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For the attention of: Nicholas Parkinson

Your ref:

Our ref: GSB/AA/WT/DB/8264/6629/
8082/8747

Date: 17 June 2016

By email

Dear Sirs

Passenger Claims brought under Regulation (EC) 261 /2004

We refer to your email of 2 June 2016 and attachments, the contents of which have been discussed with our client, Ryanair.

The purpose of this letter is to set out our client's position in general terms in respect of the handling of 261 claims as well as the specific issue of lien. Ryanair's position is set out below.

Ryanair is surprised at your apparent disregard for the fact that your clients are first and foremost its customers. In fact, many of them are repeat Ryanair customers, choosing to fly with Ryanair many times both before and after any claim arises under Regulation (EC) 261/2004.

Ryanair's relationship with its customers is the cornerstone of its business. It is therefore a fundamental principle of Ryanair's customer care that it shall, at all times, maintain open and direct lines of communication with its customers. Ryanair has a large customer services team in order to deal directly with all pre-action claims and you will note that we, as external counsel, are not engaged in pre-action settlements, nor are we allowed to communicate directly with Ryanair's customers, save for those who pursue claims as litigants in person.

As you will be aware, Ryanair takes its obligations to its customers very seriously and settles many thousands of claims directly each month at a pre-action stage (this comprises the vast majority of EU 261 claims) and intends to continue to do so.

However, Ryanair has grown increasingly concerned at the number of complaints it has received from its customers regarding the handling of EU 261 claims by third party claims handling firms, who appear to be acting in their own commercial interests and not in the best interests of individual claimants. As you are no doubt aware, it is the duty of solicitors to act in their client's best interests. In this regard, in non-contentious EU 261 claims it would be in your clients' best interests to claim their EU 261 entitlement directly from the airline concerned without incurring any unnecessary and/or avoidable legal costs and you should advise your clients accordingly. Moreover, we understand from our client that some of these complaints include the assertion that certain claims companies are not in fact instructed to act on the passenger's behalf at all and have submitted claims after an initial enquiry from the passenger.

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Ryanair's customers have also complained about the unreasonable and disproportionate level of fees charged by certain firms – up to almost 40% of the compensation amount actually received – a sum apparently not made clear to consumers at the outset. This potentially breaches not only consumer protection principles but flies in the face of the intended passenger protection principles established by the Regulation. In respect of Hughes Walker we note that it regularly charges double the amount awarded by the Court, which in itself far exceeds the amount of fixed costs set out in the CPR and which, for the amount of work involved, our client still considers to be high.

Concession

Notwithstanding the foregoing, Ryanair appreciates that where claimant solicitor firms like yours have legitimately brought a claim in circumstances where the passenger has been advised to claim directly from the airline, you should receive a payment for fees which are reasonable and proportionate for the work you have undertaken. As such, our client has considered the position and is willing to propose the following concession as a good faith gesture:

Pre-action settlements

Where claims are settled pre-action, legal costs will be nominal, given that: (i) there is a high prospect of success of such valid claims (which should be directed to the relevant airline without legal costs or intervention); (ii) they require minimal work on your part – most claims are notified to Ryanair in a standard letter requiring no amendment save for the insertion of the customer's name and flight details; (iii) the claims are relatively low in value; and (iv) fees claimed 'post action' are limited under the CPR. Accordingly, Ryanair is prepared to pay you total of 25 Euros for each claim which Ryanair agrees to settle directly with the passenger, for which you send a letter before action. This sum would be paid to you in addition to any sums paid directly to Ryanair's customers and goes well beyond Ryanair's EU 261 obligations, which contain no obligation to pay pre-action costs.

This additional payment would be made to ensure that Ryanair's customers do not suffer unreasonable or unnecessary deductions from their EU 261 compensation which is rightfully theirs and is made in full and final settlement of their EU 261 claims. Nevertheless, since Ryanair is not privy to the terms of your fee agreement with your clients, if you seek to recover any additional sums from Ryanair's customers, you should: (a) make them aware of this additional payment made directly by Ryanair in respect of legal fees; and (b) deduct the same from any additional fees you may recover from them.

Given that Ryanair's policy is to settle all valid claims at a pre-action stage, there should be no legitimate need for your client to seek that proceedings be issued going forward.

Post-action

Where proceedings have been issued, it is of course a lot easier to ascertain the sums claimed in respect of legal fees. On such matters, our client proposes to pay direct to you not only the full amount stated in the claim form (provided this is reasonable and in accordance with the CPR and SRA provisions) but also Court Costs, which for these purposes Ryanair is willing to presume have been paid by you rather than by the Ryanair customer directly. Our client reserves the right to challenge fees which it considers to be unnecessary and/or unreasonable.

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To be clear, whether pre or post action, Ryanair will agree to pay the aforementioned sums directly to you in respect of fees, solely on the basis that these sums are deducted from any sums that you may be contractually entitled to recover from Ryanair's customers.

Spurious claims

Ryanair believes that approximately 40% of the claims being made to them have no merit and are made on behalf of those whom, you should be well aware, have no valid entitlement to compensation under EU 261. This is simply a time wasting exercise that results in Ryanair incurring unnecessary costs, as letters are sent without any proper assessment of the legal merits of the case. Ryanair request that a total payment of Euro 25 is made to Ryanair for each failed case that you present and request your agreement to this compromise which will considerably reduce both your and Ryanair's case load.

The above concession offers shall remain open for acceptance by you for 10 days from the date of this letter.

Notice of Lien

We note your Notice of Lien which purports to establish a lien in favour of Hughes Walker over damages and costs. However, we also note that you have recently sent our client various notices of assignment, which appear to interpose Flight Delays between your firm and our client's customers in respect of EU 261 claims. Without prejudice to any comments our client would wish to make concerning your various notices, kindly confirm which party is in fact your client. As you are aware, this will have a marked effect on the validity or otherwise of any purported lien.

In any event, as Ryanair is offering to pay your reasonable legal fees and court costs, while paying the full EU 261 compensation to its customers, our client is at a loss to understand why a Notice of Lien is appropriate. Accordingly and for the avoidance of doubt, our client's position is as follows:

Our client will continue to make payments directly to its customers in settlement of their 261 claims. They will not cancel any payments already sent, as to do so would be grossly unfair to those customers and damaging to its relationship with them. For the reasons set out above, our client reiterates its offer to make a payment of €25 to Hughes Walker in respect of pre-action settlements.

Please also take note that we reserve the right to take immediate action in the event that any payments are made by your client directly to our passenger clients hereafter.

Lastly, please note that our client reserves its rights to bring this letter and/or its contents to the attention of the Court (and any other party) as it considers appropriate at any time.

We look forward to receiving your agreement to the above in due course.

Yours faithfully,



Ince & Co LLP