In addition to the profitability that can be achieved through this form of full recourse lending, by participating in this innovative investment opportunity, you contribute substantially to levelling the legal playing field and promoting access to justice for litigants who may not otherwise have the financial means to pursue their rightful claims.



HOW WE CHOOSE WHICH CASE TYPES TO FUND

At Seven Stars, we take time to select the cases that we believe offer the most secure route to a successful and, therefore, profitable judgment.

- We specifically target precedent-based legal claims or claims under Government compensation schemes or Acts for investment, which helps mitigate and manage the risks involved. This is because a precedent-based case has already won a court victory and all cases involving the same facts fall under the same judgment.
- We normally lend to regulated law firms, or to FCA-regulated claims management companies helping such law firms to acquire cases, ensuring that there is a strict mechanism of controls in place for borrowers.
- We only lend on a full recourse basis where our funds are not tied to case outcomes.
- We insist on ATE insurance cover on funded cases where the case may be settled in the Courts of England or Wales or where a risk of adverse costs may exist.
- We will only fund cases against liquid entities, such as Banks and Housing Authorities, or Government compensation schemes such as the FSCS.
- We establish minimum claim values for each sector to ensure sufficient capital cover.

In addition to precedent-based legal claims, we also fund Housing Disrepair claims against local housing authorities, mis-sold pension claims made via the

FOS/FSCS, Bank Fraud, Car Finance Mis-selling (PCP), Irresponsible Lending, and Contentious Probate claims. We are at the advanced stage of evaluating several other claims types, each with a substantial social impact.

The kind of cases we fund are also known as “no-win, no-fee agreements” and all are carried out with no initial charge to the claimant.

WHY DO WE ESTABLISH MINIMUM CLAIMS VALUES?

We examine the expected damages in a case to see that there is scope for a healthy return on investment (ROI). Seven Stars lends money to law firms in return for an annualised interest rate, which when coupled with our percentage of the ‘No Win No Fee’ income, is projected to be sufficient to ensure all parties are paid out in full. This assessment is a key part of our investment underwriting process and is used from the outset to evaluate affordability of funding.

HOW WE SELECT BORROWING LAW FIRMS

A full and detailed explanation of how we conduct comprehensive due diligence to select borrowing law firms and case types is available in our Corporate Governance document.

Please email hello@7stars.legal to request a copy of this document.



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EXECUTIVE SUMMARY

Q4 was another landmark period for Seven Stars, again defined by innovation and the launch of a market-first offer alongside consistency in our core lending operations.

In November, we officially launched our Tokenised Litigation Fund in Dubai at the Apex Invest event, in partnership with Apex Group Ltd. Apex will provide fund administration and digital asset infrastructure for the fund a pioneering investment vehicle that will combine institutional-grade litigation finance with blockchain technology.

The proposed fund, targeting GBP 50-250 million in commitments with an anticipated first close of GBP 50 million by March 31, 2026, represents a significant innovation in alternative investments. Once launched, the tokenised structure is expected to reduce traditional investment minimums from GBP 1 million to GBP 50,000, making institutional-quality litigation finance accessible to a broader range of qualified investors.

Our business-as-usual activities continued to be robust and stable. At the end of Q4 2025, our financial position remains strong, reflecting our prudent and effective deployment of capital.

- **Loans Agreed:** £27,900,000.00
- **Total Potential Loan Book:** £35,650,000.00
- **Loans Drawn Down:** £17,485,077.00
- **Estimated Security:** £40,000,000.00
- **Security Ratio:** A healthy 2.30:1 against capital lent

Q4 saw further significant developments in the car finance mis-selling market, with the closure of the Financial Conduct Authority's redress scheme consultation and an announcement from the regulator that the motor finance complaint handling pause will lift on 31 May 2026. Following this further regulatory clarity and news that funders who were overcommitted in this space were selling their books for as little as 20p in the pound, we published an analysis of the market outlining our caution in this space to date.

We were also pleased to receive positive remarks from Insolvency and Companies Court Judge Barber regarding our work in relation to Sandstone Legal.

While our portfolio continues to skew towards Plevin claims, the risk of this acquired case book is well-mitigated by its diversification across more than 35,000 small-value claims. Further data has become available on these claims in Q4, leading to a small reduction in our security values and ratios.

