

BRINGING CERTAINTY TO YOUR CASH FLOW

Novitas Loans Ltd recently launched Costs Advance and Clinical Negligence Disbursement Schemes in response to new financing opportunities emerging within the legal sector. Charlotte Parkinson, Modern Law, spoke to Mark Hartigan (MH), Client Services Director of Just Costs Solicitors and Jason Reeve (JR), Managing Director of Novitas Loans Ltd, to find out more.



Mark Hartigan



Jason Reeve

Q What prompted the launch of the Schemes?

A JR: Having launched Novitas in early 2011 and having successfully assisted both Family and Probate law clients, we realised that there was very much a gap in the Personal Injury and Clinical Negligence market to provide cost effective financial solutions for solicitors within the sector.

MH: Just Costs ran a similar scheme to the Costs Advance 5 years ago which was very popular amongst our Claimant client-base but, due to the credit crunch, the sector saw many specialist funders withdraw from the marketplace. However, with the many changes introduced by LJ Jackson in April 2013, we felt that it was a good time to join forces with Novitas so that we could provide our clients with the certainty of cash flow in order to allow them to take their Practices forward in these challenging and uncertain times.

Q How do the Schemes work?

A MH: The Costs Advance Scheme enables law firms to draw down up to 70% of their likely recoverable costs once damages have been settled on their Personal Injury, Clinical Negligence and Industrial Disease cases. Operated online, the system works by Just Costs drafting

the Bill and then advising Novitas on what it considers to be a reasonably recoverable amount. Novitas will then make funds available to the Just Costs' law firm client to draw down on. Draw down takes place within just 48 hours. The loan is then repaid to Novitas once Just Costs has received funds from the defendant.

JR: The Clinical Negligence Disbursement Funding product recognises the issues that law firms face where significant working capital is tied up in cases. The facility is provided to the law firm to fund disbursements incurred by the firm on behalf of their client. There is no limit to the number of draw downs that can be made for a client and the loans are open ended to run alongside the cases. This facility is off balance sheet from the firm's perspective, as funding is repaid from the proceeds of the case without recourse to the firm's assets. The disbursement funding is also backed by an ATE policy so that, in the event the case is lost or discontinued, the funding is repaid by the policy proceeds.

Q What are the key benefits?

A JR: The big advantages of the Clinical Negligence Disbursement Funding product are: Off-balance sheet lending for the law firm; no requirement to service the loan; simple administration and fast payment; funding costs are met by insurance if the case is lost or discontinued and an open ended loan term.

MH: With respect to the Costs Advance Scheme the key benefits are: Improved cash flow; improved

third party relations; simple administration; fast payment (within 48 hours); flexibility (funding provided as a facility drawn down on a case by case basis); simple commercials (fixed admin fee per case, interest taken monthly) and no personal guarantees required.

Q Are there any lending limits?

A JR: There is a cap agreed on a client by client basis but as the relationship grows between Novitas and the law firm client, these will be extended.

Q How successful have the Schemes been to date?

A MH: In just 3 months and since the launch of the products, Novitas has now advanced over £1million to Just Costs personal injury solicitor clients and, in working together, we continue to add new clients to the Schemes on a daily basis.

JR: We are delighted by the rapid take up of the schemes and the amount advanced to date goes to show that there is definitely a need for these products within the market place.

Q Who do Law Firms need to contact to find out more?

A MH: In the first instance, please contact Amber Holt, National Client Relationship Manager of Just Costs on 0161 618 1784 or email: amberholt@justcosts.com