

# Settlements and Judgements

## Policy

This policy ensures that when a client receives an award through a settlement or judgment arising from their legal matter, Legal Aid BC is repaid for the legal fees and disbursements it has funded. The policy sets out the way amounts repayable to LABC are calculated and the procedures applicable to tariff lawyers, clients, and LABC staff in processing settlements and judgments.

## Purpose

This policy exists to ensure that Legal Aid BC, as the steward of public funds, administers Legal Aid fairly and efficiently by requiring repayment of legal fees and disbursements from recoveries obtained in a client's case.

## Application and Scope

This policy applies to all Clients, Tariff Lawyers, Employees, Independent Contractors and other personnel involved in the provision of legal services for or on behalf of Legal Aid BC.

## Definitions

**Case:** one or more related legal problems arising for a client.

**Client:** means an individual who is receiving or who has received legal aid.

**Clinic Services:** means legal representation services provided by LABC for the benefit of a Client through in-house staff and/or resources controlled and funded directly by LABC.

**Deductions:** an amount deducted from the client's Recovery Amount used in calculating the Repayment Amount, as set out in this policy.

**Dependent:** includes the following individuals:

- a) the Client's spouse or common-law partner who resides in the same household as the Client;
- b) the Client's children, foster children or stepchildren under the age of 19 who spend at least 40% of their time in the Client's household;
- c) the Client's dependent adult children or stepchildren over the age of 19 who are enrolled in a full-time educational program;
- d) the Client's dependent parent, parent-in-law, or adult children or stepchildren over the age of 19 who rely on the Client for financial support due to age, disability, illness, or other circumstances that prevent them from maintaining independent means of support.

**Eligible Fees and Disbursements:** means all amounts, legal fees, disbursements, and related costs funded by LABC for services that contributed to a Recovery. Eligible Fees and Disbursements include amounts, fees and disbursements paid or payable to a Tariff Lawyer pursuant to a Tariff Contract, as

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well as the costs of providing services through Clinic Services. In either case, “Eligible Fees and Disbursements” includes amounts, fees and disbursements incurred for services that, directly or indirectly, contributed to, advanced, or were otherwise connected with the conduct of the proceedings, negotiations, or other steps that resulted in the Recovery, and is not limited to the Tariff Contracts or Clinic Services that are active at the time the Recovery is obtained.

**Final Account:** is the completed billing form(s) a Tariff Lawyer submits to LABC, when they cease acting in a Case, as a full and final statement of all legal fees and disbursements he or she is entitled to recover from LABC.

**LABC:** means the Legal Services Society, d.b.a. Legal Aid BC.

**Recovery:** means any monetary amount, property transfer, or financial benefit received by a Client (whether directly or indirectly) as a result of, or in connection with, their legal matter funded in whole or in part by LABC, including but not limited to:

- a) amounts received by way of settlement or agreement (whether negotiated before or after the commencement of formal proceedings);
- b) amounts awarded by judgment, order, or arbitral decision; and
- c) any costs, disbursements, or other payments ordered from or paid by another party.

For greater certainty, the “Recovery” includes partial recoveries, periodic payments, structured settlements, and other amounts received on account of the resolution of a legal matter.

**Recovery Amount:** means the total value of a Recovery in Canadian Dollars.

**Repayment Amount:** the amount of money in Canadian Dollars that LABC determines is repayable to LABC for Eligible Fees and Disbursements arising from this Policy.

**Representation Contract:** is an LABC authorization for a lawyer to provide legal services to a client and to bill LABC for legal fees and disbursements for the Case according to the Tariff Contract.

**Statement of Account:** a notice provided by LABC in writing setting out the Repayment Amount owing to LABC with a detailing of the Eligible Fees and Disbursements and Deductions.

**Tariff Contract:** the retainer agreement between LABC and contract lawyers, as modified from time to time by LABC, including the contents of the Guide to Legal Aid Tariffs (Introduction, General Terms and Conditions, applicable Tariffs, Guides to Billing), and Notices to Counsel and other written instructions that LABC may provide to contract lawyers directly or through the LABC website.

**Tariff Lawyer:** is a lawyer who is a member in good standing of the Law Society of British Columbia, holds a Law Society of British Columbia practising certificate, and who LABC deems eligible to accept contracts.

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**Tariff Rate:** is the rate LABC pays for legal services, in the form of block fees or an hourly rate, as set out in the Tariff Contract.

## General Principles and Objectives

1. An LABC Client who receives a Recovery becomes liable to LABC for a Repayment Amount upon receipt of a Statement of Account.
2. A Client who terminates a legal aid contract or discontinues Clinic Services prior to receiving a Recovery may be required to repay LABC the full Repayment Amount where the Client's Recovery was obtained in part due to services provided by LABC.
3. The full Repayment Amount must be paid to LABC within 21 days from the date of the Statement of Account unless a request for review has been made pursuant to section 13.