To support our continuing growth, we ended the year with a London event in conjunction with our partners at Dunhill Ventures, generating further significant interest that we expect to convert to inbound investment in 2026.

Overall, Q4 built on the positive momentum built throughout 2025, giving us a robust platform to continue on our upward growth trajectory during 2026.

APEX GROUP LTD SELECTED TO SUPPORT SEVEN STARS LEGAL GROUP LTD'S PIONEERING TOKENISED LITIGATION FUND IN DUBAI



Anticipated first-of-its-kind regulated tokenised fund to leverage Apex Group's digital asset infrastructure to democratise access to litigation finance

DUBAI, UAE – November 25, 2025 – Apex Group Ltd (“Apex Group”), one of the world's largest fund administration and solutions providers, today announced it has been selected to provide fund administration and digital asset infrastructure for the anticipated Seven Stars Legal Group Ltd (“Seven Stars”) Tokenised Litigation Fund, a pioneering investment vehicle that will combine institutional-grade litigation finance with blockchain technology.

The proposed fund, targeting GBP 50-250 million in commitments with an anticipated first close of GBP 50 million by March 31, 2026, represents a significant innovation in alternative investments. Once launched, the tokenised structure is expected to reduce traditional investment minimums from GBP 1 million to GBP 50,000, making institutional-quality litigation finance accessible to a broader range of qualified investors.

Subject to regulatory approvals and successful fund structuring, Apex Group is positioned to provide comprehensive fund administration services, while its digital asset platform, Apex Digital 3.0 (including Tokeny, an Apex Group company), would handle the token issuance and management infrastructure. This dual capability positions

Apex Group as the sole provider managing both traditional fund administration and digital asset components under one unified platform.

Upon launch, Seven Stars will act as Investment Manager responsible for portfolio selection and management.

“Our selection to support Seven Stars' innovative fund structure exemplifies our commitment to bridging traditional finance with digital innovation,” said Agnes Mazurek, Global Head of Digital Assets at Apex Group. “By providing both conventional fund administration and tokenisation infrastructure, we're positioned to help fund managers unlock new distribution channels and operational efficiencies while maintaining institutional-grade governance and compliance standards.”

Offering up to a capped 16% annual return backed by diversified UK litigation portfolios, Seven Stars brings significant experience to the venture, having already deployed over GBP 44 million in UK litigation finance and funded more than 56,000 legal claims with a proven track record of performance, together with a team which includes leading Silk, Louis Doyle KC, who sits on the board and Advisory Committee at Seven Stars.





"Apex Group's expertise in both traditional fund administration and digital assets makes them the ideal partner for this groundbreaking initiative," said Leon Clarence, Chief Strategy Officer at Seven Stars. "Their infrastructure will enable us to deliver the operational efficiency gains of tokenisation while maintaining the rigorous compliance and reporting standards our institutional investors expect."

Mazurek added: "We are pleased to be supporting Seven Stars in this groundbreaking project. Our mission at Apex Group is to help clients bridge the TradFi and DeFi universes and this project perfectly represents this connectivity."

PLANNED PARTNERSHIP CAPABILITIES

The anticipated partnership would leverage several key Apex Group capabilities:

- **Fund Administration:** NAV calculation, investor services, and regulatory reporting
- **Digital Asset Infrastructure:** Token issuance, custody, and lifecycle management via Apex Digital 3.0
- **Regulatory Compliance:** Full regulatory oversight and compliance monitoring
- **Investor Onboarding:** Streamlined KYC/AML processes for both traditional and digital investors

The proposed tokenised structure would enable secondary trading after a 6-month lock-in period, providing liquidity options traditionally unavailable in litigation finance funds. Smart contract automation is projected to reduce administrative costs by up to 90%, with anticipated savings passed through to investors.

This announcement follows Apex Group's recent expansion of its digital asset capabilities in the DIFC, positioning the firm as a leader in supporting the convergence of traditional finance and blockchain technology in the Middle East's premier financial hub.

