

The Consumer Voice in Europe

Justice unchained

BEUC's view on third party litigation funding for collective redress



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Why it matters to consumers

When consumers are harmed by mass wrongdoing, consumer organisations can bring collective redress claims to court, especially since the adoption of EU Directive 2020/1828. Yet such actions are very often too costly. Since public funding options remain limited, third party litigation funding (TPLF) has emerged as an alternative. Ongoing discussions asking for stricter European TPLF rules could significantly limit funding availability, leaving many consumers without compensation.

Summary

- **To secure justice for consumers, robust funding mechanisms are essential.** Consumer organisations across Europe face significant financial barriers when pursuing collective redress actions¹. Without sufficient funding, important cases will remain unaddressed and risk making the Representative Actions Directive (RAD)² an empty shell.
- **Third party litigation funding (TPLF) has emerged as a solution to bridge a funding gap.** While various funding options may exist for collective redress, each comes with its own set of advantages and limitations. Public funding, membership fees and donations are often insufficient or unavailable.
- **TPLF provides substantial benefits to claimant organisations.** TPLF involves an independent third party providing financial support to a claim in exchange for a share of the settlement or award, but only if the case is successful. Funders cover the costs if the case fails. Benefits for the claimant include access to necessary resources, risk transfer, and more equal playing field between consumer organisations and powerful defendants.
- **Assessment of TPLF needs to be evidenced by specific cases.** Frequent criticism about TPLF – e.g. the risk of frivolous litigation, undue influence by funders, or targeting competitors – are today not well-substantiated and insufficiently evidenced by specific cases.
- **The potential risks related to TPLF for collective redress are already addressed by the RAD,** which includes requirements to establish a framework to mitigate such risks, including procedures to prevent conflicts of interest and undue influence, with judicial oversight to ensure compliance. Yet to be correctly transposed in several EU Member States, the primary focus should be on ensuring a full implementation of these safeguards in line with the RAD.

¹ In this position paper, the term “collective action” refers to a claim brought by a consumer organisation on behalf of a group of consumers who have been affected by the same or similar harm (similar to the term “representative action” as used in the RAD), while “collective redress” refers to the legal mechanism that enables a group of consumers to seek compensation for harm caused by the same entity, through a collective action. Therefore, “collective redress action” refers to a legal compensatory claim brought by a consumer organisation on behalf of a group of consumers.

² Directive (EU) 2020/1828 of the European Parliament and of the Council of 25 November 2020 on representative actions for the protection of the collective interests of consumers and repealing Directive 2009/22/EC <http://data.europa.eu/eli/dir/2020/1828/oj>

- **Additional regulation of TPLF at EU level should be considered only if it is necessary.** National transpositions of the RAD show that two-thirds of EU Member States have opted not to regulate TPLF beyond the RAD's requirements, finding these safeguards sufficient to govern TPLF effectively for collective redress actions. Besides, TPLF can be managed through judicial oversight, as is the case in several Member States with a longer history of using TPLF.

- A set of best practices jointly established and agreed upon by the concerned stakeholders (funders, claimants organisations and others), may provide for a balanced solution, ensuring TPLF remains viable while promoting fairness and transparency. Such best practices should encompass:
 - Transparency of the funder's sources of capital.
 - Full decision-making autonomy of the consumer organisation and its legal counsel.
 - Clear agreements on all expenses covered by the funder.
 - Clearly defined funder's remuneration.
 - Assurance of the funder's financial adequacy to meet obligations.
 - Strict compliance with transparency requirements set by the law.
 - Effective detection and disclosure of any conflicts of interest.
 - Well-defined conditions for the funding termination.
 - A robust dispute resolution mechanism.

