



Director, Shareholder and Partnership Disputes

Disputes over the ownership and running of a business can bring the business to a halt. Internal problems can severely hinder the day to day activities of the business itself and are ideally resolved swiftly and commercially.

Director Disputes

Director disputes may arise when the action the company should take cannot be agreed. Sometimes a director may be in breach of its duties and actually causing damage to the company.

The articles of association often contain provision for how a director can be removed or how a dispute can be resolved, as does the Companies Act 2006.

A director dispute should be resolved quickly and commercially, to limit the damage caused to the company itself.

Shareholder Disputes

Shareholder issues are often intertwined with director disputes. However, the status of a shareholder, is very different from that of a director.

A shareholder might not have any day to day or active role in the running of the company. However, he has a vested interest in the performance of the company.

A shareholder has rights and can bring legal action if his shareholding is being prejudiced, for example because the conduct of the directors is damaging the company.

The rights and mechanisms for resolving a shareholder dispute may be contained in a shareholders agreement. However it is common for companies to fail to put shareholder agreements in place. If there is no shareholders agreement, there may be some provision in the articles of association.

Shareholder disputes have to be considered carefully and in particular it needs to be decided whether the cost of litigating is worth the effort. In small companies of a small value, it is better to strike a deal rather than becoming engaged in lengthy and expensive litigation.

Litigation Services

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- Commercial property disputes
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- Contested insolvency
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For further information on our Litigation Services please contact:

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Continued





Director Disputes continued

Partnership Disputes

Partnerships are different from companies but often the same types of problems arise. Again, it is best to resolve disputes early.

Having a partnership agreement is very helpful in resolving disputes but many partnerships do not have them. Where no partnership agreement is in place setting out how to resolve disputes, partners rely upon the Partnership Act of 1890.

Litigation Services

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