

With v O'Flanagan [1936]

Evidence

This case concerns the change of circumstances that happens in the course of signing a contract. It is often critical for parties to inform each other about any changes concerning the agreement they are going to make.

The plaintiff negotiated with the accused the matter of buying the medical practice of the accused. The latter estimated his practice as such that brings around £2,000 per year. Five months later, the plaintiff signed the contract for the purchase of the practice in question. By that time, the practice deteriorated because of the poor health of the accused. At the moment when the plaintiff took over the practice, it was almost worthless. The plaintiff tried to repeal the contract claiming that the actual value of the practice was misrepresented. The court held that the representation was correct at the moment it was made. The accused appealed.

Problematics

The point of this case is whether one party of a contract is obliged to inform the other party about a change in circumstances that made the second party enter into this agreement.

Resolution

The Court of Appeal canceled the initial decision of the court. The representation made by the accused was considered to induce the plaintiff to sign the contract. Therefore, the representation was ongoing and also untrue when the parties signed the contract. The accused was indeed obliged to inform the plaintiff about the change of circumstances.