

Exchange in legal fight on insurance costs claim

Midlands car replacement firm Accident Exchange has been given the legal go-ahead to pursue a compensation claim against a company it blames for inflating insurance claim costs.

Accident Exchange provides replacement cars to drivers involved in no fault accidents.

The Hams Hall firm, which was set to publish its interim results on December 30, has had a tough financial year, and puts part of the blame on cases where payouts were determined by evidence from Autofocus.

It recorded a £55 million loss for the year to April, and had already predicted a first half loss and said it might need to renege.

The company was planning to take legal action against Suffolk-based Autofocus over thousands of cases it said had cost it as much as £22 million.

Accident Exchange put out a statement to the Stock Exchange earlier this year saying its suspicions had been raised after one case in September, which had led it to go back over millions of pages of legal documents to see how many claims might have been based on allegedly exaggerated evidence.

The problems are based on "spot rates" – estimates of how much cars cost to replace. Accident Exchange said solicitors for insurance companies looking to minimise payouts were increasingly turning to low spot rate estimates from Autofocus.

Autofocus has always denied this, and applied to the High Court for the case to be struck out because there was no cause of action. But the judge said the case should go ahead, although it would be narrowing the case down. He also said Autofocus had the option to appeal against the decision.

A spokesman for Autofocus said they were pleased at the decision by the judge, even though he had not struck it out as they were hoping.

He added it would be using its opportunity to appeal, and said: "While it is disappointing that the case was not dismissed in full, Autofocus is confident of success in the Court of Appeal or at trial."

He said the company would now be resubmitting its case at the earliest possible date in the new year.

"In the meantime, Autofocus is delighted that the company is still receiving many instructions from important clients. Autofocus rates surveyors are attending court regularly to give oral evidence."

Microsoft backs tiny Midland design firm



ANNABLACKABY

A Halesowen design and marketing firm had a cheery start to the festive period when it was selected by Microsoft to be part of its new business-focused publicity campaign.

Alkaline Design and Marketing, which only has one full-time member of staff, was selected by the multinational to appear in a short online video that will put the business in the limelight.

Simon Washbrook, director of the firm, said being chosen by such a huge name was a major boost for the small business.

"It is an amazing opportunity to be partnering with Microsoft on this campaign," he said.

"The campaign itself is trying to educate people on how they can use software more effectively to help businesses become more efficient."

Mr Washbrook appears in the two-minute video on Microsoft's website where he explains how he uses the firm's software as a marketing tool to keep in touch with his customers.

"There are five companies which have been selected and we have been chosen to talk about how to retain customers by using marketing processes such as a customer relationship management (CRM) system and email to communicate with them on a regular basis."

Alkaline Design & Marketing – which also employs a part-time member of staff – was formed in 2005 by Simon Washbrook following a successful design and marketing career with several big firms.

Mr Washbrook said his company initially caught the attention of Microsoft



Simon Washbrook of Alkaline design and marketing, which is being used by Microsoft for an advertising campaign

when staff from the software giant learnt that his design firm used PCs instead of the Macs which are ubiquitous in the industry.

"I met Microsoft at a trade show just over a year ago and I got talking about the fact we are a design agency and we only use PCs, which originally got their interest," he said.

"Then talking further they realised we used their software for CRM and for understanding what our customers do.

"That was picked up by the national marketing team for this campaign."

Mr Washbrook said the past few months had been difficult but the company, which focuses on providing a design and marketing service for small businesses, was starting the new in a positive frame of mind.

"I suppose the key thing we have done is kept positive – we have kept marketing and kept doing what we should do and put ourselves in the right position," he

said.

Robert Epstein, head of SMB marketing and sales, Microsoft UK said: "Microsoft is focused on highlighting the benefits of technology at a local level.

"We were keen to profile companies that have proved that despite the past turbulent year, success and satisfied customers can be a reality if you make the best use of the technology you own and invest wisely in technology for longer term growth."

Close this window



PETER SHARKEY

Football's utterly contrived, EU-inspired, market-destabilising transfer window officially opens this morning, though like one of this week's sales at an up-market retailer, only the well-heeled are in a position to take advantage of it – not as though they'll be hunting for bargains.

Fewer and fewer managers favour the January window. They argue that it forces hasty transfers to take place, hence mistakes are made, the adverse commercial consequence of which is that clubs are left saddled with unwanted players on long contracts. This might not matter to exceptionally rich organisations or their owners, but it definitely does to those on a budget.

It is also frequently evident that the transfer window can work against clubs, restricting them from selling at other times of the season. Many sides experiencing financial difficulties have been unable to relieve the pressure by selling a player because the window is closed.

