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Adjudication Follows the Money: Paragon Group Limited v FK Facades Limited [2026] EWHC 78 (TCC)

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Date: 20 January 2026

Judge: His Honour Judge Stephen Davies sitting as a High Court Judge

Key Words:

Adjudication, Assignment, Jurisdiction, Construction Contracts, Scheme for Construction Contracts, HGCRA 1996, Enforcement, TCC, Statutory Assignment, Party Definition

Summary

Paragon Group Limited v FK Facades Limited EWHC 78 (TCC) is a summary judgment enforcement decision concerning whether the assignee of a construction contract has the right to refer a dispute to adjudication [1]. The claimant, Paragon Group Limited (**Paragon**), sought to enforce an adjudicator's decision awarding it £80,500 plus fees against the defendant contractor, FK Facades Limited (**FK**). The central dispute was jurisdictional: FK argued that Paragon, as an assignee rather than an original party to the contract, was not a "party" under the contract or the Scheme for Construction Contracts (the Scheme) and therefore had no right to adjudicate [1, 40].

The High Court rejected FK's arguments, ruling that while an assignee does not become a party in the full sense of novation, a statutory assignment transfers all legal remedies, which includes the right to adjudicate [62-63, 77]. Consequently, the adjudicator had jurisdiction, and the court granted summary judgment in favour of Paragon [77, 81].

Key Themes:

1. ***Assignment vs. Novation****: The judgment distinguishes between assignment (transferring rights and remedies) and novation (transferring both benefits and burdens to a substitute party) [26(ii)-(iii)]. The court clarified that while an assignee does not replace the original party for all purposes, they acquire the "legal right to the debt as well as the legal remedies for its recovery" [24, 26(ii)-(iii)].*
2. ***Definition of "Party" in Adjudication****: A central theme is the interpretation of the word "party" within the Housing Grants, Construction and Regeneration Act 1996 (HGCRA) and the Scheme [8, -10, 28-29]. The court had to determine if "party" is strictly limited to original*

signatories or if it extends to assignees [41, 57-58].

3. ***Contractual Interpretation****: The court applied a "unitary process" of interpretation, considering what a reasonable person with the parties' background knowledge would understand, including the general legal context of assignment rights [37-40].*
4. ***Commercial Commonsense****: The judgment weighs practical objections—such as the inability to bring counterclaims against an assignee—against the commercial reality that parties likely intended assignees to have access to the same dispute resolution mechanisms as the assignor [67, 76].*

Background

1. **The Contract** – The original contract was entered into on 17 October 2018 between Office Depot International (UK) Limited (the Employer) and FK (the Contractor) using the JCT Minor Works Building Contract 2016 edition [5, 7]. The works involved remedial roofing at a property in Greater Manchester [6].
2. **The Assignment Clauses** – The contract was amended to allow the Employer to "assign or charge the benefit of this Contract at any time without the Contractor's consent," whereas the Contractor was restricted from assigning without consent [13-14].
3. **The Chain of Assignment** –
    1. **2021:** The Employer assigned its rights to OT Group Ltd (**OTG**) [16].
    2. **2024:** OTG assigned the rights to Paragon [16]. Both assignments were notified to FK [16].
4. **The Dispute** – Paragon terminated the contract in April 2025 and sought liquidated damages for delay in May 2025 [17]. When Paragon referred the matter to adjudication, FK challenged the adjudicator's jurisdiction, arguing an assignee could not commence adjudication [17]. The adjudicator ruled he had jurisdiction and found in Paragon's favour [17]. FK refused to pay, leading to these enforcement proceedings [17].

Legal Issues and Analysis

The court addressed the lack of direct authority on this specific point, noting the arguments proceeded from "first principles" [2].

A. Does "Party" in the Scheme include an Assignee? – FK argued that the Scheme allows "any party to a construction contract" to adjudicate, and since an assignment is not a novation, an assignee is not a "party" [40].

- **Analysis:** The judge found the Scheme's use of the word "party" to be "indiscriminate," referring variously to parties to the contract and parties to the dispute [59]. The court concluded that the drafters did not consciously intend to differentiate between an original party and an assignee [59]. The Scheme can be read as including "or any legal assignee of such party, where applicable" without doing violence to the text [59].

