

Vannin Capital earmarks £8m to fund lawsuits

Published: June 12 2011

By Jane Croft Law Courts Correspondent

Over the past 18 months, a number of litigation funders such as Burford Capital and Juridica have floated on Aim to cash in on the growing tide of US litigation, some of which emanates from the credit crunch.

Earlier this year, Calunius Capital raised £40m for a Guernsey-based fund that will invest in commercial legal battles and arbitration, while Harbour Litigation Funding, a pioneer in this area, last year launched a £60m fund to finance corporate lawsuits triggered by the credit crunch. Other funders have sprung up, including Therium, which was set up by former lawyers.

Vannin Capital, which will remain privately owned, is unusual because, unlike Burford and Juridica, it is financing mainly UK lawsuits rather than focusing on US litigation.

The team behind Vannin includes barrister William Evans, who is a former partner at law firm Irwin Mitchell, and Nick Rowles-Davies, a solicitor who was at boutique commercial firm Bridgehouse Partners.

Mr Rowles-Davies said the team had decided to focus on the UK because its expertise was mostly in UK litigation and there was growing demand from law firms and companies to finance long-running lawsuits through third-party litigation funders rather than from their own balance sheets.

He said: "The use of a third party to fund litigation provides a simple, cost-effective and risk-free alternative for lawyers and their clients," he said. "Its increased use in the UK is inevitable."

Vannin's launch comes a week after Astraea Capital, another specialist financing company that offers secured lending to US law firms and companies, said it planned a £100m Aim flotation.

Astraea, which is chaired by Harry Hill, the founder of property website Rightmove, will provide credit facilities for law firms helping them to take forward legal cases.

It will also offer credit facilities to enable companies to pursue litigation such as breach of contract claims and in many ways is more akin to a bank lender.

However, while litigation funding does allow companies to shift much of the risk and expense of litigation on to specialist providers, it hinges on funders' ability to pick winners.

<http://www.ft.com/cms/s/0/be857c74-9387-11e0-922e-00144feab49a.html#axzz1P8kBcCFZ>