



Post-Close M&A Disputes in 2026: Survey Insights on Net Working Capital Adjustments, RWI Claims and Resolution Outcomes

Post-close disputes are common in the mergers and acquisitions (M&A) transaction lifecycle, and Lincoln International's survey results indicate that differences in how buyers and sellers approach closing statements, as well as their experience with post-close M&A dispute processes, influence how frequently disputes arise, escalate and resolve.

Net working capital (NWC) disputes and financial- or accounting-related representations and warranties insurance (RWI) claims arise across deal sizes, industries and transaction types. Their resolution often depends on accounting judgment, the specific language of the purchase agreement or insurance policy and how rigorously each side documents and defends its position.

In March 2026, Lincoln hosted its inaugural disputes webinar, where our disputes team discussed current themes in net working capital disputes and purchase price adjustments.

As part of this webinar, Lincoln surveyed over 500 transaction professionals across private equity, corporate development, law firms and other advisors to better understand how parties are approaching post-close M&A disputes, including NWC adjustments and financial- or accounting-related RWI claims.

Key findings

Closing statements are increasingly contested.

Approximately 60% of respondents believe buyers incorporate some degree of value maximization into closing statement preparation, and approximately 64% of sellers report increased seller scrutiny of buyer-prepared closing statements. Together, these factors lead to higher escalation rates of disputes to a neutral accountant.

Neutral accountants are infrequently used but viewed as effective.

Approximately 24% of respondents with dispute experience escalate those disputes to a neutral accountant at least occasionally and approximately 85% of those respondents rated it effective.

Experience appears to influence RWI claim outcomes.

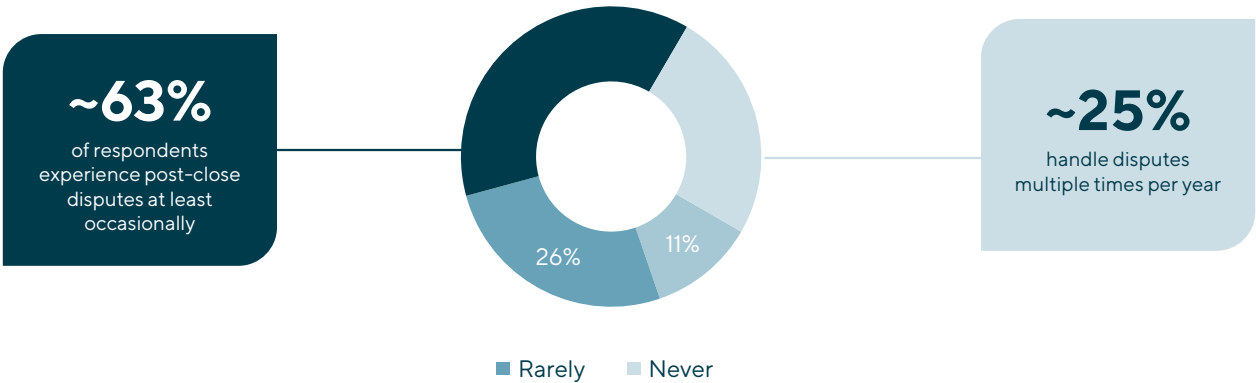
While full denials are uncommon, recovery outcomes vary, with more experienced participants reporting stronger results.

Differences between target and closing NWC are often operational, not accounting-driven.

Approximately 41% of respondents cited business volatility and seasonality as the primary source of differences between target and closing net working capital, not disagreements over accounting treatment.

