



## PI Claims Scenarios

The scenarios outlined below are loosely based on actual claims. We have changed some of the details to ensure confidentiality but hope they will give an idea of the wide and varied range of circumstances that could trigger a claim against professional clients. Note that these scenarios examples are illustrative only and not to be relied on to justify coverage in any particular situation. Solicitors: tax advice

A firm of solicitors advises their client that share investments via an offshore trust would avoid Capital Gains Tax. Although this proves to be correct, the transfer of shares into the trust results in an unexpected Inheritance Tax liability - and an action against the solicitor by the client.

### Solicitors: divorce

A firm of solicitors represents their client in divorce proceedings. Eventually the client alleges that the solicitors failed to act with reasonable skill and care in her claim for financial relief as a result of which she received significantly less than she was entitled to.

### Technology: system doesn't meet requirements

An I.T. provider enters into a contractual agreement with a client to replace a data management system. For a variety of reasons, the client does not receive a system that met the requirements. The contract comes to an end with each party asserting that they have a right to pursue a damages claim.

### Media: breach of creative licenses

A media firm places music for a television advert but uses a version of the music which it doesn't have the rights for and faces action for financial redress. Similarly a publishing company involved in publishing educational textbooks is accused of infringing copyrights held by different photographers whose images are reproduced in the textbooks.

### Employment Agencies

An employment consultant places temporary employees within a client's finance department. The individuals commit fraud by making payments to third parties in respect of falsified bills resulting in a claim against the employment consultant.

### Design and Construct

A contractor for a programme of school refurbishment engages a sub contractor who, it is alleged, fails to carry out the design and installation works on time to the required standard. The contractor claims financial redress from the sub contractor for the financial loss suffered by having to employ additional services to finish the work.

### Insurance Brokers

An insurance broker's clients own a restaurant that is destroyed by fire but the insurance company avoids the policy on the grounds of misrepresentation. The clients seek to recover their financial loss from their insurance broker claiming that it was they who failed to disclose the relevant facts to the insurer.

### Accountants

A firm of accountants advises their client about tax treatment of an employee fuel allowance scheme. The client alleges that the accountants omitted important information about administering the scheme and also failed to advise that the scheme in operation was not compliant with tax legislation.



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