

Legal Costs and Who Pays Them

Understanding costs in small claims and fast-track cases

Small Claims (up to £10,000)

- Each side usually pays their own legal costs
- Loser may pay winner's expenses (e.g., court fees)
- Court can order costs if a party behaved unreasonably
- New rule (from 6 April 2023): Losing claimant may pay defendant's costs in personal injury cases if found to have lied or grossly exaggerated injuries

Fast-Track Claims (£10,000 - £25,000)

- Fixed Recoverable Costs (FRC) system applies
- Loser pays winner's costs, but amount is fixed
- Amount depends on case progress, value, complexity
- Litigants in person can claim up to 2/3 of fixed costs
- Exceptions: Cases involving children, mental capacity issues, pre-Oct 2023 personal injuries, housing claims

Fast-Track Claims before 1 Oct 2023

- Loser generally pays winner's legal costs
- Solicitor fees: Up to £546/hour (London), £278/hour (outside)
- Litigants in person can charge £19/hour for case preparation
- Higher rates possible with evidence of financial loss
- Litigant in person limit: 2/3 of solicitor's reasonable costs
- Prepare detailed statement of costs before trial

Personal Injury Claims (pre-1 Oct 2023)

- Qualified One-Way Costs Shifting (QOCS) applies
- Winning claimant gets fixed costs if started via Claims Portal
- Losing claimant usually protected from paying defendant's costs
- Exceptions: Fundamental dishonesty, struck out claims
- Changes from 6 April 2023: Defendant can request costs order against claimant's winnings, including settlements

Expenses (Disbursements)

- Include: Court fees, experts' fees, photocopying, postage
- Court considers if expense was:
 - Actually paid
 - Reasonable to pay
 - Reasonable amount
- Keep detailed records and receipts
- Can usually claim back reasonable expenses if you win

Tips for Managing Costs

- Plan how to use solicitor's time effectively
- Consider fixed fees for specific tasks
- Keep detailed records of expenses and time spent
- Prepare cost statements well before trial
- Be aware of potential costs if you lose
- Consider settlement offers carefully
- Remember to ask for costs if you win at trial