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1. Financial barriers to consumer justice

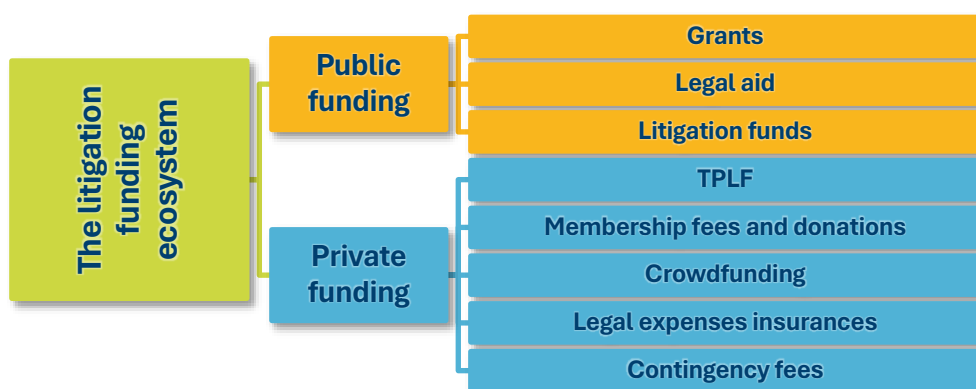
Consumer organisations across Europe face significant financial challenges when starting collective redress actions. Initiating a collective action is complex, risky, and expensive, often involving lengthy proceedings that require significant resources.³ Costs can easily escalate into millions of euros. They may include evidence-gathering, legal and potentially technical analyses⁴ and/or expert opinions, court fees and other legal representation costs.⁵ At the same time, claimant organisations need to undertake fully-fledged communication campaigns, reaching out to consumers and the media, and regularly update the consumers they are representing. For instance, in the collective redress action against Volkswagen, Italian consumer organisation Altroconsumo spent more than 150,000 euros just to inform consumers about the case and to invite them to register.⁶

With their financial support largely dependent on membership fees, donations, and occasional grants, consumer organisations are frequently under-resourced and often find themselves without the means to sustain such large-scale legal battles.

This financial burden creates a significant imbalance, making it difficult for consumer organisations to take on powerful, well-funded corporations. It is imperative to establish robust funding mechanisms that can support collective redress. Without these, consumer organisations are unable to fulfil their critical role as qualified entities under the RAD, leading to a significant gap in the enforcement of consumer rights.

2. What are the funding options for collective redress?

It is crucial to explore all potential funding options to ensure consumer groups can effectively pursue collective redress. This is also pivotal to ensure that consumers can - through consumer organisations - enjoy their right to an effective judicial remedy as enshrined in Art. 47 of the EU Charter on Fundamental Rights. Below, we examine the various public and private funding options, considering their respective advantages and limitations.



³ In the Volkswagen Dieselgate case, BEUC's Spanish member OCU and Belgian member Testachats/Testaankoop initiated collective redress actions in 2016. By 2024, both cases remain unresolved: in Belgium, it is still in the court of first instance, and in Spain, an objection over territorial competence led to the case being 'restarted' in another court.

⁴ In the Netherlands, fees for drafting the summons alone are estimated at €150,000 to €500,000 (here).

⁵ In the Netherlands, total costs of a collective redress action can exceed €5 million (based on interviews with key stakeholders). See Kramer, Xandra E., Ianika N. Tzankova, Jos Hoevenaars, and C.J.M. van Doorn. Financing Collective Actions in the Netherlands: Towards a Litigation Fund? Eleven International Publishing, 2024, p. 103.

⁶ This was mainly because the judge required Altroconsumo to publish notices about the action in several printed magazines. Such notices were much more expensive than commercial advertising and had to be repeated several times (see BEUC, Financing collective redress, June 2022, www.beuc.eu/sites/default/files/publications/BEUC-X-2022-087_Costs_and_financing_of_collective_redress.pdf).

2.1. Public funding

Public funding - provided through government grants, public legal aid, and public litigation funds - can play a crucial role in supporting consumer organisations in their collective redress efforts. There are different types.

Public grants offer reliable financial support to consumer organisations, enhancing their credibility and their role to defend the public interest. A key advantage is that grants do not require repayment. However, they are often limited and can be subject to political changes that may disrupt continuity. Applying for and managing grants is also resource intensive. In practice, the availability of grants varies significantly across EU Member States, with some having robust frameworks and others leaving consumer organisations without any financial support.

