



Woodville
Litigation
Funding

Date: 13th June 2024
(by email)

To Whom It May Concern,

As we enter a very exciting period of Woodville's (WCL) growth we wanted to share some Company information with you, along with our expectations over the coming 12 months.

As has been reported WCL's emphasis in recent months has been continuing the provision of finance for our panel of law firms in the PCP space. Industry experts in this space expect the volume of claims to exceed that of its predecessor, PPI, which saw approaching £40 billion paid out in claims.

One only has to do a simple google search to appreciate the magnitude of the PCP claims area, of course this being ultimately recognised with the launch of the Financial Ombudsman Scheme (FOS) in September of this year.

Please ask your Introducer for the 'Overview Document', which shows the sheer scale of what is coming to the PCP claims space.

What this means for Woodville?

Due to the volume of claims we currently fund coupled with expected growth over the next 12 months, we as a company are growing both internally along with the partners with whom we work.

Over recent weeks we have been reviewing our previous case auditors, Zest and whilst we have been delighted with all of their work, we felt due to the growth of the sector and also Woodville, that a new team was warranted. Last month we partnered up with Intel Wise. Intel Wise are specialists in the auditing of law firms with an expertise in auditing case progression in high volume departments. We are thrilled to be working with the Intel team, after seeing the depth of reporting they provide in the monthly audits of our panel firms, which ultimately you fund, we could not hope to have a better partner in the required monitoring of the funded cases.

I feel now is an important time to revisit the FOS scheme and its impact on Woodville as a company.

Firstly, a brief reminder as to the need for the scheme.

We have set out below some key information on the FOS scheme, due for launch in September 2024 and the impact on our more recent funded cases with the relevant law firms.

With millions of PCP agreements having been mis sold (<https://www.fca.org.uk/publication/multi-firm-reviews/our-work-on-motor-finance-final-findings.pdf>) in the UK over the last 20 years, putting it simply, the Courts would be overwhelmed if all cases continually went down the litigation route, resulting in family court cases, personal injury, in fact any

civil dispute being delayed, as the Courts time would be wholly taken with dealing with PCP case hearings. The regulator simply had to act. They did in January this year with the announcement of the FOS scheme, launching in September 2024.

The effect of this scheme is that lenders must put the systems in place to ensure the claimant is reacted to in a timely manner, plus where a secret commission and in turn unfair relationship established, such interest being returned to the customer that which was charged at the time of their car finance agreement being taken out. This process will avoid court hearings which of course is great news for Woodville, our law firms and of course you the Investor, as the time from start to finish on a case will greatly reduce.

Cases that are being lent on today are cases which will enter Septembers FOS scheme. Such cases now rather than an approximate 12 month turnaround, we expect this to reduce to 6-9 months initially, reducing down to 4-6 months as the market settles. Point of note here, lenders (who are already preparing for the compensation to be payable) will have 56 days to respond and a further 28 days to settle upon the FOS launch.

Alternatively litigated cases entered in to today would expect a 12 month cycle, hence all funded cases now are registered with FOS pending the September launch.

A brief recap of PCP Litigation.

In the UK, most automotive vehicles purchased on credit are financed using a Personal Contract Purchase (“PCP”) agreement. For over 20 years, many lenders utilized brokers to arrange and negotiate the credit terms with automotive purchasers. The brokers were often paid commissions that were not disclosed to the purchasers. These commissions could be fixed, or they could be variable to the broker, increasing as the rate charged to the purchaser increased (a Discretionary Commission Agreements or “DCA”).

The Law

PCPs are governed by the Consumer Credit Act of 1974 (the “CCA”). Under the CCA, the courts have wide discretion to reopen a credit agreement where certain conditions exist, one of which is the existence of an “*unfair relationship*” between the creditor and the debtor. An unfair relationship can be found based upon “*any ... thing done (or not done) by, or on behalf of, the creditor*”. In the landmark case, Plevin vs Paragon, the UK Supreme Court determined where a commission is not disclosed to a purchaser of insurance, the relationship between the creditor and debtor is deemed “unfair” and the purchaser is entitled to damages. Damages generally included the return of the commission and interest thereon.

