

## Compensation Fund Applications - Axiom Ince Limited Q&A

We are receiving very high volumes of applications to the compensation fund (the fund) relating to Axiom Ince (Axiom).

Under its rules, the fund could decide to cap the total payments it makes in relation to Axiom at £5m.

We have decided **not** to apply a cap in this case. However, as we expect to receive several thousand applications, we will need to change our usual processes for dealing with applications to the fund.

We will deal with applications in a priority order based on the categories we explain below. The Q&As below provide more information about the prioritisation of applications, and you can find a detailed explanation of the [Compensation Fund Applications - Axiom Ince Limited Q&A](#).

We are also establishing a dedicated team to deal with Axiom claims so that we will be able to deal with the claims as quickly as possible in line with the priority order.

We will review the volume of cases received and our progress in dealing with them. Our approach will be updated where necessary if the intended benefits are not achieved. We will publish this guidance and any revisions on our website.

### How do I make an application to the fund?

To make an application you will need to:

- complete an application form. This can be found on our website - [SRA | Apply to the Compensation Fund | Solicitors Regulation Authority](#).
- give us evidence to support your application, including:
  - proof that you paid money to Axiom or that they were holding money on your behalf
  - details of the work that they were completing for you (for example a client care letter or correspondence).

### Where should I send my application form and any questions that I might have?

Please use our dedicated email address [axiomclaims@sra.org.uk](mailto:axiomclaims@sra.org.uk)

### When should I make my application to the fund?

You should make your application as soon as possible. Under the fund's rules, you must make your application within 12 months of becoming aware of your loss.

We can extend this time limit in exceptional circumstances, but this will be considered on the specific circumstances of the application, so it is best to apply before 12 months has passed.

### What information do you need from me?

When submitting your application, please provide your bank statement showing the payment from your account to Axiom (where applicable). If you have a client care letter or correspondence

detailing the funds held by Axiom, please send a copy. If you have your client file, please let us know as we will need documents from it.

### **When can I expect to hear from you?**

You will receive an acknowledgement letter from us once your application has been recorded on our system. The letter will give you your reference number. Please keep this safe and use it in any correspondence with us.

Once we have reviewed your application, we will send you further information about the next steps for your application. If your application cannot be considered now as it is not one of the first priority categories, we will tell you when you can expect an update from us.

### **I have been told that my funds were being held by Axiom, can you pay me from the funds you hold rather than applying to the fund?**

We hold limited funds that were paid into the Axiom client account. Therefore, we recommend that an application to the fund is made. However, if you paid your funds into the client account of Plexus or Ince, please mention this in your application.

### **When will you process my application?**

As explained above, due to the volume of applications on Axiom, we are dealing with claims in order of priority based on these categories:

- Emergency payments
- Individual purchasing a house to live in
- Individuals who have paid for legal services which have not been completed
- Individuals selling a property or buying an investment property
- Trusts and probate
- Commercial

We have explained more about these categories below.

### **What counts as an emergency payment?**

Our focus for emergency payments is on applicants who are likely to suffer exceptional hardship if they do not receive an urgent payment from the fund. Some examples where this could arise are:

- where an applicant is buying a house, having given notice on their rental property. Contracts have been exchanged, completion is due and the applicant has to leave their current rented property. The balance of the purchase was to be funded by the client's savings and by a mortgage. Both the client's savings and deposit money were held by Axiom.
- where Axiom was dealing with a statutory lease extension for a client which is due to complete that day – the client could lose the statutory deposit and also the right to extend the lease if it does not complete.
- where the applicant is buying their primary family home to live in and has exchanged contracts and is obliged to complete. They will be in breach of contract and face forfeiture of deposit if they cannot complete.

### **Individuals purchasing a property to live in**

The next priority group of applications after emergency payments are those relating to the purchase of a residential property. For example:

- an applicant intends to purchase a property to live in (rather than to let out or as an investment), but they do not yet have a contractual obligation to complete the transaction.
- an applicant that has used alternative funds to continue with their property transaction.

