

## **BANNING INDUCEMENTS TO ISSUE PERSONAL INJURY CLAIMS**

### **Introduction and current position**

1. In addition to the provisions addressing fundamentally dishonest claims, the Government is also concerned that some law firms are helping to encourage exaggerated or fraudulent personal injury claims by offering inducements to potential claimants. There is evidence that a number of lawyers offer money or gifts to those who issue a personal injury claim, regardless of the strength of the claim. For example –

*“If you bring a successful claim to X Solicitors you will be eligible for a free ipad”*

*“On acceptance of your case we will pay you an upfront ‘welcome’ payment. This payment is on top of your eventual compensation payment”*

2. This can encourage weak claims to be made which can in turn waste time and money. The Government is concerned about the impact such claims could have on motor insurance premiums.
3. The Government therefore believes that solicitors and other legal services providers should be banned from offering such inducements. Claims Management Companies are already subject to a similar ban.

### **What are the proposed changes?**

4. Provisions in part 3 of this Bill will therefore prohibit legal services providers from offering benefits to potential clients as an incentive to make a personal injury claim. The clauses will:
  - define what is considered to be an inducement;
  - prohibit the routing of an offer of an inducement through a third party; and
  - require regulators to monitor and enforce the ban on solicitors and other legal services providers (as breaches of the ban will not be considered as a criminal offence).