

Conditional Fee Agreement (“CFA”)

A CFA is a funding option that we may consider for your case. This executive summary provides guidance on what a CFA is and how it works. In short, a CFA shares both risk and reward with you.

WHAT IS A CFA?

CFA’s are better known as “no win, no fee” agreements. In most cases, solicitors will work on your case, incur hourly charges and then raise an invoice on a monthly basis that is payable by you. A CFA generally means that whilst we will incur hourly charges for the work undertaken on your case, no monthly invoice is raised. Instead, all time is kept on the file and if you are successful (whether this is at trial or a settlement is reached with the opponent) you are then liable for the balance incurred. This is often recovered from your opponent (see below).

An alternative is that we may offer you a discounted CFA. This could mean that we would agree to only charge a reduced hourly rate on a monthly basis, with the discounted element of our hourly rates deferred to be recovered under the CFA if you were successful. It is important to note that a CFA does not cover disbursements. Payment of disbursements such as court fees or barristers’ fees will still be required to be made by you as and when required.

WHAT HAPPENS IF YOU ARE SUCCESSFUL IN YOUR CLAIM - YOUR LEGAL COSTS

If you are successful in your claim, you will be liable to pay our costs incurred.

The general rule in litigation is that the successful party gets to recover from the losing party the costs it has incurred. Costs are at the court’s discretion, but if you are successful in your claim, the court will probably order your opponent to pay a proportion of your legal costs. This is normally around 70-80% of the costs incurred. This rule generally applies even if you reach agreement with your opponent about your costs. If a shortfall exists (which is likely) or we are unable to recover any of our costs from your opponent, you will remain liable for this sum. Some examples of where this may happen is if your opponent becomes bankrupt or insolvent, does not have the funds to meet the costs liability and has no insurance to make payment to us.

As we are sharing the risk with you (by not receiving full payment on a monthly basis), we are entitled to charge a “success fee”. This is a percentage uplift on our costs incurred. The success fee is not recoverable from the opponent, therefore you must be comfortable that this sum will be deduced from any monies you are awarded if your claim is successful.

WHAT HAPPENS IF YOU LOSE YOUR CLAIM - YOUR LEGAL COSTS

If you lose your claim, depending on the terms of the CFA that we agreed with you, you would either:

- Not be liable to pay our costs; or
- You would only be liable for our costs incurred at a discounted rate.

As above, any disbursements you have paid would not be refundable and if any are due, would have to be paid by you. If you have obtained After the Event Insurance (“ATE Insurance”), it may be that the policy will cover your disbursements. Please see our separate ATE Insurance executive summary.

WHAT HAPPENS IF YOU LOSE - YOUR OPPONENT’S LEGAL COSTS

If you are unsuccessful in your claim you would probably be ordered to pay your opponent’s legal costs. ATE Insurance offers the protection that the insurer would likely meet the costs of your opponent. Please see our separate ATE Insurance executive summary.

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