Public legal aid provides financial resources and legal expertise from the State, without the need for repayment. However, it is scarcely available for mass harm consumer cases, as most EU Member States' legal aid systems focus on supporting criminal cases, rather than civil claims,⁷ and are not designed to finance collective actions.⁸ As austerity measures continue across the EU, the prospect for expanding legal aid to cover collective redress remains unlikely.

Public litigation funds exist in Australia, Canada, Chile, and Israel.⁹ They pool resources from public contributions, donations, unclaimed settlements, and public enforcement fines to finance collective actions or educational consumer campaigns. Some receive initial State support but become self-sustaining by collecting a portion of compensation from successful claims (a “revolving” fund).¹⁰ These funds fill gaps in access to justice by financing cases that cannot secure other funding. However, although such funds have been discussed in some European countries, such as the Netherlands,¹¹ they are unfortunately still not available in the EU.¹²

While public funding is beneficial for consumer organisations, it is often insufficient or unavailable in times of austerity. To ensure that consumer organisations can effectively pursue collective redress, public funding must be complemented by private financial mechanisms.

⁷ European Law Institute (ELI) Principles Governing the Third Party Funding of Litigation, August 2024, p. 19, https://www.europeanlawinstitute.eu/fileadmin/user_upload/p_eli/Publications/ELI_Principles_Governing_the_Third_Party_Funding_of_Litigation.pdf.

⁸ Kramer et al. 2024, p. 41

⁹ BEUC, *Financing collective redress*, June 2022, www.beuc.eu/sites/default/files/publications/BEUC-X-2022-087_Costs_and_financing_of_collective_redress.pdf. See also, *Funding of Collective Redress: Financing Options in the EU and Beyond. Feasibility Study of Public Third-Party Funding of Collective Redress Actions and Recommendation on Existing Funding Options*. September 2022. www.beuc.eu/sites/default/files/publications/BEUC-X-2022-116_Funding_of_collective_redress.pdf.

¹⁰ See for more details on the existing and possible models of financing of the litigation funds Kramer et al. 2024, p. 111., Chapters 5 and 6, from p. 131.

¹¹ In the Netherlands, a 2023 study commissioned by the Ministry of Justice, concluded that it is premature to establish a litigation fund for collective actions (finding are accessible here: <https://repository.wodc.nl/bitstream/handle/20.500.12832/3294/3279-nut-noodzaak-vormgeving-kosten-processenfonds-collectieve-acties-summary.pdf?sequence=3&isAllowed=y>).

¹² In Portugal, the Fund for the Promotion of Consumer Rights supports projects aimed at promoting consumer rights. During the RAD transposition negotiations, there was discussion about partially financing the Fund through unclaimed collective redress actions awards and expanding its scope to include funding for collective actions, but this was not incorporated in the final text.

2.2. Private funding

With **Third Party Litigation Funding (TPLF)**, an independent third party unconnected to the dispute provides financial support. This typically covers all or most legal costs associated with a case. In return, the funder receives a share of any settlement or award, but only if the litigation is successful. If the case is unsuccessful, the funded party has no obligation to repay the invested funds, allowing consumer organisations to pursue justice without the risk of debt.

Evidence shows TPLF positively impacts collective litigation in Europe. For example, all collective redress actions filed thus far in the Netherlands have received TPLF support.¹³ Similar trends are observed in the UK¹⁴ and Austria, where several collective redress actions would not have been possible without litigation funding.

Membership fees and donations are important funding sources for consumer organisations but are often insufficient to finance collective redress actions. These funds are unpredictable and can fluctuate, complicating long-term planning and leaving consumer organisations financially vulnerable, limiting their ability to pursue justice effectively if relied upon as the sole funding source.

