

ADDENDUM TO TERMS OF BUSINESS FOR SMALL CLAIMS MATTERS

You will have received our standard Terms of Business. We are sending you this Addendum because your matter has either been allocated to the small claims track or is likely to be allocated to it. The small claims track is designed for any claim that is less than £10,000 in value.

The main difference between the small claims track and other court tracks is that, in most circumstances, both parties have to bear their own legal costs irrespective of whether or not they are successful in the claim. The procedure is generally a lot less formal than the other tracks and the court rules are not always strictly enforced which means that it is much easier for parties to conduct their own litigation without necessarily needing the assistance of a lawyer.

Going to court can be daunting and the administrative work involved in completing court forms and drafting witness statements can be something of a nuisance which is why many businesses do choose to instruct us in small claims matters, despite the no costs rule. In order for clients to be able to budget for small claims matters, we are prepared to limit our charges in cases which are straightforward as follows:-

For claims and/or counterclaims up to the value of £4000

Our charges will be limited to a maximum of £850 plus VAT plus court fees and the Advocate's fee for attending the Trial hearing.

For claims and/or counterclaims valued from £4,001 to £7,000

Our charges will be limited to a maximum of £1,300 plus VAT plus court fees and the Advocate's fee for attending the Trial hearing.

For claims and/or counterclaims valued from £7,001 to £10,000

Our charges will be limited to a maximum of £2,000 plus VAT plus court fees and the Advocate's fee for attending the Trial hearing.

The Advocate's fee for attending the Trial will usually be in the region of £185–600 plus VAT for Trials that are listed by the Court for a hearing of less than 3 hours. If the Trial is listed for more than 3 hours then the Advocate's charges will exceed £400 but we will endeavour to negotiate the best rate we can and inform you of this.

Given the inability to recover costs from your opponent, you must decide whether it is cost effective to instruct us. As a rule of thumb, we do not recommend that you instruct us if your claim is worth less than £2,000, because even if you enjoy 100% success at trial, almost half of your debt will be lost in paying our account.

This service includes preparation of all necessary court documents, completing the Directions Questionnaire, drafting witness statements, all necessary correspondence with the court, correspondence/negotiations with your opponent, and an advocate to represent you at court. The court hearing fees vary from between £25 to £335,

depending upon the value of your claim, but please note that, unlike our charges, these court fees can be recovered from your opponent if you are successful at trial.

If your case is settled before the Trial hearing, we will charge proportionately depending on what stage the case was concluded. For example, if we are instructed to deal with a claim up to the value of £4,000 and we managed to settle the case half way through the proceedings, we will endeavour to charge half of our limited fee i.e. £425 plus VAT plus Court fees (half of our standard fee of £850 plus VAT for dealing with such claims).

Please note that this service does not include:-

- **The provision of detailed advice on your claim.**
- **The provision to deal with complex cases or if attendance at more than one court hearing is required.** It is only designed for straightforward matters that are resolved with only one hearing. If the matter is complex or results in more than one court hearing then the stated limit will be exceeded. As soon as it becomes clear to us that your case does not fit our 'straightforward' criteria, we will let you know and provide you with an estimate of additional costs so that you can make a decision as to whether to continue to instruct us. If you decide to stop instructing us then we will invoice you for the work carried out up until that time and forward the papers to you.
- **The costs of instructing an expert.** If your case requires an expert to be instructed then the costs of instructing the expert and the expert's fees are not included in this service. If it becomes apparent that an expert is required we will provide you with an estimate of additional costs so that you can make a decision as to whether to continue to instruct us. If you decide to stop instructing us then we will invoice you for the work carried out up until that time and forward the papers to you.

Margins are extremely tight and we therefore require payment of £1,000 on account immediately upon receipt of the file. You will receive a pro forma invoice for this sum and we would be very grateful if you could ensure that this sum is paid by return. We will also need you to provide us promptly with clear, detailed instructions when requested to do so in order for us to keep your case within the stated limit.

Finally, we indicated above that costs cannot be recovered from your opponent *in most circumstances*. There is provision under the court rules for the Judge to order costs against any party that has behaved unreasonably in the litigation. We will endeavour to ask the Judge to award costs in your favour in appropriate cases, but it is exceptional for a costs order to be made. What you or we consider unreasonable is often quite different from what a Judge considers unreasonable. Our advice to clients is that they should assume that no costs will be awarded and treat it as a windfall if a costs order is made. We would reiterate however that recovery of any award by the court will always be subject to the opponent's solvency.

If at anytime you have any queries to raise then please do not hesitate to contact us.