ABOUT APEX GROUP

Apex Group is dedicated to driving positive change in financial services while supporting the growth and ambitions of asset managers, allocators, financial institutions, and family offices. Established in Bermuda in 2003, the Group has continually disrupted the industry through its investment in innovation and talent.

Today, Apex Group sets the pace in fund and asset servicing and stands out for its unique single-source solution and unified cross asset-class platform which supports the entire value chain, harnesses leading innovative technology, and benefits from cross-jurisdictional expertise delivered by a long-standing management team and over 13,000 highly integrated professionals.

Apex Group leads the industry with a broad and unmatched range of services, including capital raising, business and corporate management, fund and investor administration, portfolio and investment administration, ESG, capital markets and transactions support. These services are tailored to each client and are delivered both at the Group level and via specialist subsidiary brands.

The Apex Foundation, a not-for-profit entity, is the Group's passionate commitment to empower sustainable change.

<https://www.apexgroup.com>





FUNDING PERFORMANCE UPDATE

Q4 was another period of consistent performance, maintaining the trend seen throughout 2025. Our core lending activities remain robust, reflecting our strategic approach to risk management.

At the end of the quarter, we had agreed lending facilities worth £27,900,000 with our network of approved borrowing law firms, with £17,485,077 drawn down.

Our borrowing law firms request drawdowns in tranches aligned with their operational needs and caseloads, with each request subject to our rigorous, multi-stage due diligence process to ensure capital is deployed efficiently and against existing, secured assets.

Total indebtedness to Seven Stars from our borrowing law firms now stands at £23,317,511, collateralised by an estimated £40,000,000 in security, providing robust security ratios of 2.30:1 against capital lent and 1.73:1 against our overall contract debt, underscoring the secure nature of our lending portfolio.

Looking ahead, our growth trajectory remains strong, with significant interest from law firms and £7,750,000 of lending formally undergoing due diligence review, bringing our potential loan book to £35,650,000, assuming 100% approval and ultimately deployment of these monies.

This outlook positions us for continued expansion and growth in our funding activities in 2026.

SEVEN STARS LEGAL LITIGATION FUNDING ACTIVITIES TO DATE (AS OF Q4 2025)

Loans Agreed	£27,900,000.00
Loans Drawn Down	£17,485,077.00
Total Indebtedness	£23,317,511.00
Security to Date (Estimated)	£40,000,000.00
Pipeline Under Due Diligence Review	£7,750,000.00
Total Potential Loan Book	£35,650,000.00



OUR BORROWING LAW FIRMS





DEBT SECURITY

At the end of Q4, we sit at a security ratio of 2.30:1 against capital lent, and at 1.73:1 against our overall contract debt.

Our security values have been revised down slightly following the Financial Conduct Authority’s redress scheme announcement and due to the increased data visibility we have over our funded book of Plevin claims.

HOW WE MITIGATE DEBT SECURITY RISK

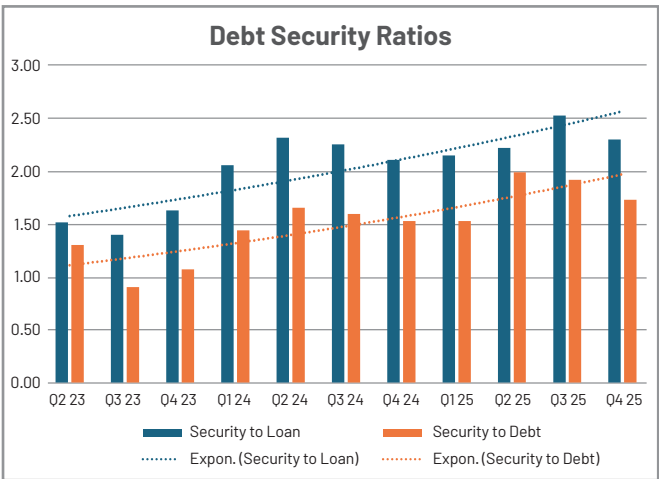
Where possible, Seven Stars Legal takes a charge over all assets of the borrowing law firms and the cases we are funding. Seven Stars charges the borrowing law firms an interest rate and arrangement fee, and we may also take a contractual share of their success fees for winning the cases. The potential gains from winning a case can be several times the amount spent pursuing the case. Losing a case results in usually losing only the sums invested in pursuing the case, most if not all of which can be covered by After The Event (ATE) insurance. This difference between the potential gains and the potential losses (covered by ATE insurance) provides an element of security and capital protection.