Crowdfunding has emerged as an innovative way to fund various initiatives, including legal actions.¹⁵ Through online platforms, consumer organisations can raise small amounts of money from many contributors. Although crowdfunding does not require repayment and can quickly generate funds, its effectiveness for collective redress remains variable. Campaigns succeed mainly when they capture significant public interest, meaning lower-profile cases may struggle to secure enough backing. Moreover, organisations may also be reluctant to publish details about the action they intend to launch through crowdfunding. Ultimately, the modest sums typically raised make it unreliable as a primary collective redress funding source. Nevertheless, crowdfunding can play a valuable role in financing cases overlooked by traditional litigation funders, particularly those deemed too risky or lacking sufficient financial returns. Thus, crowdfunding should be seen as a secondary funding tool.

Litigation loans from financial institutions provide consumer organisations with immediate access to funds for collective redress. However, these loans must be repaid regardless of the outcome, meaning that even if a claim fails, the debt remains. High interest rates further increase the financial burden making litigation loans a less viable option, as they can lead to substantial debt even when a claim is successful but results in insufficient compensation.

Legal expenses insurance helps mitigate litigation risks and comes in two forms: before-the-event (BTE) and after-the-event (ATE) insurance. BTE covers potential future litigation costs but is impractical for consumer organisations as it does not cover collective claims. ATE, taken out after dispute arises, covers ongoing or impending legal action costs but has drawbacks such as high premiums, exclusions like lawyer's fees, and capped coverage amounts. Therefore, it is usually used alongside other funding sources. ATE insurance is mainly available in Ireland and the UK, with very limited presence elsewhere in Europe.

Conditional/contingency fee arrangements allow lawyers to be paid only if the case succeeds, either through a success fee or a share of the settlement. This shifts the financial risk onto the lawyer, making it appealing for consumer organisations. However, lawyers may prefer high-value, low-risk cases with a high likelihood of success, leading to cherry-picking. The financial demands of lengthy, complex cases

¹³ Kramer et al. 2024, p. 51

¹⁴ Mulheron, Rachael. Review of Litigation Funding in England and Wales: A Legal Literature and Empirical Study. A Report for Submission to the Legal Services Board. March 28, 2024. p. 24

¹⁵ Dedicated platforms have recently been set up for this purpose (e.g. CrowdJustice and others).

may also exceed the resources of many law firms, limiting the feasibility of such arrangements. Additionally, fee structures can create conflicts of interest, as the lawyer's incentives may not fully align with the client's best interests. Most EU Member States prohibit such arrangements following the European Commission's 2013 recommendation.¹⁶ In short, while conditional/contingency fees offer advantages, they are not a widely available or reliable funding option for EU consumer organisations.

Alternative funding sources for collective redress are still often unviable or insufficient, prompting consumer organisation to depend on TPLF as an extra funding mechanism for collective claims.

3. TPLF for collective redress: opportunities and challenges

3.1. The upsides of TPLF

TPLF can help consumer organisations to pursue collective redress, empowering them to seek justice on behalf of consumers.

Key benefits are:

- **Levelling the playing field:** If a consumer group gets its case financed by a private funder, the defendant corporation is aware they are against a financially strong opponent.
- **Risk transfer:** If a case is unsuccessful, the funder covers the costs, allowing consumer organisations to take on cases they might otherwise avoid. They no longer fear of incurring crippling financial liabilities.
- **Deterrence of corporate misconduct:** Companies are more likely to comply with laws when they know consumer organisations have the means to bring well-supported claims against them.

3.2. The perceived downsides of TPLF

Concerns raised by critics appear insufficiently evidenced by specific cases, as shown by various independent academic studies.¹⁷

The first common concern about TPLF is that it may reduce consumer compensation since a portion of the award is allocated to the funder. It goes without saying that consumer organisations would always prefer funding structures allowing consumers to receive full compensation for the harm suffered or the highest possible compensation settlement. Yet without TPLF, many of these meritorious claims would not have been pursued in the first place. In cases where no other funding alternatives exist, **TPLF effectively increases consumer compensation from nothing to a significant portion of the awarded amount.** One option to give consumers full compensation would be to let courts order the losing defendant to cover the funder's remuneration, along with the costs of proceedings, as part of the normal costs recovery under the 'loser pays' principle.