B. The Effect of Statutory Assignment – The court relied on Section 136 of the Law of Property Act 1925, which transfers "all legal and other remedies" to the assignee [21-23].

- **Analysis:** Unless expressly excluded, the right to adjudicate is a legal remedy that passes with the assignment [62-63]. The court noted that while an assignee does not "stand in the shoes" of the assignor for the burden of the contract, they do acquire the rights and remedies as if they had been theirs from the beginning [62-63].

C. Practical Objections (Counterclaims and Mutuality) – FK argued that allowing assignees to adjudicate creates complications, such as the inability of the contractor to bring a counterclaim against the assignee in the same proceedings [65-66].

- **Analysis:** The court dismissed these concerns as "more apparent than real" [72].
  - The inability to counterclaim against an assignee is not materially different from the usual limits on counterclaims in adjudication and therefore does not justify excluding assignees from adjudication [67].
  - The original contractor can still rely on equities or "conditional benefits" as a defence [69].
  - Commercial commonsense suggests parties would not intend to force an assignee to rely on the original assignor to bring adjudication proceedings, which would be "fraught with difficulty and delay" [74-75].

D. The "Arising Under the Contract" Argument – FK argued that a dispute brought by an assignee arises under the assignment, not the construction contract [79].

- **Analysis:** The judge rejected this as having no "freestanding merit" [25]. Since the assignee claims in their capacity as the holder of the contract rights, the claim (e.g., for liquidated damages) arises under the construction contract [25].

Conclusion

The court concluded that **Paragon was entitled to summary judgment** [81]. The judge determined that on an objective interpretation of the contract and the Scheme, an assignee is entitled to adjudicate a claim against an original party [77]. The definitions of "party" within the relevant documents should be read to include a legal assignee [77]. Consequently, the adjudicator appointed by Paragon had proper jurisdiction, and the decision was binding [1, 77].

***Key Takeaway**:*

Unless a construction contract expressly restricts the right, a statutory assignee of the benefit of the contract has the right to refer a dispute to adjudication against the other original contracting party.

The right to adjudicate is considered a legal remedy that transfers to the assignee under the Law of Property Act 1925, and the term "party" in the Scheme for Construction Contracts is interpreted to include lawful assignees [62-63, 77].

Parting Thoughts

In the end, Paragon v FK Facades is a reminder that construction law, for all its procedural noise, still responds to basic legal gravity. Rights flow with assignments unless someone has bothered to dam the river. Here, nobody did.

The Court was not blind to the objections raised. It accepted that permitting assignees to adjudicate produces some theoretical untidiness: counterclaims do not sit quite where one might like them, findings may not bind everyone one might wish, and perfectionists can imagine parallel adjudications drifting past one another in the night. But HHJ Stephen Davies dealt with these points in the correct way: by asking whether they mattered in the real world. His answer—politely, firmly, and with faint incredulity—was no.

Adjudication is provisional, fast, and unapologetically rough-edged. The fact that it does not deliver procedural symmetry is not a bug; it is the entire design. Respondents already live with limits on counterclaims. Equities and conditional benefits still do their defensive work. Any residual injustice can be corrected later, in a forum that moves more slowly and charges accordingly. Against that background, excluding assignees from adjudication would solve a problem that largely does not exist, while creating one that very much would.

Most decisively, the Court anchored its reasoning in commercial reality. Parties who permit assignment—especially on a one-sided basis—do not do so on the assumption that the assignee must then beg the assignor to lend its name to enforcement proceedings. That would not be sensible, efficient, or remotely attractive. It would be, as the judgment neatly puts it, "fraught with difficulty and delay." The law should not require such awkward choreography unless the contract says so in terms.

And that is perhaps the judgment's quiet punchline. If parties do not want assignees adjudicating, they are perfectly capable of saying so. They can prohibit assignment, qualify it, or carve adjudication out altogether. What they cannot do—at least after Paragon—is allow assignment, say nothing about adjudication, and then act surprised when the assignee turns up wielding exactly the remedies the law says it acquired.

