

FINANCIAL SECTOR LITIGATION ON THE INCREASE IN PORTUGAL - CUATRECASAS, GONÇALVES PEREIRA

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The single most important event in litigation over recent years has been the fallout from the demise of Banco Espírito Santo, according to Miguel Esperança Pina, partner with Cuatrecasas, Gonçalves Pereira in Lisbon.

The partner describes as a virtual 'tsunami' the amount of disputes raised in many areas of law, from banking to public to criminal law in the aftermath of the BES collapse. "This is quite new for Portuguese law firms so there is a lot of work to do," he says.

According to sources, BES-related cases present law firms with a whole new world, with new legal questions and regulations coming up regularly. The financial sector in Portugal remains far from stable and litigation across the industry has become wildly varied and complex.

Portuguese and international investors keep challenging the bank restructuring measures as implemented by the government and the Bank of Portugal. The latter's decision on December 2015 to retroactively confiscate the assets of bondholders who held five senior bonds in Novo Banco, the

‘good bank’ created in August 2014 after the fall of Banco Espírito Santo, has sparked new legal challenges and claims.

This spike in the workload has yet to translate into higher revenue for Portuguese law firms, Esperança Pina says. While observers are divided over the fee issue, it is clear that there is pressure on fees from clients in litigation and ADR as there is in other practice areas. Clients remain fee-conscious as it has been the trend for several years. He concludes “we have caps so we have to be very efficient and control the fees.”

Elsewhere, Esperança Pina notes that law firms have big questions about the future of the country, particularly regarding the ongoing political turbulence. “There is a lot of uncertainty and everyone is concerned about the stability of the government.”