Class action regime harms growth of business

LONDON, UNITED KINGDOM, October 9, 2025 /EINPresswire.com/ -- UK's class action regime risks leaving consumers behind while driving up business costs, new report warns

A new report from Kendal Global Advisory, in partnership with Faegre Drinker Biddle & Reath LLP, warns that the UK's class action regime is imposing rising costs on business while failing to deliver meaningful redress to consumers.

The 2025 Class Actions Report, which draws on interviews with 23 of the UK's largest businesses and nationally representative polling by Ipsos of 2,000 consumers, reveals a growing gap between the promise of collective redress and the reality of how it operates.

Key findings include:

-- "A board-level risk" - Two-thirds (68%) of major companies interviewed have faced at least one UK class action, with provisions running into the hundreds of millions.
-- "Consumers disengaged" - Only 8% of adults believe they have ever been part of a group claim, despite hundreds of millions being counted as "class members" in UK cases.
-- "Systemic weaknesses" - 69% of consumers are unaware claims can be brought without their consent (opt-out), and 79% fear hidden costs from participation.
-- "Economic consequences" -Companies report delaying product launches due to litigation risk, with several warning that the UK is becoming a less attractive investment destination.
-- "Calls for reform" - Both businesses and consumers support stronger regulation of third-party litigation funding, clearer notification rules, and reforms to ensure unclaimed funds benefit consumers.

A credibility gap

The research highlights widespread consumer misunderstanding of "no win, no fee" claims, with many believing they may face fees even in unsuccessful cases. Meanwhile, unclaimed compensation often flows to funders and lawyers rather than consumers – as illustrated by the Boundary Fares settlement, where less than 1% of eligible rail passengers claimed compensation.

Voices from the report

Seema Kennedy OBE, former Minister and Executive Director of Fair Civil Justice, said:

“This report should be a wake-up call. The UK risks drifting into a litigation culture that benefits funders and lawyers while leaving consumers short-changed. Policymakers must act now to restore balance and rebuild trust.”

Alan Morgan, Managing Partner at Kendal Global Advisory, added:

“Class actions have shifted from a niche legal concern to a strategic board-level risk. The current system is distorting investment decisions and failing the very consumers it was designed to protect. Reform is urgent if the UK is to remain a competitive and fair jurisdiction.”

About the report

The Kendal Global Advisory: 2025 Class Actions Report is the first integrated review of the UK class action landscape from both corporate and consumer perspectives. It combines in-depth interviews with senior executives at 23 leading companies, representing more than £6 trillion in market capitalisation and 500,000 employees, alongside nationally representative polling conducted by Ipsos.

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