

FINAL

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Disputes over money between divorcing couples rise as recession bites

- 29.5% of settlements contested in 2008, up from 25.4% in 2006

The proportion of divorce related financial settlements that are contested in the courts has increased over the last two years partly because of the economic slowdown, according to statistics obtained by Sweet & Maxwell, the leading legal information provider.

However, Sweet & Maxwell says that the rise in legal disputes over the size of maintenance payments, lump sum payments and the splitting of pension pots has largely been restricted to couples without children.

29.5% of financial settlements relating to divorcing couples heard in the Family Courts* were contested in the year ending December 31 2008 (27,861 out of 94,431) up from just 25.4% that were contested in 2006 (28,492 out of 111,955).

In the year to December 31 2008 there were 10,417 applications to the Family Courts that related to the sharing or splitting of pensions.

Sweet & Maxwell, a Thomson Reuters company, says that the downturn in the economy and the stress it has created in personal finances is likely to be a driver of those disputes over how a married couple's assets and future earnings power should be split.

General job insecurity, worries over bonuses and even just a decline in the pace of an individual's earnings means that the splitting of the marital assets will be more hotly contested than normal.

In a recession the higher earning individual may worry that their earnings will no longer grow at the kind of pace they would like to dilute any maintenance payment they are required to pay.

There have also been a number of high profile cases where one of the divorcing couple has claimed that their assets have been more seriously damaged by the economic crisis than the other partner believes.

The UK courts typically try to achieve the division of the married couple's assets that allows for a clean break.

Sweet & Maxwell says that where divorces have taken place that involve children there has not been the same rise in proportion of divorce settlements that have been disputed in the courts.

Sweet & Maxwell says that this may be because parents are less likely to fight over money which may ultimately benefit their children.

*Within County Courts

ENDS

Notes to Editors:

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Press enquiries:

Peter Wylie
Corporate Communications Manager
Sweet & Maxwell
Tel: 020 7393 7123

Nick Mattison or Tom Yazdi
Mattison Public Relations
Tel: 020 7645 3636