

June 2005

Construction Management and Economics

The leading academic journal for research in the construction industry

For immediate release

Warning! Mistakes by Adjudicators May Cause Insolvency

In the current edition of *Construction Management and Economics*, Issaka Ndekugri of Wolverhampton University and Victoria Russell of Fenwick Elliott (Solicitors), warn about the dangers of insolvency that might follow from an adverse adjudication, particularly unfair if the adjudication was mistaken.

The purpose of this research was to examine the process of adjudication, which has been introduced to the UK construction sector as a statutory dispute resolution procedure for all construction contracts. It involves referring certain kinds of dispute to an independent third party, the adjudicator, who must make a decision on it within 4-6 weeks regardless of the complexity of the dispute. There is a widespread assumption that any mistakes made by an adjudicator can always be corrected through subsequent litigation or arbitration at a later date. However, there is a risk that an insolvent beneficiary of a mistaken adjudicator's decision may be unable to make repayment when so ordered by the court or the arbitrator. Also, an adverse adjudication decision may propel a financially weak party into insolvency. This article is a critical analysis of these insolvency-related risks.

Full details can be found in the current issue of *Construction Management and Economics*, Volume 23 Number 4, published by Routledge, Taylor and Francis.

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