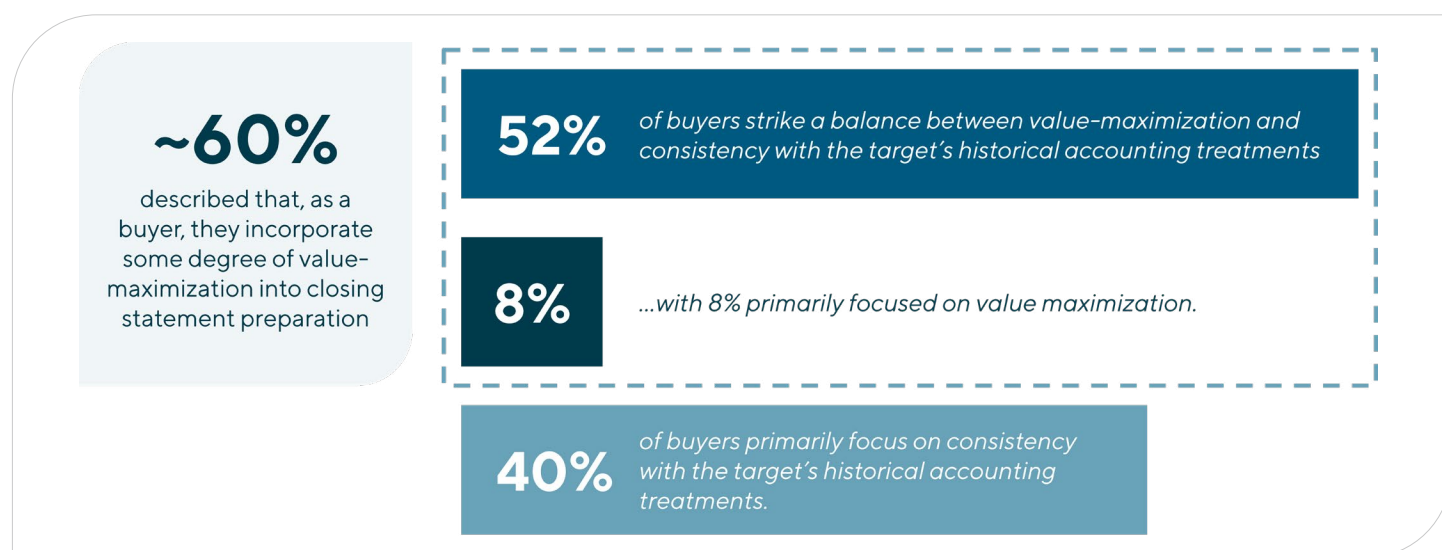
Closing statements are increasingly contested

NWC adjustments are among the most frequent sources of post-close M&A disputes. Approximately 63% of survey respondents reported experiencing disputes at least occasionally (i.e., one occurrence every one to two years), and approximately 25% indicated they are involved in disputes multiple times per year. These figures reflect that post-close M&A disputes remain common in finalizing purchase price adjustments.



Under most M&A purchase agreements, the buyer prepares the closing statement, and the seller has a defined period to review and object. This structure gives the buyer a first-mover advantage: the initial positions frame what the seller must evaluate and, where appropriate, challenge.

