

FINAL

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Personal injury disputes over big ticket claims jump 72% over five years

- **1,233 High Court disputes in 2009, up from 715 in 2005**

The number of disputes over personal injury claims has continued to surge according to statistics obtained by Sweet & Maxwell, the leading legal information provider.

The number of personal injury disputes launched in the High Court in London jumped 72% over the last five years, from 715 in 2005 to 1233 in 2009 (Jan 1 – Dec 31, latest data available).

Sweet & Maxwell, a Thomson Reuters company, explains that disputes for more serious injuries where the value of the damage award could exceed £15,000 go through the High Court*.

Sweet & Maxwell says that financial pressure due to the fallout from the credit crunch has helped propel the jump in disputes. Financial stress may have prompted individuals to submit personal injury claims – many of which will be perfectly legitimate – which they may not have pursued during a healthier economic climate.

Sweet & Maxwell adds that insurance companies providing personal injury cover are far more likely to scrutinise and contest claims in the High Court when there is a sharp and sustained rise. Insurance companies will also be more aggressive about protecting their profitability during a downturn and more inclined to pursue claims that they feel are marginal.

According to the Association of British Insurers, fraudulent insurance claims hit a record high in 2009 with 122,000 fraudulent claims uncovered, a rise of 14% on the previous year.

Rising tide of PI claims prompting legal system reform

Sweet & Maxwell points out that the rise in personal injury claims comes despite reform of the legal system by the Labour Government, who imposed new registration requirements for claims management firms in the Compensation Act 2006. The Act also set up a regulator to supervise them called the Claims Management Services Regulator.

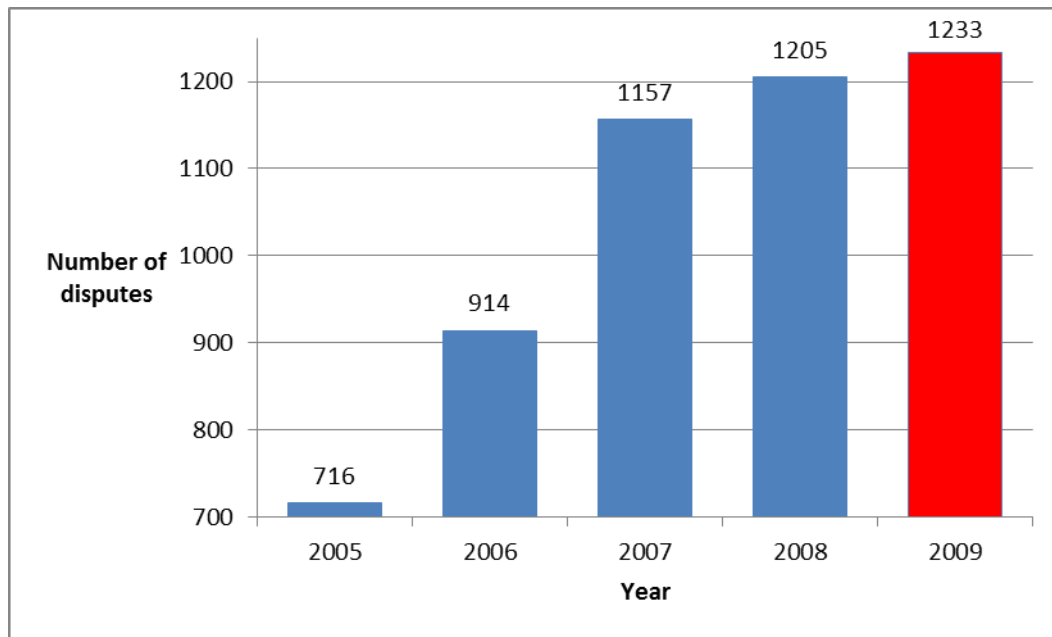
The high costs to businesses associated with the growing number of personal injury and other legal claims led the judiciary to commission a major review of legal costs, which was published in 2010 by Lord Justice Jackson.

One of the suggestions of Lord Jackson's review was that the claimant should bear some of the financial burden of funding their legal advice. Under the current structure, a claimant can employ a lawyer under a "conditional fee agreement" (CFA). If the claimant solicitor loses the case then they are not paid but if they win they are paid "success fee" by the defendant.

Under the proposed reforms the claimant would have to pay the success fee, which would be capped at 25%, from the damages awarded to them for their injury.

Sweet & Maxwell says that the Coalition Government – which recently unveiled plans to overhaul the legal aid and civil litigation budget – has not yet confirmed which aspects of the review it plans to implement.

Personal injury disputes in the High Court, London (Queen’s Bench Division)



* In April 2009 this threshold was raised to £25,000

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Notes to Editors:

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