¹⁶ See European Commission (2013) 'Commission Recommendation of 11 June 2013 on Common Principles for Injunctive and Compensatory Collective Redress Mechanisms in the Member States Concerning Violations of Rights Granted under Union Law', at para. 30. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013H0396>.

¹⁷ See, for example, Cordina, Adrian. "Is It All That Fishy? A Critical Review of the Concerns Surrounding Third Party Litigation Funding in Europe." *Erasmus Law Review* 14, no. 4 (2021): 279.

Another frequent criticism is that TPLF would lead to an increase in frivolous or abusive litigation. However, **consumer organisations would disagree to receive funding for or bring forward meritless claims**, as this would entail numerous risks for them, including significant reputational damage. Moreover, since funders only profit if the case is successful and lose their investment if it fails, they do not support meritless cases. Evidence from the Netherlands **shows no increase in meritless collective claims after TPLF's introduction**,¹⁸ and no evidence of abusive practices has been documented in any EU Member State.

Another concern regards the risks of conflicts of interest between the funder and other parties involved in the litigation. However, **the risk of conflicts of interest can be mitigated through disclosure and judicial oversight**. Transparency ensures clarity about the funder's role and motivations, including whether they have a competitive interest against the defendant.

There is another concern that funders' interests might not fully align with consumer organisations. Fears revolve around the funder's undue influence on procedural decisions, such as pressure for quicker, lower settlements to expedite return on investment. However, **legal professionals' ethical obligations push them to resist undue funder influence** and to act in their clients' best interests.

The last type of concern is that **TPLF leaves certain cases unfunded**, particularly those that do not promise high financial returns. TPLF primarily funds high-value claims with a high probability of success, leaving other meritorious mass harm cases without support - such as those seeking declaratory or non-financial relief, human rights cases, claims with small groups of victims, or cases against defendants with limited financial resources.¹⁹

While TPLF improves access to justice by funding *some* meritorious claims, it fails to support all deserving cases. Therefore, TPLF should not be the only financing option for collective claims. Member States must ensure that adequate public and/or private funding sources are available to support all meritorious collective actions.

4. Existing rules and initiatives regulating TPLF

4.1. At the EU level

Both European and national legislators have already set several safeguards to address potential risks associated with TPLF and to protect consumer organisations entering TPLF arrangements. The EU has implemented a framework regulating TPLF for collective actions within the RAD.

4.1.1. EU Directive 2020/1828 (the "Representative Actions Directive")

The EU Directive 2020/1828 on representative actions for the protection of the collective interests of consumers was adopted and entered into force at the end of 2020. Member States were to transpose the RAD into national law by December 2022 and apply the rules from June 2023. To date, five Member States have not yet done so.²⁰

¹⁸ See, for example, Cordina, "Is It All That Fishy?" 279.

¹⁹ Kramer et al. 2024, p. 111.

²⁰ BEUC paper "Collective redress two years on", November 2024, https://www.beuc.eu/sites/default/files/publications/BEUC-X-2024-084_Collective_Redress_Two_years_on.pdf

The RAD aims to ensure that each Member State has a collective redress mechanism that complies with several procedural requirements. This includes rules on the funding of collective actions, including TPLF. In particular, the RAD allows Member States to prohibit TPLF, stressing that it can be used only if permitted by national law.²¹

How the RAD covers TPLF risks:

Independence and prevention of undue influence

The RAD requires qualified entities to remain independent and free from influence by persons other than consumers, especially traders with an economic interest in the action, including in the event of TPLF. This includes having procedures to prevent undue influence. Decisions, including on settlements, must not be influenced by third parties that would harm the collective interests of the consumers concerned.

Prevention of conflicts of interest

Qualified entities must have procedures preventing conflicts of interest between themselves, funders and consumers. Representative actions should not be brought against a defendant who is a competitor of the funder or on whom the funder is dependent. Member States must ensure conflicts of interest in third party-funded representative actions are prevented and such funding does not divert the action from protecting consumers' collective interests.