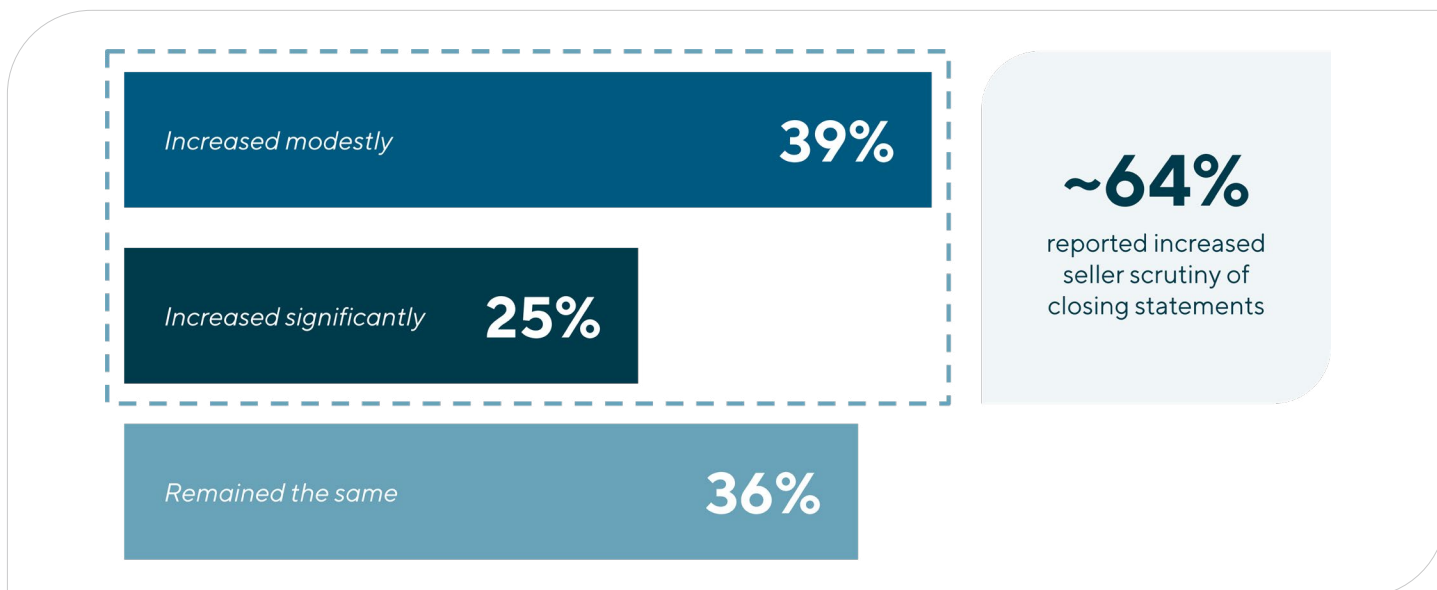
The more instructive finding is not the frequency of disputes but the dynamics driving them. Survey results indicate that approximately 60% of respondents believe buyers incorporate some degree of a “value-maximization” approach into closing statement preparation, with a smaller subset (8%) reporting that this is their primary objective. This can create tension with sellers who may focus more on consistency with historical accounting treatments.



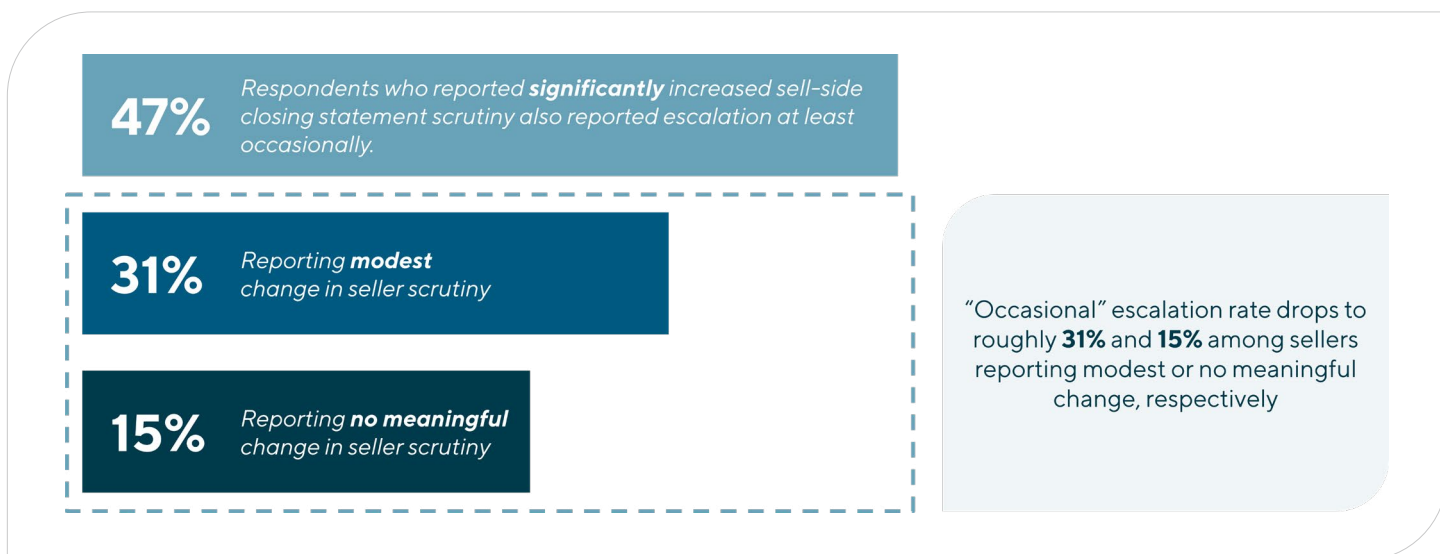
A value-maximization approach does not mean that the positions taken are improper. Generally Accepted Accounting Principles (GAAP) and the accounting provisions of the purchase agreement often allow for judgment and estimates.

