



Woodville
Litigation
Funding

06th August 2025

To Whom it May Concern,

RE: Woodville commentary on the recent Supreme Court Decision

1st August 2025 saw the UK Supreme Court deliver its decision in the well-publicised car finance commission sector - Johnson v FirstRand Bank Ltd, Hopcraft v Close Brothers Ltd and Wrench v FirstRand Bank Ltd.

Key Legal Outcomes

▪ **Fiduciary Duty Argument Rejected**

The Court confirmed that dealers act in their own commercial interest and are not fiduciaries. This narrows one line of legal reasoning, but crucially, does not affect the basis of most DCA claims.

▪ **Unfair Relationship Principle Reaffirmed**

The Court strongly reaffirmed that undisclosed commissions, misleading impression of choice, and consumer vulnerability can give rise to an unfair relationship under s140A. This remains the cornerstone of successful DCA redress.

▪ **DCA Claims Are Legally Sound**

The ruling validates the core legal framework for DCA-based claims. Far from undermining them, the judgment clarifies and strengthens the pathway for claims that are well-prepared, factually grounded, and supported by proper disclosure evidence.

Supreme Court – Friday 01 August What was the judgement about?

The eagerly anticipated decisions on the three cases which are relevant to non-DCA/fixed claims, found in favour of the lender on 2 of the cases – with the other case going on the side of the consumer.

The court confirmed as follows:-

- The car dealers are commercial parties acting at arm's length when it comes to consumers buying cars on finance, who were always pursuing their own interests in seeking to arrange the sale and finance of the car on profitable terms;
- The car dealers did not owe a fiduciary duty, namely a legal obligation to act in the customer's best interest, as they did not make an undertaking to act in the best of interests of the customer, without regard to their own interests;

- Based on the above, it followed that the submissions on bribery failed.

With the case which was successful – Johnson - the court found that there was an unfair relationship, similar to Plevin claims: The Supreme Court held that:

- When considering unfair relationship claims, courts can take account of a broad range of factors and that the issue will often be fact sensitive. The Court set out a non-exhaustive list of factors which are likely to be relevant to the assessment, which includes: the size of the commission relative to the charge for credit, the nature of the commission (e.g. whether it is discretionary), the characteristics of the customer, the extent and manner of disclosure, and the compliance with regulatory rules. They added that the fact that there had been no, or only partial, disclosure of the commission does not necessarily make a relationship unfair — it is simply a factor in the overall exercise.

The Court highlighted three relevant factors in Mr Johnson’s case:

- First, the size of commission, which was 55% of the charge for credit. The fact that it was so high was described as a “powerful indication” that the relationship was unfair.
- Second, the fact that the documents given to Mr Johnson did not disclose the existence of the commercial tie between the finance company and the dealer under which the finance company was given first refusal. The documents were intended to create the false impression that the dealer was offering products from a panel and recommending one that best met the customer’s individual requirements.
- Third, on the other side of the balance, Mr Johnson’s failed to read the documents he was given. The Court tempered this final point by referring to Mr Johnson’s lack of financial sophistication and the fact that no prominence had been given to the relevant statements; as a customer would not have expected a commission of that size to be payable, and so particular attention should have been drawn to it.

The Court concluded ordered the lender pays Mr Johnson’s an amount equivalent to the full commission - £1,650, with interest at a commercial rate to be calculated from the date of the agreement. A % rate was not given.

What Does this mean for Woodville?

Nothing, we are now where we were 12 months ago. The ruling was in relation to fixed commissions arrangements - separate from the discretionary commission arrangements (DCA) of which rules for those payouts are nearing completion from the Regulator and what we are waiting the final FOS guidance on.

Why this does not affect us?

The Woodville book is made up of solely DCA cases.

What the ruling does affect is the general marketplace for those whose loan books are made up of an element of fixed comms PCP cases . Furthermore, the judgement restricts the future

marketplace in looking at claims on agreements for goods that have been financed on a fixed commission basis, of which we tentatively started to look at.

Whilst some media outlets will report this as a win for the Banks, to a certain degree it is. One report we have seen so far suggests the payouts may now not be what was thought, £44billion plus was originally estimated, but more likely now in the £20 billion+ hardly a win for the Banks.

Finally - a report from the Guardian last week indicated the Govt may look at retrospective rule changes on secret commissions, this has in effect died now after today's ruling after the Treasury announced it accepted the judgement of the Supreme Court.

So overall we are very pleased with the judgement, we would have welcomed all three heads of claim but Woodville were always invested into DCA which is unaffected so we will take that.

It is thought that there are still well over 20 million claims out there.

Questions & Answers

This of course understandably leads to questions, common ones summarised below:

- Q How does the Supreme Court decision affect the Woodville Loan Book?
- A Our book is unaffected positively or negatively in terms of value or substance, we only ever operated in the DCA side of PCP so we are unaffected by the SC judgement.
- Q How do the two victories for the Banks in the SC decision affect Woodville?
- A The denial of the two non DCA cases again have both a positive and negative element to them.

The negative being that it would have been nice to attack fixed comms and asset finance cases but then the government would most definitely have intervened and that would have caused uncertainty and delay.

The positive position is that the Treasury announced they accepted the judgment so at least it is not something the Government will look to try to interfere in.