The borrowing law firm enters into a General Debenture with Seven Stars or, where this isn’t possible, a Deed of Assignment of Funded Assets, covering all no-win, no-fee (i.e. not profit costs) income due to the solicitor, both

disbursements and the contingency fee, so it will generally be of greater value than borrowings as well as other assets held by the firm.

Seven Stars aims to provide a minimum level of debt cover of 1.2 times the borrowed amount. In practice, it is closer to twice the borrowed amount on most cases funded but can go as high as four times on Financial Ombudsman Service (FOS) or Financial Services Compensation Scheme (FSCS) claims.

In the event of solicitor default, Seven Stars holds the right to appoint a new firm to run the cases.





CURRENT & PROJECTED APPROVED LENDING SPREAD BY FIRM

We are currently working with four regulated law firms with approved and active lending agreements, plus two to whom we have reassigned acquired cases, with a further four firms currently undergoing due diligence review, giving us a projected lending portfolio diversified across 10 law firms, assuming approval and full deployment of our current work-in-progress book.

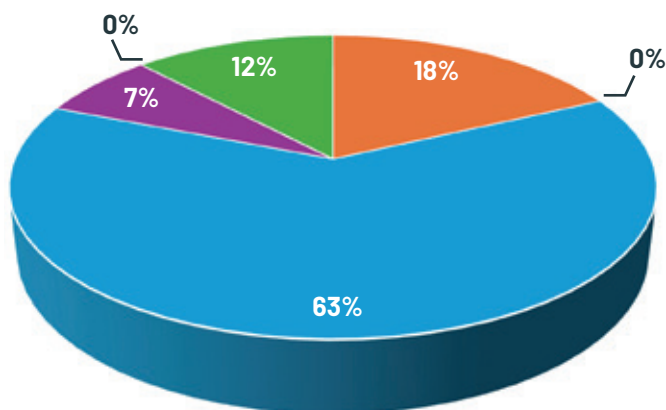
Firm and case type spreads are skewed by our portfolio restructuring earlier this year and our allocation of acquired cases. We remain committed to our "30/30 Rule," whereby we have no more than 30% of our total exposure

committed to a single firm or case type, and our long-term aim is for this figure to be between 9% - 11%.

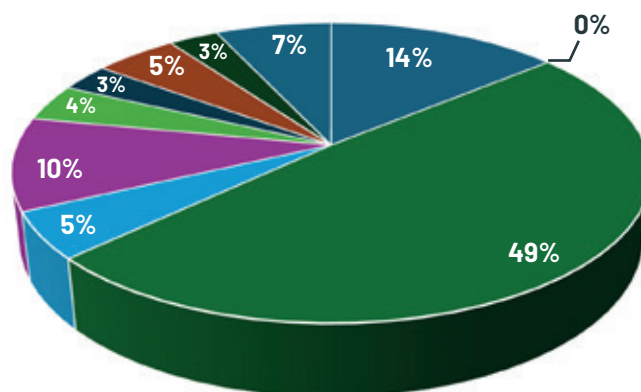
In the chart below, two firms are showing as "0%" approved lending as funds committed to these firms are the deemed value of cases reassigned from Sandstone Legal earlier in 2025. Please refer to our Q1 and Q2 2025 newsletters for further details on our acquisition of the non-legal assets of Sandstone Legal.

In the chart to the right, "0%" appears once as one of the firms included in the left chart is undergoing due diligence with a view to agreeing a funding facility.

