



blyth VALLEY briefing

nightmare jobs and clients from hell limiting your risk, not your business

The job's been a nightmare from start to finish.
Then, when you reach the end, the client refuses to pay.
How can we help?

"Your PI policy recognises that it's in everyone's interests to avoid litigation if at all possible"

Everyone experiences, at some time, the 'client from hell'. The client who is never satisfied, demands priority for their job, and imposes impossible deadlines. One small thing after another goes wrong, then, at the end of the project, the client refuses to pay.

They don't sue you, but it's quite clear that if you try to claim your outstanding fees they'll counterclaim against you. The one thing you know is that your client can afford far more expensive lawyers than you can.

Thankfully, your Professional Indemnity policy can help. The policy recognises that it's in everyone's interest to avoid litigation if at all possible.

In order to claim on your policy, you need to satisfy the claims underwriter that, on balance, your client was justified in refusing to pay you, and that, if the case did go to court, your client would probably win.

You should therefore go ahead and sue the client for your outstanding fees. If your client then counterclaims against you, the counterclaim effectively triggers the policy.

(If your client is just simply trying to avoid paying, you will hopefully recover the debt through the courts, but be aware that debt recovery is not a feature of this policy.)

At this stage we'd discuss the best strategy with you and with the claims underwriter. Quite often we find that the client is open to negotiation, which can take the heat out of the situation. If the negotiations go well, you might be better off accepting an agreed payment from your client, rather than incurring the excess on your policy.

If a negotiated settlement is not possible, however, then you will be covered for your fees, less your profit element and VAT, plus any amounts you may be legally liable to pay sub-contractors.

You can get in touch with Blyth Valley really easily:

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We'd love to hear from you.

This information is not intended to constitute advice or a complete statement of relevant law