Where an applicant has already exchanged contracts and is legally obliged to complete, that is likely to fall within the emergency category above. This category of claims will be residential purchases where time is not so critical.

We will now start to process these applications. To understand the process please see our guidance about the application process below.

### **Individuals who have paid for legal services that have not been completed**

The next category of applications relates to funds paid to Axiom for legal services that have not been completed. We acknowledge that applicants will need these funds to continue their transactions, but they are likely to be smaller sums than those in the categories above and so not have the same level of impact. Examples include:

- an applicant has paid upfront to Axiom for legal work which was not completed
- an applicant who is due money back from Axiom in respect of their transaction

We will start to process these applications from March 2024. To understand the process please see our guidance about the application process below.

### **Individuals selling properties and individuals buying investment properties**

Applications likely to meet this description include:

- those purchasing an additional property to their primary residence.
- those who have sold their property and are due funds that Axiom was meant to be holding.

Based on our current information, we expect to start reviewing these applications June 2024. Where the sale is part of a chain and the applicant has an associated purchase, they may come within one of the categories above.

We anticipate that this will impact those applicants who intend to purchase properties as the seller may not be able to wait for the funds to be returned. We also acknowledge that there will be an impact on those applicants relying on a mortgage to purchase the investment property.

### **Trusts and probate matters**

Applications that are likely to meet this description are:

- Applications from the executor of an estate where Axiom held estate money.
- Applications from trustees for funds held in trust.

Based on our current information, we expect to start reviewing these applications in September 2024. We appreciate that this will have an impact on the beneficiaries to the estates involved. However, we need to ensure that we are considering the applications that have the potential for the greatest harm to applicants. It is not unusual for beneficiaries to have to wait some time to receive money from an estate or trust.

### **Commercial transactions**

The final group of applications we will consider will be transactions where Axiom was instructed by a sole trader, business or company. We expect to start reviewing these applications in December 2024. We appreciate that this will have an impact on these applicants. However, we consider that this is the best approach to use the finite resources of the fund.

### **My application is very urgent – what should I do?**

You will see above the categories of claims which we are prioritising. The first of these is where the application is an emergency. If you believe that your application should be considered for an emergency payment, please let us know immediately,

We are likely to need the following information:

- The deadline date set for the transaction to be completed - please include any correspondence relating to the deadline.
- Evidence to show the impact if you do not receive an emergency payment from the fund.
- Evidence that you are purchasing a property for you to live in and that you have no alternative accommodation.

### **What is the process?**

#### **Triage of your application**

We will look at the reason for paying the funds to Axiom and the type of transaction they were paid for. We will use the details of your transaction to decide when your application will be considered.

#### **Reviewing your application**

We will consider your application form and the evidence that you have given. We will also review other information that we hold, including bank statements and ledgers. Once we have all the information we need, we will consider how the **compensation fund rules** apply to your application.

#### **Drafting a recommendation report**

Once we have completed our review of your application, we will draft a report setting out our findings and making a recommendation to a decision maker. If the report recommends a payment, it will be sent straight to a decision maker. If our recommendation is to pay part of your application or to reject it, then we will send the report to you so that you can comment on it before a decision is made.

#### **Submitting a report**

Once the report is complete, it is sent for a decision. A decision will normally be made within 10 working days. However, if your application is for more than £250,000, it may take up to 30 working days. If we are recommending payment, it is likely that we will ask for your bank account details. This does not guarantee that you will receive a payment, but it will speed up the payment process.

#### **Decisions on your application**

We will let you know the decision on your application within five days. If the decision is to pay you in full, we will process a payment (see below). If the decision is not to make a payment or is to pay part of the money you have applied for, we will send you a copy of the decision so you can consider whether to challenge it (see below).

#### **Processing payments**

We currently make all payments once a week. The caseworker will let you know the expected date that you should receive payment.

#### **Challenging a decision**

If we have rejected your application or have paid some of the funds applied for, you can request a review of the decision. There are rules around this, and we will send further details about this process when the decision notice is sent to you.