For example, at closing, a buyer may record higher inventory reserves than the target company historically applied, particularly where historical reserve calculations were not well documented. A seller may, in its judgment, have a different view on inventory reserves required at closing based on the same facts and circumstances as considered by the buyer, and both views could reasonably be applied under GAAP. When the closing statement balances reflect different assumptions than those applied historically, the effect on net working capital can be substantial.

Building on our discussion in a prior article, *How Sellers are Narrowing the Gap with Buyers in M&A Post-Close Working Capital Adjustments*, Sellers appear to be responding to buyers' value-maximization approach with increased closing statement scrutiny. Among respondents with sell-side experience, approximately 64% reported increased scrutiny of buyer-prepared closing statements, including approximately 25% who described that increase as significant. Increased seller scrutiny typically translates to more detailed reviews of underlying schedules, more requests for explanations of specific assumptions and more formal objections where the buyer's positions appear inconsistent with the purchase agreement or the target's historical accounting practices.



This tension between buyers' value-maximization approach and sellers' increased scrutiny is reflected in dispute activity. Respondents reporting higher levels of seller scrutiny were more likely to escalate matters to a neutral accountant. Among respondents who reported significantly increased sell-side closing statement scrutiny, approximately 47% reported escalation at least occasionally. That rate drops to approximately 31% among respondents reporting modest increases in sellers' scrutiny, and to approximately 15% among those reporting no meaningful change in sellers' approach. Survey results reflect a clear and consistent pattern: increased scrutiny is associated with increased dispute escalation.

