

## Litigation Financing in the UK - ALTERNATIVE INVESTING UPDATE

August 2025

### Supreme Court Ruling Opens Door for Motor Finance Claims

On Friday 1st of August the Supreme Court delivered its much-anticipated ruling on PCP 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. Some law SRA regulated law firms that specialize in PCP Car Finance cases believe there will be up to 31 million individual cases.

#### 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:

Analysis from various financial lenders in the industry including but not limited to Woodville Consultants 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 (the banks being sued), 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 (like Woodville Consultants and other similar litigation lenders) 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 funders like Woodville Consultants (12 years experience) plus other similar firms:**

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

Woodville's cautious approach to date has been vindicated and they **now moving into an active phase**. They have 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 PCP 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 (Like Woodville Consultants and other similar litigation lenders).

*This asset class (litigation funding) has a proven track record to diversity qualified investors' portfolios due to the non-correlation to other asset classes. Woodville has over 6 years history paying qualified investors 10%+ fixed annual returns enhancing investors' portfolios.*

Please contact us for more information.

Best regards

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