

COSTS – SPECIAL CASES

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(The definitions contained in Part 43 are relevant to this Part)

I COSTS PAYABLE BY OR TO PARTICULAR PERSONS

48.1 Pre-commencement disclosure and orders for disclosure against a person who is not a party

- (1) This paragraph applies where a person applies –
 - (a) for an order under –
 - (i) section 33 of the Supreme Court Act 1981¹; or
 - (ii) section 52 of the County Courts Act 1984²,
 (which give the court powers exercisable before commencement of proceedings); or
 - (b) for an order under –
 - (i) section 34 of the Supreme Court Act 1981³; or
 - (ii) section 53 of the County Courts Act 1984⁴,
 (which give the court power to make an order against a non-party for disclosure of documents, inspection of property etc.).
- (2) The general rule is that the court will award the person against whom the order is sought his costs –
 - (a) of the application; and
 - (b) of complying with any order made on the application.

¹ 1981 c.54. Section 33 was amended by S.I. 1998/2940.

² 1984 c.28. Section 52 was amended by the Courts and Legal Services Act 1990 (c.41), Schedule 18, paragraph 43 and by S.I. 1998/2940.

³ 1981 c.54. Section 34 was amended by S.I. 1998/2940.

⁴ 1984 c.28. Section 53 was amended by the Courts and Legal Services Act 1990 (c.41), Schedule 18, paragraph 44 and by S.I. 1998/2940.

- (3) The court may however make a different order, having regard to all the circumstances, including –
- (a) the extent to which it was reasonable for the person against whom the order was sought to oppose the application; and
 - (b) whether the parties to the application have complied with any relevant pre-action protocol.

48.2 Costs orders in favour of or against non-parties

- (1) Where the court is considering whether to exercise its power under section 51 of the Supreme Court Act 1981¹ (costs are in the discretion of the court) to make a costs order in favour of or against a person who is not a party to proceedings –
- (a) that person must be added as a party to the proceedings for the purposes of costs only; and
 - (b) he must be given a reasonable opportunity to attend a hearing at which the court will consider the matter further.
- (2) This rule does not apply –
- (a) where the court is considering whether to –
 - (i) make an order against the Legal Services Commission;
 - (ii) make a wasted costs order (as defined in 48.7); and
 - (b) in proceedings to which rule 48.1 applies (pre-commencement disclosure and orders for disclosure against a person who is not a party).

48.3 Amount of costs where costs are payable pursuant to a contract

- (1) Where the court assesses (whether by the summary or detailed procedure) costs which are payable by the paying party to the receiving party under the terms of a contract, the costs payable under those terms are, unless the contract expressly provides otherwise, to be presumed to be costs which –
- (a) have been reasonably incurred; and
 - (b) are reasonable in amount, and the court will assess them accordingly.

(The Costs Practice Direction sets out circumstances where the court may order otherwise)

- (2) This rule does not apply where the contract is between a solicitor and his client.

48.4 Limitations on court's power to award costs in favour of trustee or personal representative

- (1) This rule applies where –
- (a) a person is or has been a party to any proceedings in the capacity of trustee or personal representative; and
 - (b) rule 48.3 does not apply.
- (2) The general rule is that he is entitled to be paid the costs of those proceedings, insofar as they are not recovered from or paid by any other person, out of the relevant trust fund or estate.
- (3) Where he is entitled to be paid any of those costs out of the fund or estate, those costs will be assessed on the indemnity basis.

¹ 1981 c.54. Section 51 was substituted by section 4(1) of the Courts and Legal Services Act 1990 (c.41).

48.5 Costs where money is payable by or to a child or protected party

- (1)** This rule applies to any proceedings where a party is a child or protected party and –
 - (a) money is ordered or agreed to be paid to, or for the benefit of, that party; or
 - (b) money is ordered to be paid by him or on his behalf.

('Child' and 'protected party' have the same meaning as in rule 21.1(2))

- (2)** The general rule is that –
 - (a) the court must order a detailed assessment of the costs payable by, or out of money belonging to, any party who is a child or protected party; and
 - (b) on an assessment under paragraph (a), the court must also assess any costs payable to that party in the proceedings, unless –
 - (i) the court has issued a default costs certificate in relation to those costs under rule 47.11; or
 - (ii) the costs are payable in proceedings to which Section II or Section VI of Part 45 applies.
- (3)** The court need not order detailed assessment of costs in the circumstances set out in the Costs Practice Direction.
- (4)** Where –
 - (a) a claimant is a child or protected party; and
 - (b) a detailed assessment has taken place under paragraph (2)(a), the only amount payable by the child or protected party is the amount which the court certifies as payable.

(This rule applies to a counterclaim by or on behalf of a child or protected party by virtue of rule 20.3)

48.6 Litigants in person

- (1)** This rule applies where the court orders (whether by summary assessment or detailed assessment) that the costs of a litigant in person are to be paid by any other person.
- (2)** The costs allowed under this rule must not exceed, except in the case of a disbursement, two-thirds of the amount which would have been allowed if the litigant in person had been represented by a legal representative.
- (3)** The litigant in person shall be allowed –
 - (a) costs for the same categories of –
 - (i) work; and
 - (ii) disbursements,which would have been allowed if the work had been done or the disbursements had been made by a legal representative on the litigant in person's behalf;
 - (b) the payments reasonably made by him for legal services relating to the conduct of the proceedings; and
 - (c) the costs of obtaining expert assistance in assessing the costs claim.
- (4)** The amount of costs to be allowed to the litigant in person for any item of work claimed shall be –
 - (a) where the litigant can prove financial loss, the amount that he can prove he has lost for time reasonably spent on doing the work; or
 - (b) where the litigant cannot prove financial loss, an amount for the time reasonably spent on doing the work at the rate set out in the Costs Practice Direction.