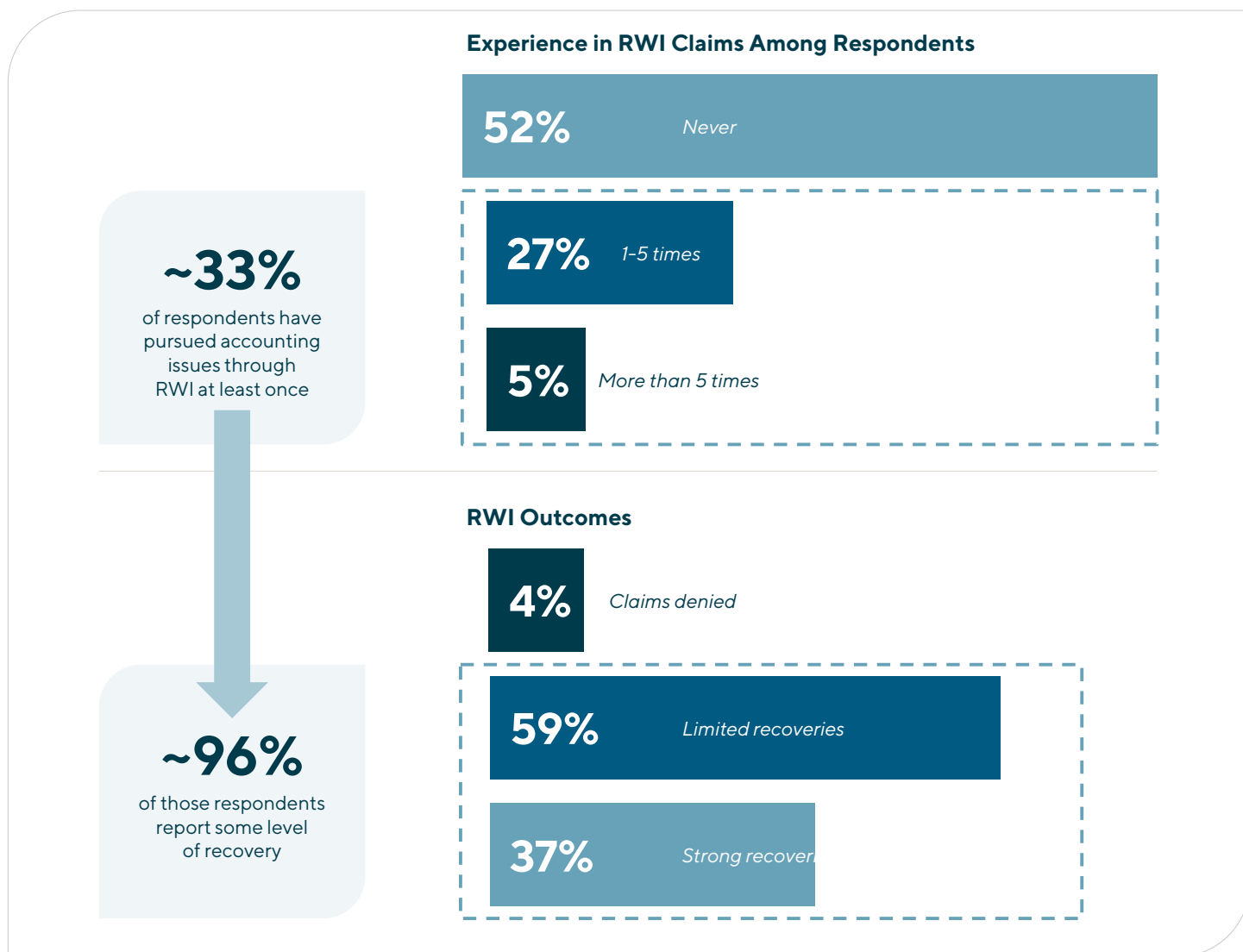


A value-maximization approach, combined with increased scrutiny, places greater pressure on buyer and seller positions to be supportable under both the purchase agreement and applicable accounting frameworks, particularly where those frameworks leave room for interpretation. Outcomes in M&A disputes depend on how effectively positions are structured, documented and defended.

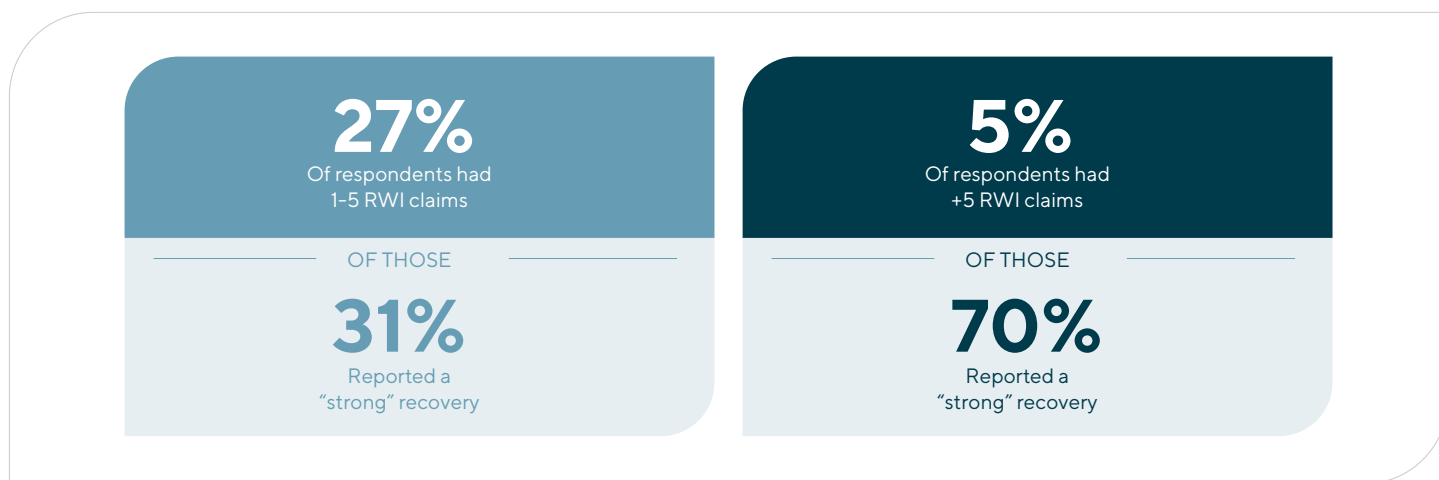
Experience appears to influence RWI claim outcomes

