

Thompson v Foy [2009] EWHC 1076 (Ch)

The case touches upon the gift of a property deed and undue influence among the family members.

Evidence

On the basis of an informal agreement, Thompson allowed her daughter Foy to construct an extension to the house that belonged to the claimant. The agreement also implied that Foy would possess both the land and the extension itself. Eventually, Foy decided to move to Spain along with her mother. However, to purchase a property in Spain, Foy wanted to mortgage the property. She also agreed to rent the land to cover the mortgage payments. The agreement established that Thompson would be bought out using the mortgage money. Subsequently, Thompson signed the arrangement and gift deeds. However, after Thomson decided to buy a house in England instead of moving to Spain, Foy did not pay £200,000 to Thomson due to the inheritance taxes. Alternatively, Foy proposed paying £60,000 instantly and the rest of the sum over several years. The feud between Thompson and Foy had led to the arrears for the mortgaged property, which was later repossessed by the bank.

Problematics

Thompson claimed that family arrangement and gift deeds should be nullified, while Foy should not be considered as proprietor due to her undue influence on Thompson. Additionally, Thompson appealed, claiming that her interests should be a higher priority than the bank's repossession of the property.

Resolution

The Court established that according to proprietary estoppel, Foy had beneficial interest concerning the extension part of the property due to her reliance on the informal agreement to her own detriment. Moreover, Thompson did not have sufficient evidence to prove undue influence by Foy. Even despite the sole promise to Thompson to buy-out her share, she was well aware of the transaction's procedures and agreed to accept Foy's conditions. Considering that the promise to buy-out was a genuine manifestation of Foy's intentions, it did not fall into the sphere of the undue influence doctrine. Thus, the circumstances after the agreement for the transaction could not be interpreted as undue influence. In addition, Thomson consulted with a legal adviser

who clarified all the possible risks for her. Consequently, the actions of the bank could not be recalled even if undue influence had been determined. Thompson appealed to this doctrine only after Foy acquired the money from the mortgage.

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