- (5) A litigant who is allowed costs for attending at court to conduct his case is not entitled to a witness allowance in respect of such attendance in addition to those costs.
- (6) For the purposes of this rule, a litigant in person includes –
 - (a) a company or other corporation which is acting without a legal representative; and
 - (b) a barrister, solicitor, solicitor's employee, manager of a body recognised under section 9 of the Administration of Justice Act 1985 or a person who, for the purposes of the Legal Services Act 2007, is an authorised person in relation to an activity which constitutes the conduct of litigation (within the meaning of that Act) who is acting for himself.

48.6A Costs where the court has made a group litigation order

- (1) This rule applied where the court has made a Group Litigation Order ('GLO').
- (2) In this rule –
 - (a) 'individual costs' means costs incurred in relation to an individual claim on the group register;
 - (b) 'common costs' means –
 - (i) costs incurred in relation to the GLO issues;
 - (ii) individual costs incurred in a claim while it is proceeding as a test claim, and
 - (iii) costs incurred by the lead solicitor in administering the group litigation; and
 - (c) 'group litigant' means a claimant or defendant, as the case may be, whose claim is entered on the group register.
- (3) Unless the court orders otherwise, any order for common costs against group litigants imposes on each group litigant several liability^(GL) for an equal proportion of those common costs.
- (4) The general rule is that where a group litigant is the paying party, he will, in addition to any costs he is liable to pay to the receiving party, be liable for –
 - (a) the individual costs of his claim; and
 - (b) an equal proportion, together with all the other group litigants, of the common costs.
- (5) Where the court makes an order about costs in relation to any application or hearing which involved –
 - (a) one or more GLO issues; and
 - (b) issues relevant only to individual claims,the court will direct the proportion of the costs that is to relate to common costs and the proportion that is to relate to individual costs.
- (6) Where common costs have been incurred before a claim is entered on the group register, the court may order the group litigant to be liable for a proportion of those costs.
- (7) Where a claim is removed from the group register, the court may make an order for costs in that claim which includes a proportion of the common costs incurred up to the date on which the claim is removed from the group register. (Part 19 sets out rules about group litigation.)

II COSTS RELATING TO SOLICITORS AND OTHER LEGAL REPRESENTATIVES

48.7 Personal liability of legal representative for costs – wasted costs orders

- (1) This rule applies where the court is considering whether to make an order under section 51(6) of the Supreme Court Act 1981¹ (court's power to disallow or (as the case may be) order a legal representative to meet, 'wasted costs').
- (2) The court must give the legal representative a reasonable opportunity to attend a hearing to give reasons why it should not make such an order.
- (3) Omitted
- (4) When the court makes a wasted costs order, it must –
 - (a) specify the amount to be disallowed or paid; or
 - (b) direct a costs judge or a district judge to decide the amount of costs to be disallowed or paid.
- (5) The court may direct that notice must be given to the legal representative's client, in such manner as the court may direct –
 - (a) of any proceedings under this rule; or
 - (b) of any order made under it against his legal representative.
- (6) Before making a wasted costs order, the court may direct a costs judge or a district judge to inquire into the matter and report to the court.
- (7) The court may refer the question of wasted costs to a costs judge or a district judge, instead of making a wasted costs order.

48.8 Basis of detailed assessment of solicitor and client costs

- (1) This rule applies to every assessment of a solicitor's bill to his client except a bill which is to be paid out of the Community Legal Service Fund under the Legal Aid Act 1988² or the Access to Justice Act 1999³ – and
- (1A) Section 74(3) of the Solicitors Act 1974(a) applies unless the solicitor and client have entered into a written agreement which expressly permits payment to the solicitor of an amount of costs greater than that which the client could have recovered from another party to the proceedings.
- (2) Subject to paragraph (1A), costs are to be assessed on the indemnity basis but are to be presumed –
 - (a) to have been reasonably incurred if they were incurred with the express or implied approval of the client;
 - (b) to be reasonable in amount if their amount was expressly or impliedly approved by the client;
 - (c) to have been unreasonably incurred if –
 - (i) they are of an unusual nature or amount; and
 - (ii) the solicitor did not tell his client that as a result he might not recover all of them from the other party.

¹ 1981 c.54. Section 51 was substituted by section 4(1) of the Courts and Legal Services Act 1990 (c.41).

² 1988 c.34.

³ 1999 c.22

- (3) Where the court is considering a percentage increase, whether on the application of the legal representative under rule 44.16 or on the application of the client, the court will have regard to all the relevant factors as they reasonably appeared to the solicitor or counsel when the conditional fee agreement was entered into or varied.
- (4) In paragraph (3), 'conditional fee agreement' means an agreement enforceable under section 58 of the Courts and Legal Services Act 1990(a) at the date on which that agreement was entered into or varied.

48.9 Omitted

48.10 Assessment procedure

- (1) This rule sets out the procedure to be followed where the court has made an order under Part III of the Solicitors Act 1974¹ for the assessment of costs payable to a solicitor by his client.
- (2) The solicitor must serve a breakdown of costs within 28 days of the order for costs to be assessed.
- (3) The client must serve points of dispute within 14 days after service on him of the breakdown of costs.
- (4) If the solicitor wishes to serve a reply, he must do so within 14 days of service on him of the points of dispute.
- (5) Either party may file a request for a hearing date –
 - (a) after points of dispute have been served; but
 - (b) no later than 3 months after the date of the order for the costs to be assessed.
- (6) This procedure applies subject to any contrary order made by the court.

(Other rules about costs payable in special cases can be found in Schedule 1, in the following RSC – O.30 (remuneration of receivers); O.49 (costs of garnishee))

¹ 1974 c.47.