

Major step to protect claimants from unregulated no win no fee arrangements.

The Ministry of Justice came up with new majors to protect the public from unregulated no win no fee arrangements.

The Ministry of Justice has today taken a major step towards protecting claimants from unfair 'no-win, no-fee' arrangements.

Proposed new powers for the Lord Chancellor in the Coroners and Justice Bill will ensure that claimants are made aware at the outset how much their claim is likely to cost. A consultation setting out the details of the proposals was also launched today.

Damages based contingency fee agreements, generally used in employment tribunal proceedings, have existed without specific statutory regulation until now, opening up the potential for the exploitation of often uninformed claimants. A new clause in the Coroners and Justice Bill, tabled today in the House of Lords, gives the Lord Chancellor the power to regulate the use of these agreements – the consultation Regulating Damages Based Agreements seeks views on the different options to regulate.

The Justice Secretary, Jack Straw, said:

'Unregulated contingency fee arrangements expose claimants to unfair terms and conditions being imposed by those representing them, which could lead to huge slices being taken out of their damages. These arrangements – unlike, for example, conditional fee agreements – have until now been without statutory regulation because of a longstanding legal anomaly. The measures announced by the government today seek to redress this, offering proper regulation to protect the interests of consumers.'

The proposed amendments to the Coroners and Justice Bill allow for the Lord Chancellor to make secondary legislation aimed at regulating aspects of damages based agreements, and to extend or restrict their use in future, should the need arise.

The consultation seeks views on the details of the regulatory requirements, including:

a cap on the percentage of damages that can be recovered by the representative

a requirement that representatives provide claimants with clear and transparent information on total costs

a requirement that representatives clarify the deductions made from the claimant's award which are to go to the representative as their fee for taking the case

a requirement that they provide explicit information on alternative methods of funding. Original Article: Ministry of Justice