## Calculation of the Repayment Amount

- When LABC is advised that a Recovery will be received by a Client, LABC will calculate the Repayment Amount based on the formula:

Repayment Amount = Recovery Amount – Deductions

Up to a maximum equal to all Eligible Fees and Disbursements

5. Eligible Fees and Disbursement are calculated based on the following as they relate to any legal matter that contributed to the Recovery:
  - a. all fees and disbursements billed to LABC on Tariff Contracts;
  - b. all disbursements paid or payable by LABC in connection with Clinic Services;
  - c. an amount for in-house Clinic Services based on time spent by LABC lawyers working on the Client’s legal matter at the rate of \$126.25 per hour.
6. The following Deductions are applicable and are subtracted from the Recovery Amount for the purpose of calculating the Repayment Amount:
  - a. any amount as a lump sum or periodic child and spousal support awards;
  - b. monies required to pay court ordered family debts;
  - c. the value of non-liquid assets included in the Recovery that are not reasonably redeemable for cash for repayment purposes, including but not limited to:
    - i. locked-in retirement savings accounts (eg. LIRA, LIF),
    - ii. the transfer of title to real property or an interest in land, or
    - iii. other assets that are legally restricted and non-redeemable.
  - d. An amount based on the number of the Client’s Dependents according to the following:

Number of Dependents	Applicable Deduction
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1	\$5,000
2	\$10,000
3	\$11,250
4	\$12,500
5	\$13,750
6 or more	\$15,000

e. Clients receiving any of the following benefits at the time of the Recovery are entitled to either the Dependent amount deduction set out in 5(d) above, or a Deduction of \$10,000, whichever is greater:

- i. BC Income Assistance
- ii. BC Disability Assistance
- iii. Canada Pension Plan Disability
- iv. Canada Disability Benefit
- v. Guaranteed Income Supplement or Allowance
- vi. Income Assistance on Reserve
- vii. Other Indigenous Income Support programs delivered by Indigenous governments that provide financial supports to persons in need

## Tariff Lawyers

7. Tariff lawyers must notify LABC immediately upon learning that a Recovery has been or will be awarded to a Client and provide the designated LABC contact with:
  - a. the Client's current contact, and
  - b. the details of the Recovery or expected Recovery including an itemized description of the amounts and how they are apportioned.
8. For any legal services provided and disbursements incurred prior to the Recovery being received, the Tariff Lawyer must bill LABC at the Tariff Rate set out in the LABC Tariffs.
9. Tariff Lawyers must submit a Final Account to LABC within 30 days of receipt of the Recovery and provide information relating to the Recovery in a form satisfactory to LABC.
10. Tariff Lawyers have an obligation to protect LABC's interest in any Recovery Amount and cooperate with LABC in obtaining any Repayment Amounts. Any portion of a Recovery held in trust must not be released without authorization from LABC.
11. LABC will provide a Statement of Account, setting out the total Repayment Amount and any applicable adjustments to the Tariff Lawyer's account with LABC. Upon receipt of the Statement of Account, the Tariff Lawyer shall notify the Client and arrange for the release of the applicable Repayment Amount to LABC.
12. If a Client is found financially ineligible for further legal aid as a result of a Recovery, any Tariff Lawyer with an open contract to represent that Client must provide LABC with a Final Account for all services provided on the contract within 30 days of the finding of financial ineligibility.

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## Reviews

13. A Client or Tariff Lawyer may request a review of any decision made pursuant to this policy. Requests for review may be made in writing within 21 days of the decision to be reviewed to:

[provincialsupervisors@legalaid.bc.ca](mailto:provincialsupervisors@legalaid.bc.ca)

14. The decision on Review is final. Any outstanding Repayment Amount becomes payable within 14 days following the date of the review decision.

## History

**November 2025:** Substantial revisions. Applicability to clinic matters clarified.

**September 1, 2020:** Updated responsible department from Finance and Administration to Audit and Investigation. Updated all references of LSS to LABC.

**September 1, 2016:** Updated terminology.

**April 27, 2015:** Reformatted and updated terminology.

**April 2013** – updated to reflect change of responsibility and ownership of policy from the Audit and Investigation department to the Finance and Administration department.

**EMC Approved September 10, 2009 – new policy.** This policy replaces previous practice regarding conversions to private retainers.

**SEE [POLICY](#) AND [FORMS](#) PAGES FOR:** Other policies and forms referenced in this document.