# Burnley's legal challenge exposes flaws in football's financial regulation and governance



Burnley's protracted legal confrontation with Everton over the 2022 Premier League relegation epitomizes the chaotic and unjust nature of football governance rooted in outdated, overbearing financial regulations. As the case drags through London's International Dispute Resolution Centre, it underscores how the sport’s establishment remains more concerned with bureaucratic enforcement than protecting genuine competition. Burnley allege that Everton's flagrant breach of the Profitability and Sustainability Rules (PSRs)—a rule that effectively punishes clubs for fiscal responsibility—gave them an unfair advantage, contributing to Burnley's unnecessary relegation and depriving them of lucrative Premier League revenues. The fact that Burnley demands around £50 million in compensation reveals just how broken the system is, punishing clubs for adhering to financial prudence while letting reckless owners like Farhad Moshiri skate free.

At the heart of this dispute is Everton’s gross financial misconduct—exceeding loss limits by some £19.5 million during the critical 2021-22 season, an era when they should have been held accountable. Despite receiving a 10-point deduction, imposed long after Burnley’s demise in the league and after the season was over, Everton’s breaches highlight the league’s lack of timely enforcement. This slap on the wrist, which came only in November, effectively let Everton off the hook during the crucial battle against relegation—a farcical scenario that exposes the league’s inability or unwillingness to ensure true financial discipline. Everton’s subsequent appeal, which reduced their penalty to six points, was merely window dressing, allowing a club with reckless financial practices to remain comfortably above the relegation zone. Meanwhile, the league continues to give cover to clubs that profit from dubious financial arrangements, undermining the integrity of the competition.

The league's Profitability and Sustainability Rules, designed ostensibly to promote fiscal responsibility, are in reality a toothless set of regulations that conveniently punish clubs only after the damage is done. Everton's losses—calculated at an eyewatering £124.5 million—vastly exceed the £105 million limit, yet it took months of legal wrangling and appeals to get the sanctions reduced, long after their breach had already tainted the season’s outcome. The league’s description of these breaches as “serious” hardly masks the reality: a system that protects the privileged and turns a blind eye to the reckless financial conduct of wealthy owners. Burnley’s threat of legal action, along with other relegated clubs like Leeds, Leicester, and Southampton, underscores the growing dissatisfaction among the victims of this dysfunctional framework. Their calls for justice make clear that the current regime favors big clubs at the expense of fair competition, perpetuating a culture of financial doping that undermines the sport’s integrity.

If Burnley’s legal push succeeds, the financial windfall could be significant—potentially around £50 million—funds that should be used to strengthen the club’s squad and restore competitive balance. This case exemplifies the frustration of smaller clubs that are increasingly squeezed out of the Premier League’s lucrative ecosystem by clubs that game the system. The very notion that reckless financial excess is tolerated while diligent clubs are penalized is a scandal that exposes the league’s moral bankruptcy. The outcome will send a clear message: the current system rewards deceit and punishes responsibility—an attitude that reforms utterly must eradicate if football is to be restored to its true competitive spirit.

Meanwhile, this legal saga shadows ongoing chaos in football, with Manchester United managing to make headlines for winning matches and fixing old issues, while the sport’s governance crumbles under the weight of corruption and double standards. The institutions claiming to regulate financial conduct operate more as enablers of excess than watchdogs of fairness, leaving clubs like Burnley fighting a losing battle for honest play. The ongoing legal battle signals a wider systemic failure—one where the rules are applied selectively, and clubs with powerful backers manipulate the system for their own ends, reinforcing the need for urgent reform. As the authorities look the other way and allow these breaches to fester, the sport’s reputation continues to suffer, revealing that the true game is about money and influence—not sporting integrity.

