



Compensation Fund **Operating Framework**

Contributions

1. As a condition of being authorised by the **CLC**, a body must make a contribution to the **CLC Compensation Fund** at such time and of such an amount as determined by the **CLC**. The **CLC** may require a body to make a further contribution towards the Fund at any time.
2. In its absolute discretion the **CLC** may agree that a contribution to the Fund is paid by instalments which become immediately payable on the date specified by the **CLC**. If any instalment is not paid by the due date the balance of contributions the body owes will be recoverable as a debt owed to the **CLC**.

Purpose of the Fund

3. The **CLC** shall place the money constituting the Fund in a **separate designated account** entitled "Council for **Licensed Conveyancers' Compensation Fund**".
4. As trustee the **CLC** may:-
 - (a) invest the money constituting the Fund in such a manner as it thinks fit;
 - (b) borrow for the purposes of the Fund, and may charge any investments of the Fund by way of security for such a loan;
 - (c) take out insurance with **Authorised Insurers** for such purposes and on such terms as it deems appropriate to the Fund.
5. The Fund will be credited with:-
 - (a) all contributions paid to the **CLC**;
 - (b) all interest, dividends and other income and accretions of capital arising;
 - (c) the proceeds of any realisation of the investments of the Fund;

- (d) all money borrowed for the purposes of the Fund;
 - (e) all money recovered by the **CLC** either directly or following the assignment to the **CLC** of the rights of any **Claimant**;
 - (f) all recoveries under any insurance policy effected by the **CLC**;
 - (g) any other money which may belong to or accrue to the Fund or be received by the **CLC** in respect of the Fund.
6. All of the Fund's money and investments are applicable for:-
- (a) payment of costs of establishing, maintaining, administering, protecting and applying the Fund;
 - (b) payment of any **CLC** insurance premiums or any premium relating to run off cover following the closure of a body;
 - (c) the purpose of settling any **claim** in respect of **CLC** insurance or any other **claim** relating to run off cover following the closure of a body;
 - (d) repayment of any money borrowed by the **CLC** for the purposes of the Fund, for payment of interest on any money so borrowed, and for reimbursing the **CLC** for any costs incurred in that respect;
 - (e) making grants or other payments the **CLC** determines should be paid out of the Fund (whether such grants or other payments relate to practices regulated by the **CLC** as a **Recognised Body** or a **Licensed Body**);
 - (f) the refund of contributions to a body which ceases to be regulated by the **CLC** (the **CLC** may at its discretion refund a proportion of a contribution made in respect of any unexpired period).
7. Where it has passed a resolution under paragraph 6 schedule 5 to the **1985 Act** the **CLC** may credit to the Fund any sum vested in it as a result of the passing of such a resolution.
8. Where it has passed a resolution under paragraph 6A schedule 5 to the **1985 Act** the **CLC** may credit to the Fund any sum vested in it under paragraph 6A(3) of schedule 5 to the **1985 Act**.
9. If the **Rightful Recipient** contacts the **CLC** after a credit has been made to the Fund under a resolution the **CLC** will treat the **Rightful Recipient** as a **Claimant** and invite them to make a **claim** under this Code out of the Fund.

Making a Compensation Claim

10. The **CLC** may in its absolute discretion make a grant or other payment out of the Fund for the purpose of relieving or mitigating loss which the CLC is satisfied any person has suffered or is likely to suffer in consequence of:
 - a) negligence or fraud or other dishonesty on the part of a **licensed conveyancer**, or their **employees** or **associates** in connection with their practices (or purported practices) as **licensed conveyancers**; or
 - b) failure on the part of a **licensed conveyancer** to account for money received by them in connection with their practices (or purported practices) as **licensed conveyancers**;
 - c) the negligence, fraud or other dishonesty on the part of a body or of any of its **employees** or **managers** in connection with its practice (or purported practice) as a **CLC Recognised Body** or **CLC Licensed Body**;
 - d) the failure on the part of a body to account for money received by it in connection with its practice (or purported practice) as a **CLC Recognised Body** or **CLC Licensed Body**.

11. Where making a **claim** for a grant the **Claimant** must complete, sign and deliver to the **CLC** a notice of **claim** in the form required by the **CLC**. Such notice shall provide for:-
 - (a) the assignment to the **CLC** of all rights of action the **Claimant** has against the **Respondent Body** or any other person liable for the loss;
 - (b) retention by the Fund of all money recovered by the **CLC** whether or not in excess of any grant made by the **CLC** to the **Claimant** after deduction of the Costs incurred by the **CLC** in making such recoveries;
 - (c) the **Claimant** to covenant to do all such further things and produce such documents as may be required by the **CLC** for the purpose of pursuing any **claim** against the **Respondent Body** or any other person liable for the loss.