Transparency requirements

Qualified entities must publicly disclose their funding sources, organisational structure, management, membership, statutory purpose, and activities. Qualified entities must also disclose to courts or administrative authorities a financial overview of sources of funding the representative action.

Judicial oversight

Courts or authorities have the power to assess conflicts of interest or undue influence, including whether the action is brought against a competitor or a dependent. They can take appropriate measures, such as requiring changes to funding arrangements or rejecting the qualified entity's legal standing. Specific redress actions could be declared inadmissible.

The RAD already provides a framework to mitigate risks associated with TPLF, preventing conflicts of interest, undue third party influence, and ensuring judicial oversight to enforce compliance.

4.1.2. The European Parliament recommendations

In September 2022, the European Parliament adopted a resolution calling on the Commission to propose legislation regulating TPLF.²² The Parliament also provided specific recommendations to the content of the requested proposal, including provisions on broad regulatory powers of independent national supervisory authorities, authorisation system for funders, stringent requirements for funders to maintain sufficient financial resources at all times to cover all potential liabilities, prohibition of unilateral funding termination, and capping funders' share of award.

²¹ See Article 10.1 of the RAD: "*insofar as allowed in accordance with national law*". In two Member States - Greece and Ireland - TPLF is prohibited.

²² European Parliament resolution of 13 September 2022 with recommendations to the Commission on Responsible private funding of litigation (2020/2130(INL)) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022IP0308>.

However, at the moment, there is no need to add further EU rules regulating TPLF to the existing regulatory framework established by the RAD. In line with the principle of proportionality, new EU rules should be added only if they are strictly necessary to address the issue at stake. As the RAD already applies and provides rules to regulate TPLF in collective redress, and there is no evidence of abuses in the European TPLF market, introducing additional EU rules would be premature and unjustified.

Moreover, the specific measures recommended by the European Parliament may disproportionately disadvantage consumer organisations often relying on TPLF to bring collective redress actions. Overly restrictive measures risk deterring funders from taking on riskier consumer cases and to select them more conservatively, reducing the availability of funds for consumer organisations. Besides, the recommended regulations are likely to increase operational costs for funders, who would likely pass the burden onto consumer organisations and consumers by raising fees. Furthermore, such measures could disproportionately affect smaller niche funders specialising in certain types of consumer claims, excluding them from the market.

4.2. At national level

The RAD provides a comprehensive framework for regulating TPLF in collective actions. It also grants Member States considerable discretion in implementing it, considering their unique legal traditions, economic landscape, and social context.

Two-thirds of Member States²² have decided not to regulate TPLF beyond the safeguards provided by the RAD, deeming them sufficient.²³ However, some Member States have enhanced the RAD safeguards with additional provisions, such as requirements regarding funders remuneration (e.g. Germany),²⁴ financial adequacy and transparency, while two Member States – Greece and Ireland – used their discretion to prohibit TPLF altogether.

The way Member States have approached the implementation of the RAD is often influenced by their experiences with TPLF. Some Member States have long integrated TPLF into their legal systems, and continue to support it after transposing the RAD. For example, Austrian courts have been consistently endorsing its use for collective actions for decades, though it was unregulated before the RAD came in.²⁵ The Netherlands has addressed TPLF through a combination of legislation and the Claim Code - a self-regulatory instrument used by Dutch judges as a reference to assess TPLF relationships. In the United Kingdom, TPLF is well established with a substantial body of case law affirming its legitimacy. Despite more than two decades of use, the UK's TPLF system remains largely self-regulated.²⁶

In several Member States with a longer history of TPLF, national courts have upheld its admissibility, while these countries deemed additional TPLF legislation unnecessary. This indicates that national courts can effectively manage TPLF-related issues without detailed regulatory framework.

²³ Austria, Belgium, Bulgaria*, Croatia, Cyprus, Denmark, Finland, France*, Hungary, Italy, Latvia, Lithuania, Luxembourg*, Malta, Netherlands, Romania, Slovakia, Spain* (in countries indicated with * at the moment of writing the law transposing the RAD has not been adopted in its final version, so the above statements are made based on the text of the draft available at the time).

