

FOIL**Prepared by Kysen PR**

Date	27 July 2016
Publication	Law Society Gazette (Online)
Type of publication	Legal



'Fraud unravels all': landmark Supreme Court ruling

27 July 2016 | By John Hyde

Topics: [Costs, fees and funding](#), [Personal injury & clinical negligence](#), [Courts business](#)

 [Print](#)  [Email](#)  [Share](#)  [Comments \(16\)](#)  [Save](#)

In a landmark ruling for lawyers and insurers, the Supreme Court has paved the way for personal injury settlements to be successfully challenged if the claimant is subsequently found to have lied.

The court ruled that a settlement in *Hayward v Zurich* for almost £135,000 be set aside and the claimant instead be paid an award of £14,720.

The court heard that the claimant Hayward - who had suffered an injury at work leading to what he said was a serious back injury - had 'grossly and dishonestly exaggerated' his condition before the 2003 settlement.



His employer's insurer Zurich claimed damages for deceit after evidence emerged two years after the settlement, casting doubt on his claim.

The insurers were contacted by the claimant's neighbours, who told them that the claimant had in fact recovered from his injuries at least a year before the settlement.

But the Court of Appeal ruled last August that the original settlement should stand, saying the insurer went in with 'eyes open' and citing the 'wider principle' of finality of settlements.

Five Supreme Court judges today [overturned that judgment](#) unanimously, ruling Hayward should be paid the reduced sum.

Lord Clarke said it could not be fairly said that Zurich had full knowledge of the facts, and that in some cases the insurer could know a representation is false but nevertheless be held to rely upon the misrepresentation as a matter of fact.

'It is difficult to envisage any circumstances in which mere suspicion that a claim was fraudulent would preclude unravelling a settlement when fraud is subsequently established,' he added.

Lord Toulson, agreeing with Lord Clarke, said the claimant had achieved his 'dishonest purpose' and thereby induced Zurich to act to its detriment by paying almost ten times more.

Speaking after the judgment, [Catherine Burt, spokesperson for the Forum of Insurance Lawyers and head of counter-fraud at national firm DAC Beachcroft](#), said the ruling sends a strong message to anyone who exaggerates a personal injury claim.

'This decision confirms that fraud does unravel all,' she said. 'Insurance companies will be free to revisit settlements made before hard evidence of fraud comes to light and will be able to pursue those who thought they had got away with it.'

Further background analysis is available [here](#).

<http://www.lawgazette.co.uk/law/fraud-unravels-all-landmark-supreme-court-ruling/5056853.article>