**CURRENT FIRM SPREAD
(APPROVED LENDING - SIX LAW FIRMS)**



**PROJECTED FIRM SPREAD
(APPROVED LENDING +
DUE DILIGENCE PIPELINE - 10 LAW FIRMS)**





CURRENT & PROJECTED APPROVED LENDING SPREAD BY CASE TYPE

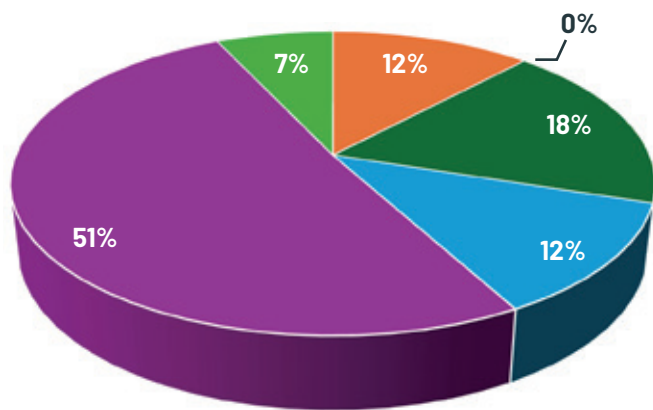
Funding is approved and in deployment across six case types, as detailed in the charts below.

The Plevin Claims percentage represented in this chart is itself diversified over 35,000 smaller claims,

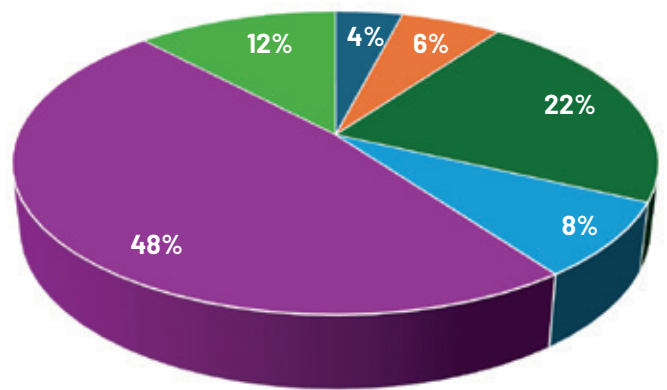
reducing risk concentration within the higher exposure to this case type.

Note that Housing Disrepair is showing as "0%" as these are reassigned cases.

APPROVED LENDING BY CASE TYPE



APPROVED & PROJECTED LENDING BY CASE TYPE (EXISTING + DUE DILIGENCE PIPELINE)



- Housing Disrepair
- Irresponsible Lending
- Pension Mis-selling
- Contentious Probate
- Plevin Claims
- Car Finance Claims

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- Irresponsible Lending
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ACTUAL FUNDING DRAWN DOWN BY FIRM AND CASE TYPE

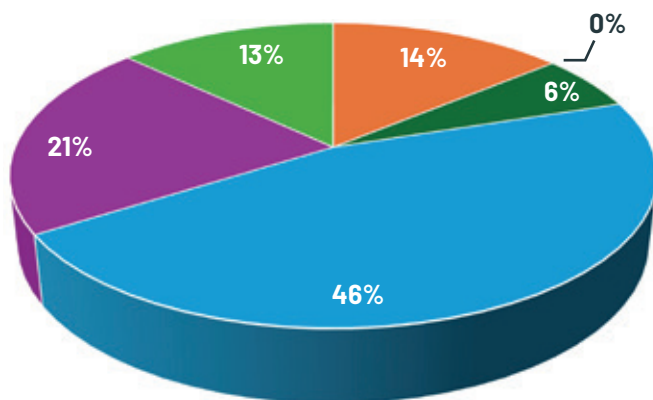
After signing a funding agreement and in line with our corporate governance and due diligence processes, we conduct further checks before borrowing law firms can draw down any funds. Specific details about this process are available in our Corporate Governance document.

The below charts highlight our position in terms of borrowing law firm and case type drawdowns at the end of Q4 2025.

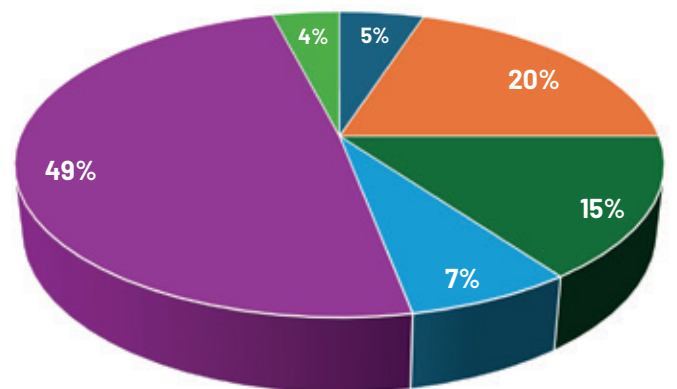
In the drawdown spread below, the reassigned Housing Disrepair claims are included to provide a clear overview of existing commitments and the case types that will be returning monies as they are settled.

