

Commission Claims

Do you pay commission?

There is a growing number of claims being pursued by customers against the payers of commission relating to alleged undisclosed commission paid to brokers/agents/introducers. If the customer was not aware that commission would be paid at all, such payments may be classed as 'secret commission'. If the customer was aware that commission may be payable but not of the amounts, such payments may be classed as 'half secret commission'. In both circumstances the payer of the commission may face claims from the customer.

Customers may have the right to rescind their contract with you and be put back to their pre-contract state. They may also have a right to damages and/or to repayment of the commission.

Claims management companies are actively marketing their services in pursuing these 'secret' or 'half-secret' commission claims on a no-win-no-fee basis, in particular in the finance and energy sectors. We expect these claims to become increasingly prevalent.

It's important to be ahead of the curve and take action now to (i) review your standard terms and conditions to minimise risk of future claims; and (ii) be prepared to deal with any claims robustly.

We pay commission. What should we do?

Be pro-active. Review your (and the broker's/agent's/introducer's) documents with your solicitors now. Is the fact that commission may be payable disclosed? If so, how clearly? Risk levels vary on a case by case basis. You will be in a better position to assess risk pre-emptively and without the pressure of responding to a threatened claim.

A commission claim contract health check at this stage may prevent future issues.

We have received a letter of claim relating to our commission payments. What should we do?

Involve solicitors from the outset. Your solicitors will assess the facts, analyse the legal position and advise you on strategy, including the options available to defend the claim.

How we can help

Our commercial dispute resolution lawyers are experts in handling all manner of disputes and regularly act for businesses in considering their risk profile and managing this type of claim. We are helping several clients to handle an increasing number of commission claims, and proactively change internal processes in order to minimise future risk.

Customer & Broker/Agent/Introducer Agreements - Health Check



We carry out health check reviews of existing contracts and consider the extent to which commission has been disclosed, helping businesses 'future-proof' against these claims.

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1

We will guide you through the process, defend your position and work with you to minimise future risks.

2

We have processes in place to manage claims and conduct reviews in a cost effective and efficient manner. We review the potential risks and advise on your options.

3

We help businesses defend claims by working with you to achieve an appropriate resolution.

Please contact one of the team below for advice or assistance.



Gwendoline Davies, Partner

Commercial Dispute Resolution

0113 283 2517 / 0776 469 2321
gwendoline.davies@walkermorris.co.uk



Claire Acklam, Director

Commercial Dispute Resolution

0113 399 1883 / 0782 728 3243
claire.acklam@walkermorris.co.uk



Nick McQueen, Partner

Commercial Dispute Resolution

0113 283 4426 / 0739 213 0513
nick.mcqueen@walkermorris.co.uk



Rebecca Jackson, Senior Associate

Commercial Dispute Resolution

0113 399 1897 / 0778 783 2973
rebecca.jackson@walkermorris.co.uk