Processing of Legal Claims

As the laws regarding the failure to disclose commissions are now fully established, creating essentially strict liability on the lenders for failure to disclose a commission, the courts in the UK became overwhelmed with PCP claims. This resulted in significant delays to Claimants, hence the need for the Regulator to step in and establish the FOS scheme, discussed earlier.

In January 2024, the Financial Conduct Authority (‘FCA’) released a report identifying the significant number of arrangements that have been used in the UK auto finance industry and the need to establish a regime for identification and resolution of the large number of such claims. This put a temporary hold on the requirement that lenders respond to claims within 8 weeks as it worked to establish this regime, now nearing completion with the Sept launch fast approaching.

We have seen the reaction of the large lenders in the space and the earmarking of funds to meet the demand they realise is coming. See below links to recent articles.

Close Brothers scraps dividends amid motor finance probe 'uncertainty'

https://www.thisismoney.co.uk/money/markets/article-13086401/Close-Brothers-scraps-dividends-amid-motor-finance-probe-uncertainty.html?ito=native_share_article-nativemenubutton

<https://www.theguardian.com/business/2024/feb/22/lloyds-car-loan-fines-bank-profits-fca>

It is thought that Lloyds Bank controlled up to 30% / 35% of the marketplace

<https://www.moneysavingexpert.com/news/2024/01/car-finance-misselling-claims-complaints-paused-regulator-concer/>

In summary, we have the regulators forcing the payouts on the back of an unfair relationship and the Banks reacting with earmarking of funds for the payouts.

Ongoing funding raised will support the Law firms to meet the huge demand currently present and acquire the cases to submit to the regulator for the September rollout of the scheme.

When reviewing the market overview document, please pay particular attention to the sheer size of the PCP market, backed up by above reactions of mainstream lenders and their dividend / earmarking of funds announcements.

There are literally millions of claims out there with some commentators stating this could exceed the PPI industry.

What does this mean for Woodville?

As a litigation funder we have been at the forefront of this marketplace for over 2 years now, with the most knowledgeable and experienced law firms being leant to in the space. Having built this over the period, we are in the perfect position with the cases funded to fully take advantage of the imminent FOS scheme coming in September. In turn 2025 will be the best on record for all at Woodville Consultants Limited.

Woodville Consultants – Statement of Affairs

The company is engaged in the business of Litigation Finance. There has been no change in the business of the company during the financial year ended 31st December 2023.

CONSTITUTION OF BOARD

There has been no change in the constitution of the Board during the year under review.

STATUTORY ACCOUNTANTS & AUDITORS

Carston Chartered Accountants are WCL's accountant and auditors of the company. 2023 audited accounts are currently being prepared. It is expected that upon release of such, quarterly management reports will be prepared by Carstons.

The company falls within the small Companies Act 2006 and has previously submitted accounts prepared independently by the accountant and auditors.

STATE OF COMPANY'S AFFAIRS

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

ACKNOWLEDGEMENT

- The running costs of the business remain low and manageable. Directors remuneration and staffing costs have increased due to increased employment and Loan Book value. We anticipate further employment in the short to medium term in order to satisfy the current fundraising demand.
- Currency difference control has been accounted for across all investments raised in currencies such as USD, EUR, AED, ILS, CAD, AUD, CHF.
- Talisman insurance is incepted prior to any funds being lent to our panel of SRA regulated Law firms. Many of our investors also have opted for capital protection in the form of performance bonds.
- The company has repaid in full and on time 9 series' of ISIN Loan notes to date, and has a further 11 series' active, all of which have met their due coupons in full and on time to date.
- This sector growth presents huge opportunity for the company, with millions of claims available to fund. Woodville currently has approaching 60,000 live legal claims.
- The Loan Book now sits at over £120m GBP. We continue to expand our panel of borrowing solicitors and continue to work towards our goals to raise in excess of £300m GBP and become a market leader in the UK Litigation Funding sector.
- WCL remain profitable, see most recent accounts with ongoing lending expanding dramatically. WCL expect to see this significantly increase upon submission of the next set of accounts.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

We both place on record our sincere thanks to bankers, business associates and consultants for your continued support

Yours sincerely



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Peter Legge
Director



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Ann Marie Bell
Director