

CASE NOTE

Assignment can carry the right to adjudicate.

What *Paragon Group Ltd v FK Facades Ltd* means for contractors assessing assigned claims and adjudication jurisdiction.

THE COMMERCIAL POSITION

The right to adjudicate may pass with the claim.

When rights under a construction contract are assigned, the commercial benefit may move to a new entity while performance obligations remain with the original parties. That distinction matters whenever the assignee seeks to recover payment, damages or another contractual remedy through adjudication.

In *Paragon Group Ltd v FK Facades Ltd* [2026] EWHC 78 (TCC), the Technology and Construction Court enforced an adjudicator's award obtained by an assignee of the employer's rights. The court concluded that, on the proper interpretation of this amended JCT contract, the assignee was entitled to refer an assigned dispute to adjudication. The decision provides a practical lesson for contractors: an assignment must be examined as a route to enforcement, not treated as a purely administrative change of company name.

01 An assigned claim became an adjudication.

In October 2018, Office Depot International (UK) Ltd engaged FK Facades Ltd under an amended JCT Minor Works Building Contract 2016 for remedial works to a roof installation at commercial premises in Greater Manchester. The contract identified Office Depot as employer and FK as contractor.

The employer assigned the contractual benefit to OT Group Ltd in 2021. OT Group then assigned that benefit to Paragon Group Ltd in 2024. Both assignments were notified to FK. The amended contract allowed the employer to assign or charge its benefit without FK's consent; FK could not assign, novate or charge the benefit without the employer's prior written consent.

Paragon later alleged culpable delay, terminated the contract in April 2025 and claimed liquidated damages. An adjudicator awarded Paragon £80,500 and directed FK to pay or reimburse fees of £17,787. FK resisted enforcement on the basis that Paragon, as an assignee rather than an original contracting party, could not refer the dispute to adjudication.

02 The jurisdiction question was not automatic.

Article 6 of the contract stated that either party could refer a dispute arising under the contract to adjudication, with clause 7.2 incorporating the Scheme for Construction Contracts. On their face, the definitions of employer, contractor and party referred to the original signatories. The Scheme similarly uses language referring to parties to a construction contract.

FK argued that only a contracting party could invoke the procedure. An assignment of benefit, FK submitted, did not make Paragon a party to the contract; that would require a novation. This distinction is correct as a general proposition: an assignment transfers rights, not the burden of contractual performance or party status for every purpose.

The question was narrower and more important in practice: could a lawful legal assignee nevertheless exercise the contractual remedy of adjudication to enforce the very claim assigned to it? The court treated this as a genuine jurisdictional issue requiring interpretation of the contract and the statutory scheme, rather than a point that could simply be disregarded at enforcement.

THE JURISDICTION ISSUE

Assignment of benefit is not the same as novation.

The assignee received enforceable rights and remedies, but did not replace the original employer for every contractual purpose.

03 Statutory assignment carries remedies.

Section 136 of the Law of Property Act 1925 provides, subject to its requirements, for a legal assignment of a debt or other legal chose in action and the transfer of the legal and other remedies for enforcing it. The assignments in *Paragon* were accepted as statutory assignments and had been notified to the contractor.

HHJ Stephen Davies drew a distinction between transferring contractual rights and replacing a contracting party. *Paragon* had not become the original employer through novation, but it had received the enforceable benefit of the assigned claim. Absent contrary wording, the court considered that the rights and remedies accompanying that claim could include adjudication.

The decision therefore turns on the scope of the rights transferred and the proper interpretation of the underlying construction contract. It does not hold that every recipient of a contractual benefit can adjudicate irrespective of the assignment documents or adjudication provisions.

04 The adjudication clause was read in context.

The court placed significant weight on the amended assignment clause. The employer was expressly permitted to assign the benefit of the contract, while the adjudication provisions gave either party a route to resolve disputes arising under it. Reading those provisions with the general law of assignment, the court held that the contractual references to a party could extend, where applicable, to its legal assignee.