It was the European Commission, a body whose *raison d'être* is to promote free trade and free movement, that came up with the idea of a transfer window, while simultaneously maintaining that it would not conspire to hamper freedom of movement, nor drive up prices.

Yet the system's folly has been exposed as business decisions, previously made on a regular basis during the course of the commercial year, are now compressed into two short periods.

Anyone with an understanding of basic economics will know that in instances where a commodity (in this instance, footballers) is in limited supply for a comparatively short period, then demand for it will increase and its value will become inflated.

It follows that instead of seeing transfer fees gradually decrease over the past couple of years, at the highest level, they have actually continued to rise. Few politicians and fewer EU officials anticipated such consequences when the



The January transfer window often forces hasty transfers to be made, which can prove costly for teams in the long run

transfer-window idea was first mooted, although conversely, Britain's transfer system, historically the principal method by which football's wealth was redistributed via a "trickle-down" effect, has all but disappeared.

However imperfect the system was, it did provide many football clubs with a timely commercial boost. For more than a century, the financially-inspired exodus of players from lower leagues to the better-paid English clubs effectively guaranteed their continued financial security.

Yet the introduction of the transfer window has had a detrimental affect upon the average aggregate domestic turnover of Football League clubs. When combined with the impact of straitened financial circumstances, they are increasingly left with few options other than to load their squads with younger, cheaper and/or foreign footballers, the effect of which is to devalue the game, create a wider gap between rich and poor clubs and compromise the integrity of the competitions in which they compete.

On a wider level, the transfer-window problem is compounded as a few remaining "super-rich" clubs spend a fortune acquiring the best players, so forcing their rivals to compete, a process which results in one of two outcomes.

Either a) less well-off clubs become over-extended, financially-speaking, and therefore more liable to use expensive finance with which to make their acquisitions, or b) they conclude it is impossible to try to compete with the 'big clubs' and lower their ambitions accordingly.

This phenomenon has been evident in the Premier League for many years, but the situation has been exacerbated by the simultaneous introduction of a transfer window and the arrival of several phenomenally rich men, many of whom would fail to pass a 'fit-and-proper person' test at a local Rotary club.

While the appearance of football's sugar daddies has enabled some clubs to pay for their transfers on the nail, loan deals and free transfers still represented around 60 per cent of all moves during the summer

Moreover, clubs wanting to compete or sell increasingly find that only comparatively expensive methods of funding are available.

Until very recently, clubs were required to pay 50 per cent of the transfer fee on the day of signing a player and 50 per cent within a year of him being registered with his new (buying) club.

However, the arrangements have been amended to allow clubs to spread the transfer payment over the duration of the player's contract, a period that could be as long as four or five years.

In the past, this method has persuaded clubs in financial trouble to try getting their money as soon as possible, even if it meant not getting the entire transfer fee. Clubs embraced 'debt-factoring', a process whereby a finance house would pay the club the transfer money due less their commission, which could be as high as 15 per cent.

Top-end transfer activity will continue unabated over the coming month, but no-one should hold their breath waiting for the effect of a money trickle down to ease financial difficulties lower down football's food chain.

Most of the market will remain quiet as clubs tighten their belts while feeling the effect of what one well-known football official describes as a "registration strait-jacket offering no scope for flexibility." The sooner the transfer-window strait-jacket is removed, the better-off many football clubs will become.



CHRIS UPTON

Thankful for small mercies

Aston Villa fans have been looking uncommonly cheerful over the last few weeks. While my own team flounders in the reeds at the bottom of the canal, occasionally coming up for air and then sinking back, the Villa climb ever upwards.

They dream once more of the Champions League.

They dreamed of this last year too before ending up, as usual, sixth behind Everton. Admittedly, sixth place does endow a spot in the Europa League but it's an utterly pointless place.

What happens is this. Teams spend seven months struggling tooth and nail for a European place and then lose to somewhere unpronounceable in Round 2, an inevitable result of putting out a weakened team.

The distraction of Europe set aside, they can concentrate fully on winning a place in Europe for the following year. Ask a philosopher to explain this. Try Immanuel Kant.

Nevertheless, after recent topsy-turvy results, has the gap between the "top four" and the rest narrowed, or even disappeared? Perhaps there is a positive side to the UK recession. My instinct is that they have suffered almost as much as clubs in the lower leagues, who cannot afford to pay their players' wages.

They may not yet have become "selling clubs" but no longer seem to be "buying clubs". And so, at last, the teams below can look upwards instead of simply sideways. It's just unfortunate for the Villa that there are more of them. The resurgence of Tottenham, and the discovery of oil on the outskirts of Manchester, has created a "top seven". This is of little consolation to me, of course. But at least I won't have to polish up my Croatian and look forward to an early exit from Europe.

