



Woodville
Litigation
Funding

31st July 2024

To whom it may concern,

Dear Sir / Madam,

RE: Woodville Consultants Ltd (“WCL”) response to the recent FCA announcement

We, along with all other claimant firms/advisors etc, were taken completely unaware of this announcement in terms of the length of the PROPOSED delay (<https://www.fca.org.uk/publications/consultation-papers/cp24-15-extending-temporary-changes-handling-rules-motor-finance-complaints>).

We had many discussions with our counterparties regarding this delay and its obvious impact. It is apparent that there are both positives and negatives to the announcement.

Negatives:

The one negative is the proposed delay, we may of course see that brought forward once the detail is issued in May 2025 (as is the common thought across the industry) but we must presume for now that the delay will be until December 2025. Many of us believe this is an attempt to protect the balance sheet of the defendants, this of course is quite contrary to the FCA/FOS objective of protecting the consumer.

Positives:

Many of us believe that this will widen the scope of claims that can be made since the regulator is clear that they wish to incorporate the imminent rulings of the Barclays JR and of the CoA (Court of Appeal) decisions on the fixed commission's structured loans.

There will be greater scope once all of this is known.

Where does that leave funders and claimant firms?

I think firms and funders solely working in PCP will have to adjust over the next year.

Since WCL has also operated in multiple claim types we are going to concentrate for the short term on our other lines of business until we have the rulings in May. We do however see this as evidence of how our experience over the last few years has enabled us to be in the position where this decision will not have a dramatic impact on our business. As you've noted and as we've discussed in recent months, we had made steps into the alternative genre of claim type and the announcement is

simply expediting this, whilst also taking advantage of the huge opportunity of stockpiling PCP cases, which undoubtedly will be cheaper following yesterday.

We are working with our law firms to ensure they remain capable of repaying capital to us when arising, they will do so via multiple methods such as:

1. Settlements of claims (not necessarily PCP but across all their claim types)
2. Internal cash reserves/flows
3. Adjusting to shorter-term claim types to maximise revenue
4. Refinancing their books to other funders

Let us not forget the law firm remains liable for the repayments of their loans regardless by their long stop dates whether or not the claims are settled.

From a WV perspective as you are aware we have a large unencumbered book which we intend to monetise into the shorter-term loans we have due to our network, whilst these shorter-term loans carry less profit our objective is to ensure we have additional revenues to underpin our law firms performances.

We will make updates to this information over the coming days once the consultation with our firms and experts in the PCP field have been undertaken.

We do not have any concerns about our ability to meet our obligations both in the short and long term.

In summary, the delays announced yesterday (30.7.24) can only be seen as a positive. I say this purely down to the Industry and Regulator needing to make sure both are capable of dealing with the millions of claims that they know are coming. If this was a small (as in volume) claim type such emphasis from the Regulator and ensuring lenders are ready would simply not be happening.

Let's of course not forget here the decision on whether or not claims are to be paid out has passed, they are being paid out, and the methodology behind yesterday's announcement is to ensure such payouts are made in a timely manner to the consumer and to then not clog up the court system. This is key to remember.

Yours sincerely



Peter Legge
Director
Woodville Consultants Ltd

Appendix following recent questions

Woodville Consultants Ltd (“WCL”) Q&A to our letter dated 31st July 2024

Are Law Firms still liable to pay the 5% interest per month?

Yes, Law firms are still liable.

Are Law Firms able to claim any extra interest that they have to pay in regards to any delay in claims which have been funded as legal cost?

No, they would not be able to claim any additional interest back. That is a cost to the Law Firm and would come out of their profits. However, it is important to note that the defendants will have to pay interest to the claimant until the day they settle the claim, which increases the compensatory payment. Therefore, the Law Firm fee to charge to the claimant would increase the longer the delay in settlement.

How is the interest paid by the Law firm to WCL?

The interest is charged upfront for the initial term, any case that goes over the initial term is charged to the law firm at 5% per month until the law firm repays the loan

Will Law Firms pay any interim interest on these loans prior to the the cases settling?

A Law Firm may choose to either pay the additional interest each month or, they can alternatively repay the loan in full

There are many recent investments in which funds were deployed into PCP Cases this year. These have the potential to mature before the new December 2025.

A. Has WCL calculated this amount of maturities?

WCL is aware of how many investments mature between now and December 2025. WCL, always has a record of all investments maturity dates right up until the loan book is repaid in full.

B. Where exactly will WCL get the funds to repay these investments? Bearing in mind the solicitors still have them?

WCL has a number of options available such as:

1. The law firms remain liable for the repayments at maturity, they may wish to repay that capital or get their books refinanced via other lending facilities.
2. WCL has other funding streams that are happy to purchase the books that mature
3. WCL, has a large unencumbered book which we intend to monetise into the shorter-term loans we have due to our network, whilst these shorter-term loans carry less profit our objective is to ensure we have additional revenues to underpin our law firms performances.