RWI continues to play a significant role in M&A transactions, including in the resolution of financial or accounting-related claims. Respondents reported mixed recovery outcomes in RWI claims, with results varying meaningfully based on a claimant's experience with RWI claims. This pattern suggests that execution, not just the strength of the breach, drives recoveries.

One-third of respondents reported pursuing accounting-related RWI claims at least once. Claim denials appear to be uncommon, at approximately 4%, and most respondents reported at least limited recoveries.



Differences in outcomes appear to be associated with experience. Among respondents with five or more RWI claims, approximately 70% reported strong recoveries, compared to approximately 31% of those with one to five claims. The difference in outcomes between more- and less-experienced users is notable and suggests that how claims are developed and presented can materially affect recovery.



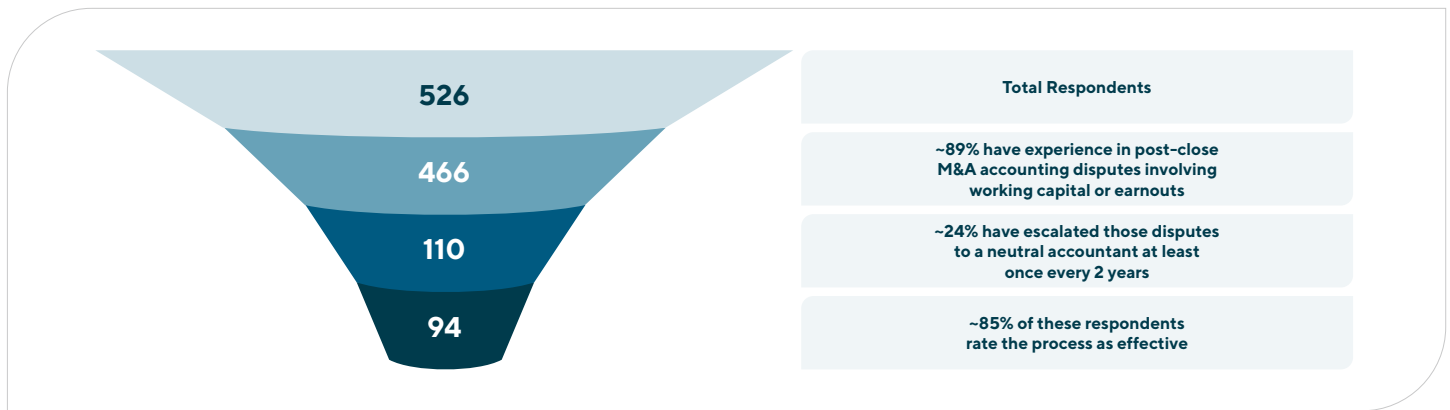
Financial or accounting-related RWI claims often require detailed analysis of both the policy language and the underlying accounting issues. For example, a claim may arise where the purchase agreement includes a representation that the target's financial statements were prepared in accordance with GAAP, but post-closing analysis identifies that certain accruals were understated. This understatement, if corrected, could reduce EBITDA and, in some cases, result in a diminution of value claim (i.e., the purchase price paid by the buyer would have been lower as a result of the breach).

