



Chadwick Lawrence
Yorkshire's Legal People

courtofprotection@chadlaw.co.uk

Personal Injury Trusts

If you are due to receive damages in connection with a personal injury you may wish to consider setting up a personal injury trust for the following reasons:

- To protect entitlement to means tested benefits.
- To protect entitlement to funding from the local authority towards care needs.
- To reduce the risk of financial exploitation.

Our team can assist with the execution of a personal injury trust, the management of the trust and the appointment/retirement of trustees.

When Should I Set Up a Trust?

For most means tested benefits you have 52 weeks from when you receive the first payment in connection with your personal injury before this money is considered by the benefits agency. After this period if you have not set up a trust the compensation would be taken into account by the benefits agency. The '52 week disregard period' does not apply to any later payments received.

It is therefore advisable that a trust is set up as soon as possible once an award has been confirmed to preserve current and future entitlement to means tested benefits. However, we can still assist if the '52 week disregard period' has expired.

What Money Can Be Placed In a Trust?

You can only place funds awarded due to a personal injury into a trust. This may include the following:

- An insurance 'payout'
- Damages from a personal injury, clinical negligence claim or criminal injuries application
- A charitable donation

It is not possible to top up the account with your own personal finances.

Are There Any Restrictions On Spending?

There are no restrictions on how the money in the trust is spent providing it is for the benefit of the beneficiary. You may wish to use the money for expenses relating to your injuries, but this is not a requirement of the trust. It is also possible to use the money to pay for holidays, to purchase a vehicle or pay off outstanding loans.

It is recommended that the trust funds are used for larger items of expenditure. You can then use your personal bank account for day-to-day spending. If you are claiming means tested benefits the balance in your personal bank account should remain below £6,000.

Who Should Be a Trustee?

Trustees are appointed to manage the money within the trust and a special bank account should be set up to hold this money separate from other funds.

A minimum of two trustees would need to be appointed to manage this money and all trustees would be required to act in best interests of the person who has been awarded the compensation. All trustees must be over the age of 18 and need to have a good credit score to open the trust bank account.

You may want to consider appointing a professional trustee if you have received a large compensation award.

Can I Invest the Funds In The Trust?

It is possible to invest funds within a personal injury trust. It is recommended that advice be sought from an independent financial advisor as to the available investment options in your particular circumstances.

Do I Need a Bank Account For The Trust?

A bank account will need to be set up in the name of the trust with all trustees named as signatories to the account. There are a number of banks/building societies which offer this service, and we are able to open the account on your behalf if you are instructing us to assist with setting up your trust.

How Long Can I Have a Trust For?

The trust can continue for as long as you need it providing there are at least two trustees who are able to manage the fund.

However, if you have a bare trust the trust would automatically come to an end on your death. Any money within the trust would be distributed according to the terms of the your will or the rules of intestacy if there was no will.

If the trust is no longer required, it is possible to dissolve the trust and transfer any remaining funds to your personal bank account.

For any questions about personal injury trusts please contact our expert Court of Protection team on 0800 015 0340 or via email at courtprotection@chadlaw.co.uk.

Leeds City Centre

8-16 Dock Street,
Leeds,
LS10 1LX

Huddersfield

13 Railway Street,
Huddersfield,
HD1 1JS

Wakefield

Paragon Business Village,
Red Hall Crescent,
Wakefield,
WF1 2DF

Halifax

The Fire Station,
Dean Clough Mills,
Halifax,
HX3 5AX

Morley

29/31 Commercial
Street,
Morley,
Leeds,
LS27 8HX

Horbury

22 Westfield Road,
Horbury,
Wakefield,
WF4 6HP

Bradford

Titan Business Centre,
3rd Floor Euroway House,
Roydsdale Way,
Bradford,
BD4 6SE

Guiselley

18 Springfield Court,
Guiselley,
Leeds,
LS20 8FD



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