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PCP CLAIMS SUPREME COURT DECISION

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Supreme Court Ruling Opens Door for Motor Finance Claims

On Friday the Supreme Court delivered its much-anticipated ruling on car finance commission arrangements. While the Court rejected the wholesale fiduciary duty claims that threatened a £44 billion industry-wide liability, **the landmark Johnson victory has created a clear pathway for consumer redress** through the Consumer Credit Act, which still amounts to liabilities ranging from £9bn - £18bn..

The key takeaway: Johnson won.

The Supreme Court found his relationship with the lender was unfair due to excessive undisclosed commission (26% of the loan amount, 55% of total interest charges) and misleading documentation about the dealer's independence. This has created immediate viability for similar fact-pattern claims and much needed certainty on what case types do and do not merit redress claims.

Strategic Market Intelligence:

Our analysis shows this ruling actually **de-risks the litigation funding opportunity** in several key ways:

- **Discretionary Commission Arrangements (DCAs)** - banned by the FCA in 2021 - present even stronger unfairness arguments than the hybrid / fixed commission case that succeeded in Johnson. The widespread use of DCAs pre-2021 creates significant volume opportunities with clearer success profiles.
- **Objective Success Metrics** - Johnson's 55% commission-to-interest ratio provides clear screening criteria for case selection, enabling sophisticated risk assessment and pricing models rather than guesswork.
- **Political Risk Eliminated** - Crucially, the Supreme Court ruling removes the risk of government intervention to protect lenders, a key concern that was dampening institutional appetite for motor finance litigation funding.
- **Market Dynamics Shift** - We're seeing practicing solicitors adjust their per-case revenue expectations downward (some to around £950 per client), creating opportunities for well-capitalized funders to secure quality case volumes at attractive economics.

Friday's ruling means **fact-specific claims will succeed** where:

- Commission levels exceed the Johnson threshold (55% of interest charges)
- Proper disclosure wasn't made (buried in terms & conditions isn't enough)
- Commercial ties were concealed (exclusive dealing arrangements undisclosed)
- Regulatory breaches occurred (FCA CONC rules violated)
- Historical DCA structures were used (pre-2021 agreements)



Parallel Track Strategy:

Rather than waiting for the FCA scheme, the clear regulatory timeline (October consultation, 2026 payments) creates settlement pressure while allowing individual claims to proceed on the established Johnson precedent. The FCA's £9 billion redress estimate suggests they expect significant consumer compensation, but **claims can proceed immediately** without waiting for regulatory schemes.

What this means for litigation funding:

The Supreme Court has provided a sophisticated legal framework that rewards careful case selection over volume approaches. Our market intelligence indicates this creates **immediate commercial opportunities** for funders with:

- **Advanced case selection capabilities** using Johnson success criteria
- **Capital to secure quality case volumes** at improved economics
- **Sophisticated risk models** based on objective success metrics
- **Strategic positioning** in a de-risked regulatory environment

Our cautious approach to date has been vindicated and **we're now moving into an active phase**. We've been building a funding model designed for this post-Supreme Court landscape - focused on fact-specific assessments targeting high-probability claims with clear precedent support.

The car finance mis-selling opportunity is very much alive - the Supreme Court has simply made it more sophisticated and potentially more profitable for well-positioned funders. We're actively evaluating case volumes and will be providing more details on our funding approach as market conditions develop.



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