



Renewed Call for Proportionate EU-level Action on Professional Third-Party Litigation Funding (TPLF)

Joint statement by a cross-sector group of business associations

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Our associations are strongly committed to impartial, fair and balanced civil justice systems that enable effective enforcement of citizens' rights while fully respecting the rights of defendants and preserving judicial independence and the ethical integrity of the courts. A well-functioning justice system is a cornerstone of the EU's competitiveness and its attractiveness as a location for investment.

Against the background of recent EU-level discussions on civil justice reform, our organisations want to reiterate that there is **continued stakeholder interest in proportionate, harmonised EU rules to regulate professional third-party litigation funding**. TPLF is a for-profit business model that allows private financiers, investment firms, and hedge funds to sign confidential deals with lawyers or qualified entities to invest in lawsuits or arbitration in exchange for a significant portion of any compensation that may be awarded.

Across a wide range of sectors, we see a rapid expansion of profit-driven litigation funding in Europe. In its mapping study, the European Commission itself identified over 300 for-profit litigation funders operating in the EU¹. Yet the sector still operates largely in the shadows, hidden behind the veil of confidential contracts and subject to a regulatory environment that is fragmented at best and, in most cases, entirely absent. This lack of oversight is in stark contrast with other related sectors, such as legal and financial services, that are highly regulated within the EU. This affects legal certainty for all parties, distorts incentives in litigation, and risks undermining trust in justice systems and in the Single Market.

Recent economic analysis of the impact of mass litigation in Europe suggests that **if such trends continue, private enforcement costs for businesses could rise to between €28.3 and €84.8 billion**. Litigation costs as a share of claim value could increase from 20.3% to as much as 27.1%, and the market capitalisation of the EU's most innovative

¹ https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/civil-justice/civil-and-commercial-law/third-party-litigation-funding-tplf_en.

companies could fall by up to €46.5 billion. These added litigation costs could lead to higher insurance premiums and business resources being diverted away from research and innovation. This would impact Europe's competitiveness and leave European companies at a disadvantage compared to peers in other regions.²

In its Resolution on "Responsible Private Funding of Litigation", the European Parliament called for EU action to establish common rules and safeguards for professional TPLF. These safeguards include, among other things, a licensing system for funders, transparency of funding agreements, responsibility for adverse costs (loser pays rule), reasonable limits on fees, and ensuring funders put the funded party's interests first. The Resolution underlines that the impact of TPLF **should not only be considered in the context of its impact on consumer representative actions – but also its effects on B2B disputes and alternative dispute settlement mechanisms such as arbitration and mediation**. Market and litigation developments since then further support the need for a more robust, harmonised approach at EU level.

Existing EU rules only provide limited safeguards that apply to consumer representative actions. They do not cover the broader, increasing use of cross-border professional TPLF in civil and commercial disputes. Additional horizontal EU-level rules are needed to ensure more consistent and predictable treatment of for-profit funding across the Single Market and to prevent unethical practices and other abuses.

Therefore, we reiterate our previous calls for **proportionate, binding EU-level rules on professional TPLF**. Such rules should:

- Be binding on all commercially active for-profit third party funders;
- Address the risks of conflicts of interest, maliciously-motivated funding, transparency about funding sources, and inadequate funding reserves;
- Fully respect the principles of proportionality and subsidiarity and Member States' procedural autonomy; and
- Focus on professional, for-profit funding arrangements where divergent national approaches create legal uncertainty and risks of forum shopping.

Reasonable oversight of for-profit litigation funding will not limit access to justice or restrict meritorious claims. Bringing transparency to the practice also does not require a reopening of the Representative Actions Directive (RAD). Properly framed and harmonised rules can preserve and enhance access to justice by ensuring that funding arrangements are fair, balanced and aligned with claimants' interests. Proportionate EU-level safeguards would help ensure transparency for all parties including the courts themselves, prevent erosion of public trust in litigation processes, and enhance respect for the rule of law.

We urge the European Commission to prioritise its work on TPLF by launching a proper Call for Evidence on professional TPLF, building on the Commission's mapping study of March 2025, the European Parliament's Resolution of September 2022, which saw widespread support from the European Parliament and the business community, and repeated industry calls for more transparency and greater EU-level harmonisation.

Our cross-sector group stands ready to contribute data, experience and technical input to the Commission's evidence-gathering and assessment process. We remain convinced that a proportionate, subsidiarity-compliant and harmonised EU response is both pro-competitive and enhances trust in the EU justice and financial systems.

² Erixon et al., [The Impact of Increased Mass Litigation](#) (ECIPE, March 2025).