²⁴ In Germany, funders remuneration is capped at 10% of the total award, while in Estonia and Poland it is capped at 30%. In Portugal and Slovenia, the laws require funders remuneration to be fair and proportionate.

²⁵ For example, in a 2013 case brought by BEUC member VKI (*Verein für Konsumenteninformation*), the Austrian Supreme Court explicitly confirmed the legality of TPLF in collective actions (OGH, 27.02.2013, 6 Ob 224/12b) https://www.ris.bka.gv.at/Dokument.wxe?Abfrage=Justiz&Dokumentnummer=JIT_20130227_OGH0002_00600B00224_12B0000_000&Suchworte=RS0016431.

²⁶ The Code of Conduct of the Association of Litigation Funders (ALF): <https://associationoflitigationfunders.com/code-of-conduct/documents/>.

5. Best practices in TPLF: the consumer perspective

Given that collective redress and TPLF are relatively new in several Member States, it may be beneficial for stakeholders, including the judiciary, to have a reference framework for TPLF agreements. Below are the best practices that consumer organisations consider essential for TPLF arrangements and expect every third party funder they cooperate with to strictly adhere to. The following should be proactively disclosed and ensured by funders to claimant organisations:

- 1. Transparency of funding sources:** It is crucial for consumer organisations to have the third party funder's sources of capital clearly identified. This transparency ensures that the consumer organisation is fully informed about the origins of the financial support, allowing for a thorough assessment of potential risks or conflicts of interest associated with the funder's other engagements.
- 2. Full autonomy of the consumer organisation and its legal counsel:** The consumer organisation and its counsel must retain the ultimate decision-making authority throughout the litigation. Additionally, the final decision on selecting legal counsel or other service providers for the action should rest solely with the consumer organisation. Preserving this autonomy ensures that those representing consumers are not unduly influenced by the funder, maintaining the integrity of the legal process.
- 3. Clear agreement on expenses:** There must be an unequivocal understanding of which expenses the funder will cover and which will fall to the consumer organisation. This includes clearly stated terms on whether the funder will support all stages of litigation or only specific phases. Any circumstances under which the funder may withhold payment should also be explicitly outlined. This clarity prevents misunderstandings and helps the consumer organisation manage its financial commitments effectively.
- 4. Clearly defined funder's remuneration:** The funder's remuneration should be clearly defined and reasonable, ensuring they do not unduly reduce the compensation available to consumers. Transparent fee structures are essential for maintaining trust and achieving the primary goal of consumer redress.
- 5. Financial adequacy:** The funder must maintain adequate financial resources to meet its obligations and liabilities related to the funded claims. This ensures consistent financial support throughout the litigation, preventing disruptions that could jeopardize the consumer organisation's pursuit of justice.
- 6. Compliance with transparency requirements:** The funder must fully adhere to all transparency requirements set by relevant EU and national legislation, ensuring strict compliance.
- 7. Detection and disclosure of conflicts of interest:** The funder should implement robust procedures to detect and disclose any potential conflict of interest. Properly managing these conflicts preserves the integrity of the litigation process and protects consumers' interests.
- 8. Clear conditions for funding termination:** The funding agreement should specify the conditions under which the funding relationship may be terminated. Defining these conditions in advance helps manage expectations and provides a structured approach for addressing any issue that may arise during the litigation.

- 9. Dispute resolution mechanism:** The funding agreement should include a clause outlining a method for resolving any disagreement between the funder and the consumer organisation. This ensures that disputes are resolved efficiently and fairly, minimizing potential disruptions.

BEUC would support the establishment of a set of best practices jointly agreed upon by the concerned stakeholders (funders, claimants organisations and others), which would include at least the key principles listed above. Such a jointly developed, harmonised framework may provide a balanced solution, ensuring that TPLF remains viable while promoting fairness and transparency.



Also on the topic:

BEUC, [Factsheet: financing collective redress, June 2022](#)

BEUC, [Financing options in the EU and beyond, September 2022](#)

BEUC, [Collective redress two years on, November 2024](#)