Where the **Claimant** requires assistance in completing a notice of claim this will be provided.

12. The **Claimant** must deliver the **claim** to the **CLC** within 6 months (or such longer period as the **CLC** may allow in a particular case) after the loss or likelihood of loss first came or should reasonably have come to their attention.

13. The **Claimant** must deliver any subsequent **claim** to the **CLC** within 56 days of the making of the grant (or the date of receipt of notification by the **CLC** that no further grant is to be made beyond that made by way of interim grant or grants).

14. On receipt of a **claim** the **CLC** may require the **Claimant** to:-

- (a) support their **claim** with a statutory declaration;
 - (b) produce any relevant documents; and
 - (c) assist with any enquiries the **CLC** thinks fit to pursue.
15. Where a grant has been made and they wish to seek an additional grant in respect of interest or costs, the **Claimant** must submit a notice of **claim**. A **claim** for both interest and Costs may be made in a single application.
16. The **CLC** may in its absolute discretion waive any requirement under requirements 9, 14 and 15.

Determining Claims

17. Without limiting its absolute discretion the **CLC** may take into account when deciding whether a **claim** for a grant should be paid in full, reduced or rejected:-
- (a) whether the **Claimant** has complied with 12-13, and if appropriate, 14;
 - (b) whether sufficient information has been provided in a reasonable timescale in support of the **claim**;
 - (c) whether the **Claimant**: -
 - (i) has any responsibility for the loss, or
 - (ii) directly or indirectly hoped to profit or did profit, whether wholly or otherwise, from the circumstances giving rise to the loss;
 - (d) whether the **Claimant** is protected in respect of their loss by any other scheme or any contract of insurance or indemnity or guarantee;
 - (e) whether the **Claimant** has recovered damages or compensation in respect of the loss which had been suffered including any interest recovered as a result of any available civil remedy or in criminal proceedings or is likely to make such recovery in the future;
 - (f) the assets available to the Fund;
 - (g) any representations made to the **CLC** by the **Respondent Body**, their personal representative, trustee in bankruptcy or the liquidator of the body;
 - (h) whether any statutory limitation period has expired;
 - (i) whether the **Claimant** has taken all reasonable steps to mitigate loss;
 - (j) whether the **claim** has been exaggerated by the **Claimant**;

- (k) whether the **CLC** has reason to suspect fraud or other dishonesty on the part of the **Claimant** in respect of the loss or in respect of the **claim**.
18. The **CLC** may make interim or final payments by way of a grant or grants at any time before, during or after an investigation of a **claim** against a **Respondent Body**. It will only do so when it is satisfied that the payment falls within the circumstances for which a grant may be made under this Code.
 19. The **CLC** will consider such a **claim** in its absolute discretion may make an additional grant or grants out of the Fund under this provision as follows:
 - (a) in lieu of interest on the amount of a grant for such a period and at such rate as determined at the **CLC**'s discretion;
 - (b) a sum in respect of the amount of reasonable costs incurred by making a **claim** wholly and exclusively in connection with the preparation, submission and proof of a **claim**.
 20. The **CLC** may before deciding whether or not to make a grant require a **Claimant** to pursue any civil remedy which may be available in respect of the loss.
 21. Where the **CLC** refuses to make a grant of either the whole or part of the amount claimed the **CLC** shall inform the **Claimant** in writing of the reason for its decision within 28 days of that decision.
 22. The **Claimant** has the right to request a review of the decision by the CLC Adjudication Panel. The request must be made within 28 days of being notified of the decision.

Recovery of monies paid out of the Fund

23. The **CLC** shall not make a grant unless it has caused a letter giving notification of the **claim** or additional **claim** to be sent to the **Respondent Body** at the last known correspondence address or to any solicitor or other representative instructed by the **Respondent Body** or appointed on its behalf or in its stead and in any case not less than 8 days have elapsed since the date of such letter.
24. The **CLC** may take proceedings against the **Respondent Body** to recover the amount of any grant or other payment made in consequence of the act or omission of that **Respondent Body** in accordance with this Code:
 - (a) provided no other civil proceedings for recovery in respect of the same cause of action have already been issued;
 - (b) even if it is not possible to obtain an assignment of the cause of action from or on behalf of the **Claimant**.

25. The **CLC** may in its absolute discretion take proceedings against a **Manager** or former **Manager** of a **Respondent Body** to recover the amount of any grant or other payment made in accordance with this Code.
26. Any sum payable as a result of proceedings taken against a body, **Manager** or former **Manager** is recoverable as a debt owed to the **CLC**.