Evaluating the claim requires determining whether that accounting treatment constitutes a breach of the representation as covered under the policy, including whether the claim falls within the scope of covered representations and is not limited by policy exclusions, and whether the issues translate into a recoverable loss. This typically involves reconstructing the appropriate accounting treatment, assessing consistency with historical practices and GAAP and quantifying the resulting impact on financial metrics relevant to the transaction (e.g., EBITDA and the impact on purchase price).

Insurers appear willing to pay valid RWI claims, but recovery outcomes are influenced by how effectively claims are defined, quantified and supported. The strength of the claim file (i.e., how clearly the breach is established, how rigorously the loss is quantified and how completely the analysis is documented) can be an important factor in distinguishing a strong recovery from a partial one.

Neutral Accountants are infrequently used but viewed as effective

While post-close disputes are common, most are resolved prior to involvement of a neutral accountant. Survey results indicate that approximately 24% of respondents with dispute experience escalate those disputes to a neutral accountant at least occasionally (i.e., once every two years), with higher rates observed among respondents who are more frequently involved in disputes. Issues escalated to a neutral accountant often involve technical accounting areas, such as reserve methodologies or revenue recognition, or the application of vague accounting language in the purchase agreement. For a more detailed discussion of the post-close purchase price adjustment process, from closing through neutral accountant escalation, see our prior article, *Working Capital Adjustments and Tips to Mitigate M&A Disputes*.



Among respondents with experience in the neutral accountant process, approximately 85% rated it to be either somewhat or very effective. Notably, this perception did not vary meaningfully by industry, business type or frequency of dispute involvement. Participants with limited exposure to the neutral accountant process rated the neutral accountant's effectiveness similarly to those who engage with the process more frequently. The level of familiarity with the process does not appear to diminish confidence in it.

The consistency of this finding is significant. The neutral accountant process is sometimes characterized as a costly and unpredictable last resort. Survey results suggest that practitioners across experience levels view it as a functional and workable resolution mechanism.

Differences between Target and Closing NWC are often operational, not accounting-driven

Differences between target and closing NWC are common in post-close purchase price adjustments. Approximately 41% of survey respondents cited business volatility and seasonality as the primary source of those differences. This finding is consistent with our discussion in a prior article, Bridging the Gap Between Target and Closing Net Working Capital in M&A Deals and reinforces that target to closing differences do not necessarily reflect accounting disagreements. They often reflect underlying business performance.