Drawdowns remain skewed towards Plevin Claims following our acquisition and assignment of a Plevin Claims book.

DRAWDOWN SPREAD (SIX LAW FIRMS)



DRAWDOWN SPREAD (SIX CASE TYPES)



- Housing Disrepair
- Irresponsible Lending
- Pension Mis-selling
- Contentious Probate
- Plevin Claims
- Car Finance Claims





SEVEN STARS HOSTS SUCCESSFUL LONDON BRUNCH EVENT IN CONJUNCTION WITH DUNHILL VENTURES

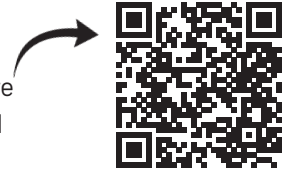
On 11 December, we were delighted to host a successful brunch event at The Athenaeum Hotel and Residences in Mayfair, London, in conjunction with our partners at Dunhill Ventures.

During the event, delegates received presentations from Seven Stars Chief Commercial Officer, Kevin Prior, as well as Stephen Chinnery from our Advisory Panel.

We received some very positive feedback from a productive morning and early afternoon discussing litigation funding and differentiating the volume claims

area of the market in which we operate from class actions, which typically receive all the attention during coverage of litigation finance and regulatory debates. We also used the session as an opportunity to explore the tangible difference our activities make to the lives of those people whose cases and claims we fund.

Video highlights from the event are available on the Seven Stars Legal Funding LinkedIn page.



MISSING THE BOAT OR AVOIDING THE STORM? OUR APPROACH TO CAR FINANCE CLAIMS



There's been significant noise recently in the litigation funding sector around the car finance claims market.

Which is unsurprising, given the Financial Conduct Authority's redress scheme proposals. Like other funders in this space, as well as law firms and claimants, we await the regulator's publishing of its final rules, which it says will happen by the end of March 2026. Given that the FCA recently announced that its pause on motor finance complaint handling will end on 31 May 2026, we'd expect the redress scheme to begin formally around the same time.

One conversation and question that regularly arises is whether it was more prudent to have moved early or to have taken a more circumspect approach.

Those of you who have followed us for some time or are familiar with our content and position on this will know that, to date, we have acted with calculated caution around funding PCP claims.

Recent events have not only vindicated that approach but have also demonstrated that the "first mover advantage" doesn't always apply in litigation funding. In reality, it can often be a one-way ticket to risk and overextension.

THE PRICE OF MOVING TOO FAST

The market is currently witnessing a fire sale of PCP books by funders who moved early, lured by perceived low entry costs and the potential for lucrative returns, but perhaps without giving enough consideration to the likelihood of long-term regulatory and legislative friction or the impact these would have on pricing and claims values.

- Legal Futures recently reported that Katch Fund Solutions has put its consumer claims fund into liquidation citing delays in processing of car finance claims as a major challenge to the business.

- We're aware of other funders who have been trying to sell PCP funding books for as little as 20p in the pound to generate cash flow.
- Our analysis of another funder's portfolio indicates that 89% of their entire book was committed to motor finance claims.

That concentration in itself would be a cause for concern, but the far bigger problem is that the same funder was lending more per claim than law firms can reasonably expect to earn based on the regulator's figures and projections.

Why is this fatal?

That funder was lending at those amounts based on law firms' projections of claim values, which ultimately didn't stand up to the FCA's analysis and valuations. At Seven Stars, we also saw funding proposals projecting values exceeding the £1,100 redress the FCA estimated would be due based on its 2019 work in the motor finance space.

With most clients expected to have multiple claims and the traditional 8% compound statutory interest added, lending at those levels could, objectively, have left plenty of room for a return for the funder, the law firm or the claims management company to take their fee and, of course, for the claimant to get their compensation.

