



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 rates 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 **CLC** may review a decision if the **Claimant** is able to produce new information not previously considered. Any new information must be submitted within 90 days of the date of the decision to be considered. Should a **Claimant** accept a full or partial grant of a **claim**, this will be considered a full and final settlement and the decision will not be eligible for review. If a **Claimant** does not respond to a full or partial grant of a **claim** or provide the **CLC** with bank details to make payment of the grant within 90 days, then the grant will be withdrawn and no further **claims** relating to the original **claim** will be considered.

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**.

A copy of this Framework is also available in the CLC Handbook.