

English Law of Contract (JUS5260)

Spring 2012

Practice questions on consideration and estoppel

1. In January 2010, Christine enters into a contract to rent out her apartment in London to Solveig, who is a Norwegian finishing off her doctoral studies at the London School of Economics. The rental agreement is to run for 3 years starting on 1st February 2010, and it states that Solveig is to pay a monthly rent of £2000. At the beginning of 2011, Solveig's doctoral scholarship ends and Solveig is unable to find employment that can generate sufficient income for her to pay the full rental amount. Christine agrees to accept that Solveig pays only half the rental amount until Solveig's financial situation improves. At the end of March 2011, Solveig inherits NOK 2 million (approximately £200,000) after her mother suddenly dies. Solveig does not inform Christine of this dramatic improvement in her financial situation and continues to pay half rent. In June 2011, Christine meets by chance a friend of Solveig's who tells Christine that Solveig has inherited a large amount of money. Christine then contacts Solveig and demands that Solveig pay full rent for the remainder of the rental period and that she pay back to Christine the outstanding arrears, which by then amount to £6000.

Advise Christine of her legal position and what remedies, if any, she may have.

2. In January 2011, Paradise Motels (PM) engage Basic Builders (BB) to construct a 100-bedroom motel for £50 million. The terms of the building contract stipulate that the motel is to be completed by 1st May 2013. After 12 months, the building of the motel has clearly fallen behind schedule, and BB inform PM that they are having financial problems and will be unable to complete the motel in time. PM have already managed to secure full booking of the motel for the summer vacation season of 2013 and PM offer to pay BB an extra £150,000 to ensure that the motel is finished on time. BB agree to this arrangement and continue the building work. In February 2012, just before the motel is finally completed, PM inform BB that they do not intend to pay the additional £150,000.

Advise BB of their legal position and what remedies, if any, they may have.