



A tale of a broken phone and Phones4u

The opening shots have been fired in a multi-million pound dispute between the founder of Phones4u, John Caudwell, and Nathalie Dauriac-Stoebe, who he co-founded management fund Signia Wealth with.

Last summer, Ms Dauriac-Stoebe issued an employment tribunal claim alleging that she was constructively unfairly dismissed for blowing the whistle on a “sham transaction” that allegedly helped John Caudwell to avoid VAT. This claim was then stayed when Signia began a High Court action accusing Ms Dauriac-Stoebe of falsifying expenses worth £33,000, which Ms Dauriac-Stoebe claims was conjured up in order to seize £15 million of shares for a token £2.

Against the background of such a bitter dispute, last week the High Court had an initial hearing which highlighted an all too familiar issue in high value and hotly contested cases such as this – the case of a broken mobile phone. Ms Dauriac-Stoebe’s solicitors reportedly admitted that a key source of disposable documents, namely her mobile phone (which contained messages between Mrs Dauriac-Stoebe and Mr Caudwell), had been destroyed since litigation commenced. Ms Dauriac-Stoebe apparently claimed that her young daughter threw the phone out of a window, but her lawyers went on to say that, nevertheless, they had managed to recover much of its contents.

What this hearing emphasises is the need for parties who may become embroiled in litigation to take steps to preserve document sources as soon as it becomes clear that litigation may be in prospect, to avoid distracting and potentially damaging skirmishes further down the line if evidence gets destroyed, even if such destruction is purely accidental rather than deliberately done, to avoid disclosing potentially harmful documents. Although inconvenient, it may be worth spending the time early on getting forensic IT providers to take “images” of personal devices such as mobile phones to avoid anything being amended or lost.