In short, adjudication follows the assigned right. The objections were heard, examined, and ultimately found to be more theoretical than real. The Scheme survived uninjured, commercial commonsense remained intact, and £80,500 duly changed hands. Order was restored—quickly, temporarily, and entirely as intended.

#ConstructionLaw #Adjudication #Assignment #ContractLaw #TCC #HighCourt #DisputeResolution #ParagonvFKFacades #HGCRA #JCT #LegalUpdate #CaseLaw #DDAlegal

Authorities

Case Law:

Principles of Statutory Assignment and Novation

1. ***Read v Brown*** **(1888) 22 QBD 128** *– Relied upon for the foundational principle that a statutory assignment transfers not only the legal right to the debt but also "all legal and other remedies for the same." The court used this to support the conclusion that the right to adjudicate is a legal remedy that passes to the assignee, allowing them to sue in their own name as if the debt had been theirs from the beginning.*
2. ***Energy Works (Hull) Ltd v MW High Tech Projects UK Ltd & Ors*** **[2020] EWHC 2537 (TCC)** *– Cited to distinguish between assignment (transferring benefits) and novation (transferring burdens/substituting the party). The judgment also relies on the "conditional benefit" principle discussed in this case (referred to as Outotec in paragraph 69) to address practical objections, noting that an original party can rely on claims as a defence against an assignee.*
3. ***Bexhill UK Ltd v Razzaq*** **[2012] EWCA Civ 1376** *– Cited regarding the principle that an assignee becomes the owner of the right but does not become a "party" to the contract or deed unless there is a novation. This authority formed the basis of the Defendant's argument that an assignee cannot be considered a "party" under the Scheme.*

Principles of Contractual Interpretation

1. ***Assia v BT*** **[2023] EWCA Civ 451** – *Adopted as the summary of the relevant principles for interpreting the contract. The court applied the "unitary process" to ascertain what a reasonable person with all the background knowledge reasonably available to the parties (including the state of the law) would have understood the parties to have meant regarding the definition of a "party."*
2. ***BCCI v Ali*** **[2002] 1 AC 251** – *Cited to support the principle that the "background knowledge" available to the parties during contract interpretation includes the "state of the law."*
3. ***British Overseas Bank Nominees Ltd v Stewart Milne Group Ltd*** **[2019] CSIH 47; [2020] PNLR 2** – *Relied upon for the proposition that the general legal context is usually relevant when construing a written agreement.*

Authority regarding Adjudication Standing and Jurisdiction

1. ***Enterprise Managed Services Ltd v Tony McFadden Utilities Ltd*** **[2009] EWHC 3222 (TCC)** – *Cited for the dictum that, as a matter of law, an assignment of a right to adjudicate can be legitimate if attached to the underlying contract. While the court noted this did not decide the specific anterior point of assignability in the present case, it supported the general principle that adjudication rights can transfer.*
2. ***South v. Chamberlayne*** **[2001] 3 EGLR 54** – *Cited within the Enterprise judgment to support the view that dispute resolution rights (in this context, arbitration) need to be attached to the underlying contract to be assigned.*
3. ***Hurley Palmer Flatt v Barclays Bank*** **[2014] EWHC 3042 (TCC)** – *Relied on by the Defendant to argue that third parties are not "parties" to the contract under the Scheme. The court distinguished this case, noting that the third party in Hurley did not "stand in the shoes" of the assignor via statutory assignment, unlike the Claimant in the present case.*
4. ***Westdawn Refurbishments Ltd v Roselodge Ltd*** **(2006) (unrep)** – *Identified as the earliest judgment discussing the issue, where the court declined to decide the point without fuller argument, merely acknowledging it as an important issue.*
5. ***Grove Construction (London) Ltd v Bagshot Manor Ltd*** **[2025] EWHC 591 (TCC)** – *Cited as a recent decision where an original contracting party failed in an attempt to adjudicate against an assignee. The court noted this was not directly relevant as it involved the reverse scenario (adjudicating against an assignee), which is generally not permitted without novation.*
6. ***Mailbox (Birmingham) Ltd v Galliford Try Construction Ltd*** **[2017] EWHC 67 (TCC)** – *Cited as a case where validity of assignment was argued, but the specific right to adjudicate was not challenged, meaning it provided no authoritative endorsement on the issue.*