But now that the regulator estimates approximately £700 will be due per mis-sold agreement and proposes 2% simple interest, the economics don't work, even if there are multiple claims per client.

This is the inevitable result of deploying capital before legal precedents and the regulatory landscape have settled.

TIMING IS EVERYTHING

At Seven Stars, we have defined our strategic approach to funding PCP claims by precision, not speed. We rely





heavily on our Advisory Panel, which includes an FCA-regulated pensions specialist, a King’s Counsel and a Solicitor Advocate, to guide our activities and identify the optimal entry point—the moment where legal precedent is established, regulatory frameworks are defined, and the path to liquidity is clear.

While we have already funded a small volume of claims, fully entering the market now ensures we can:

- Price accurately, aligning with the regulator’s redress projections as well as the FCA and Solicitors Regulation Authority fee caps that all our borrowing law firms are subject to, ensuring that we protect our investors.
- Empower a sustainable legal sector by allowing law firms to operate with healthy margins.
- Facilitate justice by helping claimants get their money back from their car finance lenders.
- Avoid the “race to the bottom” that has trapped early entrants.

We are not carrying the baggage of legacy books that are—or were—underpinned by optimistic assumptions that no longer hold now that the FCA has published its redress estimates.

THE FCA PARADOX

It is also necessary to address the regulatory environment.

The issues other funders face, as outlined earlier, are sobering reminders of the pressures across the sector. While we must remain clear that many of these difficulties stem primarily from the risks of committing to being a first mover and ultimately ending up overextended, the FCA isn’t blameless.

There is a perverse irony at play here.

The UK government has encouraged litigation funding as a vehicle for consumer justice. Yet, the FCA’s cumbersome processes are pushing some law firms, claims management companies, and funders to the brink.

But if the funders no longer exist, who will help facilitate access to justice?

The FCA asserts it wants to move efficiently on consumer redress. But it’s the regulator’s legacy of delays and lack of clarity that has created this liquidity trap for funders who supported those claims early.

SECURITY IN THE REDRESS SCHEME

Despite these regulatory frustrations, the path forward for new, astutely deployed capital is at least clearer than ever.

The upcoming redress scheme is as secure as it gets in terms of monetising claims as a legal asset that can be sustainably and profitably funded, and the FCA guidance on fees and values sets a clear financial framework for viable and successful commercial terms.

By entering the market now, we’re avoiding the regulatory churn that has claimed others and are funding based on the reality of the FCA’s final redress scheme, not speculation about what might happen.

We didn’t miss the boat on funding PCP claims. We watched it sail into the inevitable storm.

Now that the waters are settling, we’re preparing to deploy capital efficiently, securely, and profitably to our borrowing law firms to deliver justice for their clients.

KEY LEGAL JUDGMENTS, NEWS, AND THOUGHT LEADERSHIP FROM Q4 2025

Across the following pages, we feature key legal judgments, news, and thought leadership from the sectors and case types we fund, as well as from the litigation funding sector in general.

Many of these features directly impact our lending and the activities of our borrowing law firms, as well as bringing to light potential opportunities for exploring new sectors and case types, risks to the sector, and much more.

You can also search and follow Seven Stars Legal Funding on LinkedIn to stay up to date with our work and insights.





PAUSE ON MOTOR FINANCE COMPLAINTS HANDLING TO LIFT ON 31 MAY 2026

The Financial Conduct Authority delivered timely and welcome clarity around its pause on motor finance complaint handling on 3 December 2025.

The regulator's decision to lift the pause on 31 May 2026—rather than the July 31 date it recently consulted on—is good news for consumers and representatives who plan to pursue their lender outside of the FCA's proposed redress scheme.

It also suggests it may be looking for things to move quickly after it publishes its final redress rules, which it says it will do before the end of March 2026.

The timing of this announcement left some time before the regulator closed its redress scheme consultation on 12 December 2025 for stakeholders to provide feedback on how this deadline should interact with its redress scheme, a point the FCA said it will consider when making its announcement.

The regulator also said it will set out how firms should respond to complaints involving elements both within and outside the scope of its redress scheme.

We hope its stated desire to keep things simple for consumers is achieved, while also ensuring those who were overcharged for years get everything they're owed.