This entire episode highlights the urgent need for football governance to become truly transparent and accountable. The current mechanisms serve only to entrench the privileges of wealthy clubs and their owners, at the expense of lesser teams striving for fair play. Burnley's fight is a stark reminder that without firm, immediate action to overhaul financial regulation, the integrity of English football remains at risk. Until decisive steps are taken to crackdown on financial misconduct, the sport will remain a rigged game—where rules are bent, and the dreams of smaller clubs are sacrificed on the altar of greed.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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2. <https://www.fourfourtwo.com/news/everton-in-for-possible-gbp50m-budget-boost-as-jack-grealish-permanent-transfer-possibility-revealed> - Everton faces a potential £50 million financial penalty if found guilty in a legal case brought by Burnley, who allege the club gained an unfair sporting advantage during the 2021-22 Premier League season by breaching financial control rules. At that time, Everton, under Farhad Moshiri's ownership, reportedly exceeded spending limits and finished the season above Burnley in the table, causing the latter's relegation. Burnley are now seeking compensation for lost earnings due to missing out on Premier League broadcast revenues. Although Everton received a six-point deduction for the breach, it was applied in the 2022-23 season, after Burnley had already been relegated. If Everton wins the case, they could avoid the £50 million payout and instead use the funds for transfers, including a possible permanent move for Jack Grealish, currently on loan from Manchester City. The case is ongoing in Central London, and final rulings may not be disclosed to the public. ([fourfourtwo.com](https://www.fourfourtwo.com/news/everton-in-for-possible-gbp50m-budget-boost-as-jack-grealish-permanent-transfer-possibility-revealed?utm_source=openai))
3. <https://www.premierleague.com/en/news/3788486> - An independent Commission has imposed an immediate deduction of 10 points on Everton FC for a breach of the Premier League’s Profitability and Sustainability Rules (PSRs). The Premier League issued a complaint against the Club and referred the case to an independent Commission earlier this year. During the proceedings, the Club admitted it was in breach of the PSRs for the period ending Season 2021/22 but the extent of the breach remained in dispute. Following a five-day hearing last month, the Commission determined that Everton FC’s PSR Calculation for the relevant period resulted in a loss of £124.5million, as contended by the Premier League, which exceeded the threshold of £105million permitted under the PSRs. The Commission concluded that a sporting sanction in the form of a 10-point deduction should be imposed. That sanction has immediate effect. ([premierleague.com](https://www.premierleague.com/en/news/3788486?utm_source=openai))
4. <https://www.theguardian.com/football/2023/nov/17/everton-deducted-10-points-premier-league-guilty-financial-fair-play-breach> - Leeds, Leicester, Burnley and Southampton, who were relegated in recent seasons while Everton stayed up, have threatened previously to take legal action and a ruling from David Phillips KC in May agreed the clubs could apply for compensation through the Premier League if Everton were found to have breached financial rules. Each club has 28 days to pursue a claim against Everton, who find themselves second from bottom, two points from safety, after the deduction. Any compensation award will be decided by the Premier League commission which investigated Everton’s breach. Under Premier League rules, clubs are allowed to lose a maximum of £105m over three years. The commission found Everton overreached their allowed losses by £19.5m and concluded: “This was a serious breach that requires a significant penalty.” The commission found the club’s transfer business, as they attempted to stave off relegation, “was recklessness that constitutes an aggravating factor.” Everton said they were “shocked and disappointed” by the punishment after an investigation by an independent commission and would appeal. The appeal will be concluded before the end of the season. ([theguardian.com](https://www.theguardian.com/football/2023/nov/17/everton-deducted-10-points-premier-league-guilty-financial-fair-play-breach?utm_source=openai))
5. <https://apnews.com/article/everton-premier-league-points-deduction-finances-e5059e11494a8cb35c2d1e7dc5a62e8a> - Everton was handed the biggest sporting sanction in the Premier League’s 31-year history on Friday for breaching the competition’s financial rules, with a deduction of 10 points dropping the team into next-to-last place in the standings and threatening its 70-year status in the top division. The club was found by an independent commission to have made a loss of 124.5 million pounds ($155 million) over three years up to the end of the 2021-22 season. The league’s profit and financial sustainability rules allow clubs to lose a maximum of 105 million pounds ($130 million) over a three-year period or face sanctions. The punishment means Everton falls from 14 points to four with immediate effect. The team is now on the same number of points as last-place Burnley, with Everton only higher because of its superior goal difference. Everton said it was “shocked and disappointed” by the ruling and will be appealing. “The club believes that the commission has imposed a wholly disproportionate and unjust sporting sanction,” Everton said. “The club,” it added, “does not recognize the finding that it failed to act with the utmost good faith ... Both the harshness and severity of the sanction imposed by the commission are neither a fair nor a reasonable reflection of the evidence submitted.” ([apnews.com](https://apnews.com/article/everton-premier-league-points-deduction-finances-e5059e11494a8cb35c2d1e7dc5a62e8a?utm_source=openai))
6. <https://www.theguardian.com/football/2024/feb/26/everton-boosted-after-premier-league-deduction-reduced-from-10-to-six-points> - The Merseyside club have risen two places to 15th in the table on 25 points, five clear of Luton who are in the final relegation place. Everton were hit with the biggest sporting sanction in Premier League history in November for breaching financial rules by £19.5m up to 2021-22. The club, having long denied any breach, admitted during October’s hearing to breaking the permitted £105m losses over a three-year period by £9.7m. The club still face a second Premier League charge for the period ending 2022-23. The appeal board reduced the 10-point penalty on the grounds that the commission made legal errors when imposing the original sanction. The commission was wrong, it said, to say Everton had been “less than frank” over how its new stadium was being funded even though the club had erred in how it represented the costs. The commission should also have considered available benchmarks for the level of punishment, namely in the EFL, when deciding the proportionality of the sanction. However, the board rejected seven of Everton’s nine grounds for the appeal including that losses connected to sponsorship deals with the sanctioned oligarch Alisher Usmanov, interest on loans that the club claimed were taken out for the stadium and a £10m hit on “Player X”, whose contract was terminated after he was arrested on suspicion of child abuse, were mitigating factors. Everton said: “While the club is still digesting the appeal board’s decision, we are satisfied our appeal has resulted in a reduction in the points sanction. We understand the appeal board considered the 10-point deduction originally imposed to be inappropriate when assessed against the available benchmarks of which the club made the commission aware, including the position under the relevant EFL regulations, and the nine-point deduction that is imposed under the Premier League’s own rules in the event of insolvency. The club is also particularly pleased with the appeal board’s decision to overturn the original commission’s finding that the club failed to act in utmost good faith. ([theguardian.com](https://www.theguardian.com/football/2024/feb/26/everton-boosted-after-premier-league-deduction-reduced-from-10-to-six-points?utm_source=openai))