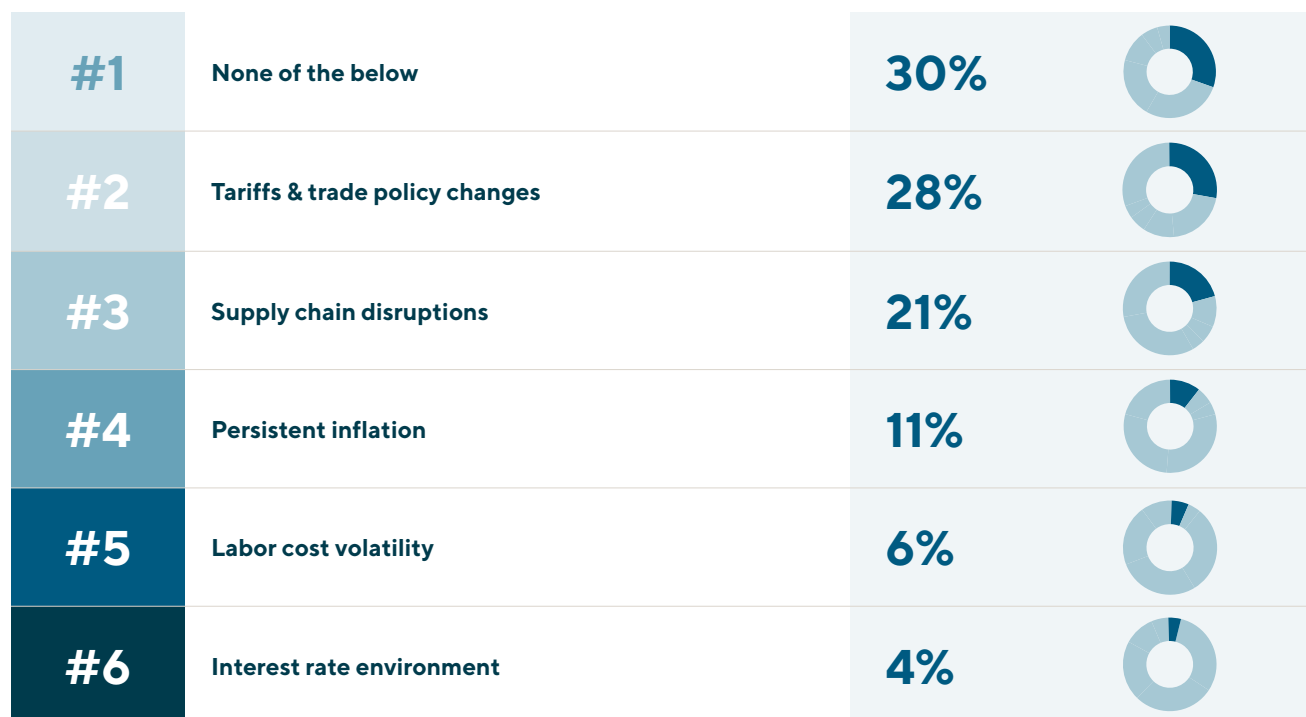
What Actually Drives Differences from Target to Closing Working Capital



Seasonal fluctuations in receivables, inventory or accrued expenses can produce closing balances that diverge from the historical periods used to set the target, even where the same accounting methodology is applied consistently at closing. A higher receivables balance at closing, for example, may reflect increased sales activity near period end rather than any change in accounting treatment. A lower inventory balance may reflect seasonal drawdown rather than an improper reserve. In either case, the adjustment can still generate tension in the post-close process, particularly when the resulting purchase price change is material or differs from what either party expected at signing.

This reinforces the importance of how parties establish NWC targets during deal negotiation and how the purchase agreement defines net working capital. Where targets are based on periods that are not representative of normalized operating conditions, or the purchase agreement's definition of NWC is ambiguous, the post-close process may produce unexpected adjustment amounts and potential disagreement between buyers and sellers.

Survey respondents were also asked to identify which macroeconomic factor they expect to have the greatest effect on NWC and earnout definitions in purchase agreements over the next two years. The results were notably dispersed. Tariffs and trade policy, supply chain disruptions and inflation each received meaningful shares of responses, but no single factor commanded consensus, and a significant portion of respondents indicated that none of the listed factors would be the primary driver.



Why it Matters – Looking Ahead with Lincoln

The survey results offer a clear picture of the current post-close M&A dispute environment. NWC adjustment disputes remain frequent, closing statements are being prepared and reviewed with greater scrutiny and formal escalation to a neutral accountant represents a relatively small subset of all disputes. RWI claims provide a meaningful avenue for recovery, but outcomes reflect the quality of claim preparation as much as the merits of the underlying breach. The neutral accountant process, for its part, is viewed as effective by practitioners across experience levels.

Across each of these areas, the quality of purchase agreement drafting, the clarity of the accounting definitions and the rigor of the analysis are what ultimately shapes outcomes.

Lincoln International's disputes team works with buyers, sellers and insureds on post-close purchase price adjustment disputes, neutral accountant processes and RWI claims. Our practice combines forensic accounting experience with a detailed understanding of M&A transaction mechanics and the resolution processes that govern them.

Ready to discuss the opportunities ahead for you?

Connect with a senior professional at connect@lincolninternational.com