The Scheme could likewise be interpreted as accommodating a legal assignee. The court considered that a different reading would leave an assignee of a valid contractual claim without the adjudication route ordinarily available to recover it. That would be an unlikely commercial consequence where the parties had expressly permitted assignment of contractual benefits.

The decision also reinforces the importance of contractual drafting. Parties concerned about adjudication by future assignees can negotiate restrictions on assignment, consent requirements or express provisions limiting an assignee's right to adjudicate. The treatment of assignment is therefore not merely an administrative consideration: it can determine who may subsequently enforce a contractual claim and through which procedure.

THE CONTRACTUAL ROUTE

The right must be traced through the documents.

The route runs from a permitted legal assignment and notice to the remedies attached to the assigned claim, including adjudication where the contract permits it.

05 Jurisdiction is still fact-sensitive.

The court recognised practical difficulties with adjudication by an assignee. The original contractor may have claims against the assignor rather than the assignee, and separate proceedings can create issues involving counterclaims, binding findings or inconsistent outcomes. These concerns did not displace the interpretation reached on the contract before the court.

Paragon's claim remained one arising under the original construction contract, not a new claim arising under the deeds of assignment. On that basis, the adjudicator had jurisdiction and the court granted summary judgment to enforce his decision.

The limit is important. The judgment concerns an effective legal assignment and the particular wording of this amended JCT contract and the Scheme. FK was granted permission to appeal because the point was finely balanced and no directly controlling authority had resolved it. Contractors should not treat the first-instance decision as an unconditional rule across every contractual form or assignment.

06 Test the assignment before the notice.

The practical response is to establish the chain of entitlement before commencing or defending adjudication. A referring assignee should be able to identify the exact contractual rights it acquired, the instrument of assignment, the relevant notices and the provision allowing the underlying claim to be adjudicated.

For a contractor facing a claim from an assignee, the first review should distinguish jurisdiction from the merits. Is the assignment valid? Does the adjudication clause, read with the contract as a whole, extend to the assignee? What defences or rights against the original employer remain available? Those questions should be addressed at the outset rather than after an adverse adjudicator's decision.

The issue also belongs in commercial governance. Assignments can arise during reorganisations, acquisitions, refinancing and changes in ownership. Maintaining the contract, assignment, notification and live-claim record together makes it easier to recognise who can enforce which right, and through which procedure, while the project position is still manageable.

WHAT CONTRACTORS SHOULD TEST

Establish the legal route before referring.

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| • Does the contract permit the relevant assignment? | • Is the complete chain of assignments evidenced? |
| • Were written notices properly given? | • Which claims and remedies were transferred? |
| • What defences and counterclaims remain? | • Does the adjudication clause support this referral? |

LEGALBUILD VIEW

Adjudication follows a proven entitlement.

The lesson from *Paragon v FK Facades* is not that an assignee automatically becomes a contracting party. It is that a legally assigned contractual claim can, on an appropriate construction of the contract, carry the right to refer that claim to adjudication.

For contractors, the commercial risk is a jurisdictional assumption made too late. Where contractual benefit has been assigned, the identity of the entity advancing a claim must be tested against the assignment chain and the underlying contract. The adjudication procedure forms part of that assessment, not an afterthought.

This discipline matters on both sides of a dispute. A claimant should establish the assignment and the remedy transferred; a respondent should preserve any jurisdictional objection promptly while preparing its substantive defence. Because the first-instance ruling was finely balanced and permission to appeal was granted, the practical position remains contract-specific and evidence-led.

POSITION PRINCIPLE

The route to adjudication should be established from the contract and assignment before the dispute is referred.

Source: *Paragon Group Limited v FK Facades Limited* [2026] EWHC 78 (TCC), HHJ Stephen Davies, Technology and Construction Court, judgment 20 January 2026 (paragraphs 1–3, 13–17, 21–29 and 60–81). Permission to appeal was granted; this analysis addresses the first-instance judgment.