MPS: FCA “NAKEDLY SIDING WITH LENDERS” IN REDRESS SCHEME

The Financial Conduct Authority’s motor finance redress scheme proposals came under fire in a new All-Party Parliamentary Group report, published on 3 November 2025, that accused the regulator of “nakedly siding with lenders” and being swayed by “doom mongering.”

This scathing analysis comes after Santander went so far as to call on the government to intervene in the regulator’s redress scheme.

But rather than supporting lenders, the APPG report dismantles the regulator’s proposals, highlighting two critical flaws:

- They allow lenders to act as “judge and jury” on their liability, after their actions caused the harm in the first place.
- Consumers could receive more than double the FCA’s estimate of £700 compensation per mis-sold agreement if they took their claim to court.

This report raises profound questions for the FCA.

- How useful is a redress scheme that asks consumers to trust the same lenders responsible for mis-selling?
- Why would consumers accept a perceived lowball offer when the courts may offer a path to a fairer settlement?
- Did the PPI scandal and subsequent wave of Plevin claims not teach us anything?

The aim of a redress scheme is to prevent the need for mass litigation.

But in proposing a flawed, lender-friendly scheme, the FCA may have only succeeded in demonstrating why so many consumers will continue to seek professional representation, despite the regulator telling them this is unnecessary.

If the proposed solution cannot deliver trust or fair value, litigation is more than an option.

It’s the logical next step.



INSOLVENCY AND COMPANIES COURT JUDGE BARBER PRAISES SEVEN STARS

Following a hearing in June 2025, which related to our earlier acquisition of the non-legal assets of Sandstone Legal, Insolvency and Companies Court Judge Barber highlighted the diligence and hard work of Seven Stars and our partners.

Seven Stars would also like to extend its thanks to Brandsmiths for its continued support throughout this matter.

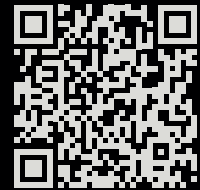
In her judgment ICC Judge Barber noted: "The fact that the Company was not ultimately wound up at or following the hearing on 7 February was not down to Mr Settle, whose self-serving pre-pack administration was roundly rejected, but rather to the hard work of Seven Stars, supported by the Petitioner, the interim managers and the solicitor manager appointed. But for their hard work in challenging circumstances, the

administration application would have been dismissed and the Company wound up."

Since our successful acquisition of Sandstone's non-legal assets, we acted quickly to ensure Sandstone's existing clients were introduced to specialist law firms funded by Seven Stars, who could progress their cases which Sandstone was retained on, and we are pleased to confirm that many clients have now achieved the justice they were seeking and received the redress they richly deserved.

Our work to ensure every single client, whether a former client of Sandstone or otherwise, achieves the same outcome continues.

READ JUDGE BARBER'S FULL REMARKS HERE





BORROWER PROFILE

Your opportunity to get even closer to your investment by learning more about the firms we lend to.
This month, we're meeting Elite Chambers.



ABOUT ELITE CHAMBERS

Location: **Salford, Manchester**

Established: **2016**

Website: **elite-chambers.co.uk**



Elite Chambers is a team of specialists dedicated to investigating, negotiating, and settling a broad range of claims against a wide variety of financial services providers.

WHAT CASES ARE WE HELPING ELITE CHAMBERS TO FUND?

Seven Stars currently funds pension mis-selling claims with Elite Chambers. As Elite Chambers is regulated by the Bar Standards Board as a team of Barristers, the firm is not subject to the Solicitors Regulation Authority fee cap, enabling us to provide a higher level of funding if necessary to capitalise on opportunities while remaining within our case selection and eligibility criteria.

In addition to mis-sold pensions, Elite Chambers also helps clients get their money back from mis-sold investments, car finance mis-selling, and scam claims.



CORPORATE GOVERNANCE

Further information about how we assess requests for litigation funding and work to fulfil our responsibilities to our investors, borrowing firms, and the legal and legal funding industries is outlined in our Corporate Governance Statement.

To receive a copy of this document, please email hello@7stars.legal.



Seven Stars Legal Limited
1 Charterhouse Mews
London | England | EC1M 6BB

www.7stars.legal
hello@7stars.legal

