



What happens after my compensation claim has settled?

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Settling a personal injury compensation claim can feel like a huge sense of relief and closure. However, reaching settlement is only one part of the process. Practically, there are several important steps that happen after settlement and before you receive your compensation payout.

This blog will explain the usual process following a personal injury compensation claim being settled and some of the important things you need to consider before and after receiving your payout.

Understanding what comes immediately after settling your claim can help you avoid delays, unexpected deductions or future issues and allow you to make informed decisions that support your well-being and financial stability in the long term.

Step 1 – confirm your claim is formally settled

Your claim is not considered officially settled until all required documents have been signed. This can include:

- a deed of release or settlement agreement;
- court approval, particularly for children or protected persons;
- formal acceptance of an offer under a statutory scheme, such as [WorkCover](#) after a workplace injury or the [TAC](#) after a road accident.

Once these steps are complete, the defendant only then becomes legally required to pay the settlement amount.

Step 2 – wait for the settlement funds to be paid

The time frame to receive your compensation payout following settlement can differ based on the specifics of your case, terms agreed upon during negotiations and what is contained in the deed of release.

Typically, this would be a period of between 14-28 days after the defendants have received your signed deed of release. If payment is delayed without a reasonable explanation, it may be possible to take further steps to enforce payment.

In most cases, the defendant will make payment of the settlement funds into your solicitor's trust account, which is a regulated account used to securely hold clients' money. Your solicitor will then finalise payment to you, once all allowable deductions are accounted for.

Step 3 – review deductions from your settlement

Before you receive your settlement funds, certain deductions might be required to be made.

Legal fees and disbursements

If you engaged a lawyer to assist with your claim, legal fees and disbursements will usually be deducted from the settlement amount.

Once the settlement funds have been received, the lawyer will deduct their legal fees according to an agreement that you signed with the lawyer or firm (your costs agreement). This will also include disbursements that are expenses related to your case, such as medical record fees and court filing fees. Your lawyers will likely provide you with a Statement of Account that details the deductions made from the settlement, and the remaining amount is then ready for distribution to you.

Paybacks

A payback is the repayment of money to a government agency or insurer for benefits or treatment they covered while your personal injury claim was ongoing.

If another organisation paid for things like income support due to loss of wages or medical treatment related to your injury, they may be legally entitled to be refunded from your settlement before you receive the remaining funds.

Below are some of the most common paybacks in personal injury claims.

Centrelink benefits

If you received Centrelink payments while your claim was ongoing, and your claim has settled for economic loss, Services Australia will be entitled to recover these payments from your settlement.

This can apply to benefits such as JobSeeker payments and the disability support pension. The defendant solicitor is required to notify Centrelink of the settlement. Centrelink will then confirm the amount to be repaid by way of a Centrelink clearance. The amount owing will then be deducted and paid to Centrelink before the settlement funds are paid into your lawyer's trust account.

Medicare

If you have received Medicare reimbursements for treatment associated with the claimed injury, Medicare will require reimbursement of any amounts paid.

To determine the amount of the repayment, your solicitor will have requested and completed with you a Medicare Claims History Statement. This document lists the specific payments associated with your claimed injury.

Upon receipt of the Medicare Claims History Statement, Medicare will issue a Notice of Charge, outlining the amount that is required to be deducted from the settlement funds.

If a Medicare Claims History Statement has not been completed prior to settlement of your matter, defendants will generally include a clause in the release to hold back 10% of the settlement funds while the Medicare repayment is being calculated so as to not delay payment of the settlement amount.

Private health insurance

Similar to Medicare, if you have received reimbursement from a private health insurer for treatment associated with the claimed injury, the private health fund will require reimbursement of any amounts previously paid.

To determine the amount of the repayment, your solicitor will have requested and completed with you a Claims History Statement.

The private health fund will then issue a notice outlining the amount to be repaid.

Your solicitor will ordinarily repay this from your settlement funds once they are received into their trust account, before finalising any compensation payment to you.

NDIS

The *NDIS Act* gives the National Disability Insurance Agency (NDIA) the power to recover the cost of supports and services that have previously been provided for the claimed injury.

The *NDIS Act* also allows the NDIA to reduce future NDIS supports by applying a Compensation Reduction Amount (CRA).

Repayment of costs previously received from the NDIA or calculating future reductions is a complex process and legal advice is necessary.

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Other debts

If you have other outstanding debts or liens with Services Australia, they may seek repayment prior to receiving your settlement funds. For example, if you have a Centrelink overpayment debt, a Child Support debt or a debt with the Australian Taxation Office, these may be recovered prior to you receiving your compensation.

Step 4 – understanding tax and Centrelink obligations related to a personal injury payment

In Australia, compensation payments for common law personal injury claims are usually exempt from tax obligations, as the compensation received is the net amount. This means that you do not need to pay income tax on the settlement amount or include the amount in your income for that year.

However, if your settlement includes interest or investment income earned on the settlement funds, then it might be subject to taxation.

In addition, receiving a lump sum compensation payment could potentially impact your future Centrelink entitlements. If your claim settled for economic loss, you will face a preclusion period into the future. How long this is will depend on the amount of the settlement. Your lawyer will make enquiries of Centrelink concerning this preclusion period.

Obtaining financial or tax advice can help ensure you meet your obligations and avoid unexpected liabilities.

Step 5 – future medical treatment arrangements

What happens to your medical treatment after settlement will depend on the type of claim and how it has been resolved. It is important to clearly understand whether your medical expenses will continue to be covered or whether you will need to fund future treatment yourself.

For example, in some workplace injury matters, a common law claim may settle while no-fault entitlements for medical and like expenses continue under the *Workplace Injury Rehabilitation and Compensation Act*. In other claims, future medical expenses may

be included as part of the lump sum settlement, meaning the insurer no longer pays for treatment.

It's important that you understand your entitlement to future medical expenses. If you are unsure if you need to cover these costs yourself or if they will continue to be paid by an insurer, you should seek clarification from your lawyer.

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Step 6 – plan how to manage your settlement funds

Settlement is usually final. A settlement is often intended to support you well into the future, particularly if you cannot return to work. After signing a release, your claim will usually be settled once and for all and no further action can be taken against the insurer or liable party in respect of the same injury.

Only in very limited circumstances can a claim be revisited. These could include:

- fraud or misrepresentation;
- disclosure issues;
- duress or undue pressure;
- lack of legal capacity;
- Procedural errors.

If problems arise after settlement, such as delayed payment or incorrect deductions, you should act quickly. These issues can often be resolved through speaking with your lawyer.

Keeping copies of all settlement documents and correspondence is strongly recommended.

Final summary

After your compensation claim settles, make sure you:

- confirm settlement documents are finalised;
- track payment timeframes;
- review all deductions carefully;
- understand Centrelink and tax implications;
- clarify future medical entitlements;
- accept that settlement is usually final;
- plan how your settlement funds will be used.

Get help from a personal injury lawyer

Reaching settlement is a significant milestone, but understanding what happens afterwards is just as important. Knowing how payment works, what deductions may apply, and how your settlement can affect future entitlements helps you avoid surprises and make informed decisions.

Because every claim is different, it is important to get advice that reflects your own unique circumstances. At Guardian Injury Law, we will help you and guide you throughout the process to make sure that you know what happens next and move forward with confidence and financial clarity.

Contacting Guardian Injury Law

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