

Litigation Funding from a European Perspective

In a recent report on litigation funding, Deminor CEO Erik Bomans examines key insights on how the litigation funding market has developed since 2023.

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courts and media coverage have highlighted the impact that litigation funding is having within in European legal systems, and its capability in providing access to justice for high-value claims. However, public debate, regulatory changes, and economic pressures have created uncertainty.

The industry's future depends on balancing oversight, commercial interests, and claimant needs.



Litigation Funding from a European Perspective in 2025

When examining [litigation funding from a European perspective](#), over the past few years, the litigation funding market has faced key developments which have significant implications for businesses, consumers, and the legal profession. Some of these key developments include:

- Emerging trends such as market concentration, the development of secondary markets, sectoral shifts in funded claims, and the role funding plays in enabling access to justice for consumers and small businesses.
- Notable jurisdictional developments and case studies from across Europe, including the implications of the UK's PACCAR ruling and ongoing legislative reforms.
- Key findings from the European Commission's 2025 mapping study, the importance of balanced regulation, increased transparency, and the challenges facing the industry amid economic pressures and prolonged case durations.
- The essential function of litigation funding in collective actions, with reference to high-profile cases and the broader debate on claimant recoveries and funder responsibilities.

In a recently released report on litigation funding, [Erik Bomans](#), Chief Executive Officer of

[Deminor Litigation Funding](#), examines key insights on how the litigation funding market has developed since 2023 and the aftermath of the Covid-19 pandemic.

The following quote has been taken from this latest release:

“Following a period of strong growth in the beginning of this decade, the global litigation funding market corrected in 2023-2024. This is largely due to supply-side constraints, as demand for litigation funding remains strong. In Europe, volatility has been exacerbated by regulatory uncertainty, especially in the UK, and pools of capital being locked up in high-value litigation projects whose duration is proving to be longer than expected.

The litigation funding industry remains relatively young and susceptible to shocks. The COVID-19 pandemic, high inflation, regulatory uncertainty and rising capital costs have negatively impacted growth in recent years. However, the industry’s resilience in the face of these challenges suggests it is maturing and poised for renewed expansion.

In a certain way, the litigation funding sector in Europe is going through a healthy correction after a certain exuberance witnessed in the early 2020s. This is part of a normal cycle of a relatively young and progressively maturing asset class. At the same time, realism is making place for the initial enthusiasm expressed about the sector’s growth and expected returns. Investors in the litigation funding space have realised that litigation funding requires hard work, a combination of various skills and talents, a disciplined approach, and diversification like in most other asset classes.

The increasing role of litigation funding in collective proceedings has sparked public debate regarding its costs, the responsibilities of funders, and the benefits to claimants. Unfortunately, the discussion on collective actions has overshadowed the significant role litigation funding plays in commercial litigation and arbitration, where it continues to grow steadily but often remains unnoticed.

Despite concerns that litigation funding drives up litigation costs, and more generally the cost of doing business, it is important to note that litigation funding accounts for only 1% of total global litigation spending (USD 2.7bn investment in litigation funding in 2023 on total litigation spending of USD 279 bn). Given that 99% of litigation funding comes from other sources, its overall influence on litigation costs remains limited. For all the talk about the growing threat of litigation funding and the cost it may entail for businesses, the real risk is that the sector will not be able to support claimants, including consumers and small businesses, who have meritorious claims and are in need of funding. Unnecessary regulatory uncertainty, ineffective court systems and the rising cost of litigation are the bigger issues that regulators should be concerned about, not litigation funding.

It is interesting to note that only 17% of respondents to the European Commission’s Mapping Study, which was released in March 2025, saw negative effects of litigation funding and that these negative responses were concentrated in the business community. Crucially, consumer

organisations, who are likely to benefit most from the implementation of the EU Directive on Collective Redress, do not see any issue with litigation funding. The consumers whom the EU should aim to protect do not have any concerns with the current practice of litigation funding in Europe.

Regulation is not necessary, as there is no obvious problem that needs to be solved. Nonetheless, clearer regulations could provide legal certainty for all market players and foster the development of a healthy, sustainable litigation funding market, providing access to justice to claimants whilst avoiding the excesses that some opponents are fearful of (but in our view have not materialised).

Litigation funders, from their side, can do more to address certain concerns, legitimate or not, that exist among certain stakeholders. For example, they could better explain how their actions improve access to justice, provide more transparency regarding their sources of capital and key personnel, clarify their due diligence processes and focus on meritorious claims, communicate their (necessarily conservative) approach to damages analysis and the rationale behind their funding terms.

More openness on the part of litigation funders will contribute to more trust among market players. Litigation funders should constructively engage in discussions with stakeholders with a view to creating a balanced framework for litigation funding in Europe.

Litigation funding plays an increasingly vital role in European legal systems, enabling access to justice and supporting high-value claims. However, ongoing public debate, regulatory developments, and economic challenges have created a volatile environment. The future of the industry will depend on striking the right balance between regulatory oversight, commercial viability, and claimants' interests. Smart regulations, increased transparency, and a maturing market will shape the next phase of litigation funding in Europe."

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