



## Litigation funding taking off at last?

Third-party funding for litigation – i.e. a party accepting investment from others to fund legal costs in exchange for an additional payment if the funded party is successful – is going from strength to strength in the UK.

Last year, the 20 largest litigation funders committed £723m to claims in the UK (a 26% increase from 2015). The growth is not stopping, with several funders recently announcing new commitments to the UK market. The increased activity is likely due to a combination of greater familiarity with the practice, low investment returns elsewhere, and some recent positive judicial treatment of funding arrangements.

The funding arrangements are generally only open to claimants or defendants with a large counterclaim. For those parties, the attractions of litigation funding are easy to see. The key benefits are:

1. It allows a claimant to share the risk of pursuing a claim with another person, albeit at the cost of sharing some of the results if successful.
2. It allows a claimant company to remove some or all of the cost of funding litigation from the company balance sheet.
3. It allows a claimant to fund more litigation (i.e. multiple claims) than its budget would otherwise allow.

The expansion of funding availability means that an increasing number of claimants will be able to realise these benefits. While historically litigation funders have focussed on the highest value claims, we also expect that lower value claims will become more attractive as the market matures.

The growing scale and frequency of funding arrangements means that they are likely to be worthy of consideration for any new claim of sizeable value, and could provide a way for litigants to insulate themselves from one of the major disadvantages of modern litigation.