- Q We have noticed the mainstream media suggesting CMC and law firms are not required in making a claim. Can we have comment on this?
- A People like Martin Lewis saying not to use CMC or law firms, is in our opinion, outrageous. They know the banks will under settle the claims from direct consumer complaints so they should be encouraging them to use a CMC/Law firm, not warning against it.

The consumers were under settled in endowment, PPI, Plevin and will be in PCP if they make their own claims, that's not our opinion that is based on historic bank conduct.

People have always had the right to make a claim themselves, right from endowment to PPI etc

That is nothing new, what people will also get from CMC's and law firms is that they will locate historic cases so the result is that clients will overall gain more despite paying our law firms fees. If a client makes a claim direct with the Bank and they cannot locate all of their paperwork, the bank may only pay out on that 1 claim, whereas the law firm will find all historic claims and will make those claims on behalf of a client, on average a client has 2.8 claims.

- Q Under any HP finance agreement, the provider of the lending is going to know as to which address the car is registered and in whose name. Would you not agree?
- A Not in all cases, some lenders have even admitted they do not have all historical data and therefore could not contact clients. The issue, if they were forced to do so, would be that they are then automatically in breach of the FCA rules. That is one of a number of reasons why the lenders have lobbied against a compulsory redress scheme. You are also assuming the Bank have your most up to date address, many have moved home, did you tell your old car finance provider of your new address?
- Q If the FCA are putting the obligation on lenders to write directly to potentially affected individuals, then those said individuals wouldn't necessarily have to dig through old paperwork?
- A They are not putting the obligation on the lenders, see below re compulsory redress scheme.
- Q It is true that some people may have changed address but if someone was invited to lodge a claim or accept a payment then they may view that as the easiest course of action. From the lenders perspective it also avoids court proceedings and additional costs.?
- A The lenders could always have avoided court and costs, they chose to fight, now the fight is over, they have to pay. Yes, some clients may accept an under settlement, that will then cause a secondary wave of what is known as satellite litigation, a second bite of the cherry because they failed to correctly compensate the client, just like they did with endowments and PPI.
- Q With the old PPI claims, the obligation was on the aggrieved to submit a claim. This normally then went unchallenged due to additional court costs / settled. Will this be the case with PCP?

A We expect the new redress scheme not to be compulsory. The lenders have been the loudest in fighting against a compulsory scheme. If it were compulsory they would have to compensate 100% of clients. We saw in PPI they only ended up paying out on 52% of potential claims as not everyone submitted their claim. So, the lenders don't want the compulsory scheme since they will financially benefit further from the clients who do not claim.

Q Why are they now reporting that claims are only worth an average of £980?

A This is just the average commission amount, this does not take account of statutory interest, which can often be much higher than the commission.

FCA Releases on Sunday 03 August - Main Headlines/Take- Aways

i) **There is to be a redress scheme – this is now official** for DCA and a cohort of DCA/fixed claims which meet a set criteria.

ii) The FCA currently estimates that most individuals will **probably receive less than £950 in compensation per agreement.**

iii) The FCA thinks it unlikely the cost of the scheme, including to run it, would be much lower than £9 billion - it could be higher, up to £18 billion in some scenarios though it doesn't believe these are the most likely. A total cost midway in the range, as forecast by some analysts, is more plausible.

iv) A consultation paper will be published in early October with a 6 week response time limit – thereafter the FCA will publish a Policy Statement – our best guesstimate is that this will be by January, if not earlier.

v) The redress scheme will be live in 2026 .

Moving Forwards

In October 2024 when the Court of Appeal found in favour of the consumers, it was a shock decision for all parties and notwithstanding, this decision meant both DCA and non-DCA/fixed could be successful – as a business we focussed on obtaining claims where the lenders mainly operated a DCA commission structure.

The decision from the Supreme Court has not altered our strategy or changed our business model.

We now know DCA claims will pay out next year and it is business as usual. We will continue to onboard these claims and we think the market may contract, leading to opportunities for us to obtain claims from more sources.

Don't just listen to us, see below comments from our Legal Partners immediately after the ruling.

All Sentinels wins to date have been on unfair relationship and breach of conc.

It's always been the bedrock of our pleadings. We now have the blue print for litigation from the Supreme Court.

These should be open and closed cases now.

Criteria

- was the commission disclosed
- was the relationship disclosed
- was the commission high.

You simply can't have an undisclosed commission without an undisclosed relationship between the lender and dealer.

This is basically back to where we all were 12 months ago before all the stays happened but now we have a Supreme Court judgement.

FCA says 31.7 million agreements affected by DCA's and we all know they were not disclosed.

Sentinel Legal -

Sentinel Legal - Sky interview

<https://youtu.be/XQ7NfwzsNjA>

Strategic Takeaway

With legal boundaries clarified, the competitive edge now lies in:

- Quality over quantity: A focused portfolio of provable DCA claims is more valuable than broad-based allegations
- Law firm alignment: Funders must back firms that can demonstrate deep lender knowledge, precise claim triage, and strong evidential handling
- Lender specific expertise: Redress viability varies by lender, commission model, and documentation trail. The right legal partner knows which cases will pass judicial scrutiny

Conclusion

The Johnson judgment is not a setback, it's a roadmap. It elevates the importance of:

- Careful claim selection
- Clear consumer detriment evidence
- Proven expertise in the DCA landscape

Law firms that understand the detail, not just the headlines, will be best positioned to deliver compliant, high-return portfolios under this clarified legal regime.

Yours sincerely



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Yours sincerely



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