Principles of Adjudication Enforcement

1. ***Carillion Construction Ltd v Devonport Royal Dockyard Ltd*** **[2005] EWCA Civ 1358** – *Cited to establish the "robust approach" the TCC takes to adjudication enforcement, while also affirming that the court must engage with substantial points of law regarding jurisdiction on their merits.*

Legislation:

The Adjudication Framework

1. ***Scheme for Construction Contracts (England and Wales) Regulations 1998*** ***("the Scheme")*** – *The Scheme provides the implied adjudication terms where a contract does not comply with the Act. The judgment focuses heavily on the interpretation of the word "party"*

within Paragraph 1(1) and throughout Part 1. The court analyzed the "indiscriminate" use of the word "party" (referring variously to parties to the contract and parties to the dispute) to conclude that the drafters did not intend to distinguish between an original party and an assignee. The court ultimately held that the definition of "party" in the Scheme can be read to include "any legal assignee of such party." Additionally, Paragraph 9(2) regarding resignation for substantially the same dispute, and Paragraph 18 regarding confidentiality were considered regarding practical objections to assignment.

2. ***Housing Grants, Construction and Regeneration Act 1996*** ***("the HGCRA" or "the Act")*** *– Section 108 confers the right on "a party" to a construction contract to refer a dispute to adjudication. The judgment relies on the principle that if a contract does not comply with s.108, the Scheme applies. The Act establishes the temporary binding nature of the decision until final determination. Section 107 is also referenced in the context of the Enterprise case summary regarding writing requirements.*

Property and Assignment Law

1. ***Law of Property Act 1925*** ***("LPA 1925")*** *– Section 136 is central to the Claimant's case and the court's reasoning. It provides that a statutory assignment transfers the "legal right to such debt or thing in action" along with "all legal and other remedies for the same." The court relied on this to determine that, absent express exclusion, the right to adjudicate is a legal remedy that transfers to the assignee. It serves as the "starting point" for the proposition that an assignee is entitled to refer a claim to arbitration or adjudication.*
2. ***Judicature Act 1873*** *– Cited as the historical statute (specifically s.25(6)) that first made general statutory provision for the assignment of choses in action. It was repealed and substantially re-enacted by s.136 of the Law of Property Act 1925.*

Insolvency Procedures

1. ***Insolvency Rules 1986*** *– Rule 4.90 is mentioned solely within the summary of the Enterprise Managed Services Ltd case, concerning the taking of an account in the context of a company in liquidation.*

Legal Texts & Commentary:

Interpretation of Contracts

1. ***The Interpretation of Contracts by Sir Kim Lewison (8th edition)*** *– Cited as the authority for the principles of contractual interpretation regarding "background knowledge." The judgment relies on this text to establish that the "objective factual background" available to parties includes the "state of the law" and the "general legal context." This principle was crucial to the court's reasoning that the parties' definition of a "party" would be understood in the context of the general law of assignment.*

Law of Contract and Assignment

1. ***Chitty on Contracts (36th edition)*** *– Relied upon for a concise explanation of the assignment of "things in action" (choses in action). The text is used to define how personal rights of property, which could not be assigned at common law, are transferred via statutory provision (referencing the Judicature Act 1873 and Law of Property Act 1925), thereby passing rights from one party to another.*

Construction Adjudication Procedure

1. ***Construction Adjudication by Sir Peter Coulson (4th edition)*** *– Referenced to demonstrate the lack of direct authority or settled academic opinion on whether an assignee has the right to adjudicate. The judgment notes that while the text cites relevant case law (specifically Westdawn Refurbishments Ltd and Mailbox (Birmingham) Ltd), the author provides no comment or decided view on the specific issue of an assignee's standing to adjudicate, highlighting the novelty of the legal point being decided.*

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