

## **LITIGATION COSTS GUIDANCE**

Legal costs can be complex and vary depending on the matter, but this section outlines the typical principles that will apply during your engagement with a law firm.

This Guidance is not intended to be relied upon as specific legal advice relevant to the circumstances of your particular case. If you require advice on costs specific to your instructions or case, please contact the advocate who is dealing with your case.

### **A. Charging Basis and Hourly Rates**

1. Most legal work is charged on a time-spent basis, calculated in minimum units of six minutes. Hourly rates vary by professional seniority and the complexity and value of the case and may be revised periodically.
2. Where agreed, fixed or capped fees may apply. These are subject to scope and complexity and may be revised for unforeseen changes or delays.

### **B. Estimates and Budgets**

3. Unless otherwise agreed, firms are not obliged to provide a binding estimate.
4. Owing to the nature of litigation matters where progression of your instructions to a conclusion depends upon the engagement and acts of a counter-party, we are unable to provide you with an estimate of costs to conclude this matter
5. However:
  - You may request a non-binding estimate for specific tasks capable of being progressed between advocate and client
  - You can set a budget limit beyond which the firm should not proceed without further instruction
  - Fixed fees are often contingent on upfront payment
6. All clients have the right to seek assessment of fees in accordance with section 23 of the Advocates Act 1995. Assessment will be on the basis of fee rates set out in any applicable Letter of Engagement which will oust any fee rates prescribed by regulations.
7. If you require an estimate for completion of any particular element of your instructions which is capable of being progressed between advocate and client, we will provide you with the same.

**LITIGATION COSTS GUIDANCE****C. Disbursements**

8. Disbursements (e.g., court fees, filing fees, expert reports, counsel) are additional to time costs and generally recharged to clients.

**D. VAT**

9. VAT is charged where applicable on both fees and disbursements.

**E. Payment Terms and Interest on Overdue Invoices**

10. Invoices are typically issued monthly or at milestones and are payable within 30 days.
11. Interest on late payments may accrue.
12. Failure to pay may result in:
  - Suspension of services
  - Lien on your documents
  - Termination of the retainer

**F. Costs Recovery in Litigation**

13. Even if successful in your litigation and having the benefit of a costs award, you may not recover all of your legal costs from the opponent. Recovery typically falls within 50–75% of your actual costs under a standard costs order.
14. Indemnity costs order may allow a higher recovery, but it is less common.
15. Recovery is only meaningful if the other party has the means to pay. If the opponent is legally aided or bankrupt, recovery may be minimal or nil.
16. You remain responsible for your own legal costs incurred with Innova Law at all times. Where some or all of our costs are recoverable from or payable by a third party, it remains a term of our retainer with you that you are primarily responsible for payment of our costs, including where there is an Order to that effect.

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### **G. Adverse Costs Risk**

17. If you lose your case (or an aspect of it), you may be ordered to pay the opponent's costs. These could equal or exceed your own costs, particularly if the case was strongly contested.
18. See paragraphs 13 and 14 above as to your likely liability in relation to the other side's costs if they succeed.

### **H. Legal Expenses Insurance**

19. If your matter is funded by a legal expenses insurer, the insurer may cover your legal fees subject to the policy conditions.
20. However:
  - You remain the firm's client and are ultimately responsible for fees
  - Funding may be withdrawn if:
    - Prospects of success fall below 50%.
    - Your instructions conflict with legal advice
    - You breach policy terms.
21. Where funding ceases, you must fund the case privately or instruct alternative representation.

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