

WOODVILLE'S LITIGATION FUNDING OFFERING

Your questions answered



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How do No-Win, No-Fee Agreements work?

Conditional fee agreements allow individuals to make a legally binding arrangement with a solicitor that some or all of the fees involved in making a claim will only be paid if it is successful. These are commonly known as “no-win, no-fee” agreements.

Claims brought on such a no-win, no-fee or no-win, low-fee basis are an important part in litigation financing and allow people access to justice without the risk of prohibitive costs.

The main advantages of entering into a conditional fee agreement are that the client and solicitor share the risk as well as the costs of a commercial claim. If the case is unsuccessful, a client will only have to pay a small amount, if any, of a solicitors' fees and for disbursements and expenses.

Why is Litigation Funding so important?

Litigation funding is a mechanism whereby a qualifying investor funds all the costs of a piece of litigation, including adverse costs, in return for a share of the proceeds.

In most cases, third-party funding will only be available for claims that have a very high value and strong chance of success. This is so the litigation funder isn't taking on too much risk when paying for legal action it has no direct involvement in. It will usually also be a requirement for the person making the claim to have insurance protecting themselves, and therefore the funder, from paying any of an opponent's costs should the claim fail.

Although third-party funding means sacrificing part of a financial award if the claim is successful, it allows an individual or business with a good and strong claim to take legal action without any risk to their personal finances.

The main Benefits of Woodville's funding to a law firm are:

- 1 Empowers lawyers to pursue a claim that they could not otherwise afford to make
- 2 Allows lawyer to improve the strength of the claim
- 3 Lawyer needs to have an ATE Policy in place, which will protect the repayment of the loan if the claim is unsuccessful
- 4 Woodville have a strong track record in supporting access to justice
- 5 The interests of the consumer are considered paramount

What do Woodville charge?

Woodville charge the borrowing law firms interest on a simple, not compound, basis at a cost of 5% per month.



How do the Law Firms afford the 5% monthly borrowing cost?

Let's look at the figures for a Housing Disrepair claim:



- Woodville's Loan Value is £3,000
- £1,000 is retained for Interest
- £2,000 is paid out at point 5 to cover the cost of;
 - A) Case acquisition
 - B) Surveyors report (point 6)
 - C) ATE upfront premium where applicable (point 4)
 - D) WIP (work in progress) so the firm can pay their staff to run the case through to completion
- A "No-Win, No-Fee" Solicitor will charge a standard 30% of the settlement figure
- Average settlements vary from practice to practice but are proven to be £9,000 per claim based on our funding history
- This is more than enough to repay the funding provided based on a borrowing of £2,000 for a 9 month period
- If the case is unsuccessful, the ATE Insurance covers Woodville's Loan of £2,000



Why do solicitors require funding?

No-Win, No-Fee solicitors are attracted by litigation funding as it means they can process a large volume of cases.

More volume of cases means more staff are required. Many smaller practices do not have sustainable cashflow to support the extra staffing costs, and so Woodville build in work in progress, or WIP funding, in order to help support their needs.

The solicitor does not get paid until the case settles. The average settlement figures are:

- Housing disrepair £9,000
- Plevin £4,000+
- Road Traffic Accident £3,000+

These amounts are more than sufficient to repay Woodville's Loan.

How do Woodville protect Investor Capital?

The anticipated default rate is less than 1% on all cases funded. The Investor security points are summarised below:

- Woodville's Interest is front-loaded, so risk of default on the interest is zero
- Targeting smaller value Cases of £1,000 – £5,000 carries much less risk, and provides extra diversification across the Investor Capital
- Woodville's Loan is secured on an ATE (After The Event) insurance policy. If a claim is lost or discontinued, the loan is repaid to Woodville from the insurance policy proceeds
- Assignment rights over each case is held by Woodville to protect in the event of Solicitor going into liquidation
- The defendant is insured, so the judgment is settled by a well-capitalised insurance company, giving a very high chance of successful enforcement of any judgment
- Woodville take a charge over the borrowing law firm, with personal guarantees sought where possible



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