Promises, promises: pursuit of claims on the grounds of proprietary estoppel

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The case of *Habberfield v Habberfield* [2018] EWHC 317 Ch is another example of a growing trend of cases in which claimants (disappointed beneficiaries) are pursuing claims on the grounds of proprietary estoppel.

Case Summary

Frank and Jane Habberfield owned and ran the 220-acre family farm called 'Woodrow' in Somerset. Lucy, their youngest daughter, had commenced work on the farm as a teenager and had continued to work on the farm following her marriage and the birth of her children. Frank died in 2014 leaving the whole of his interest in the property to his wife, Jane. The holding, including the business, land and farm buildings, were valued at £2.5million.

Lucy brought a claim against her mother alleging that she had devoted her entire working life to the farm on the understanding and assurance that, when her father retired, she would take over the farming business.

Jane, who still lived on the farm, opposed Lucy's claim on the grounds that neither she nor her husband had ever made any such promises to Lucy. It was also argued that, even if her husband had made such a promise to Lucy, it could not amount to a proprietary estoppel since Lucy had exaggerated her work on the farm and had, in any event, received considerable associated benefits from it (free accommodation and suchlike).

Mr Justice Birss summarised the essential elements of proprietary estoppel in familiar terms: namely that there must be

- a representation or assurance to the claimant;
- reliance on it by the claimant; and
- detriment to the claimant in consequence of (reasonable) reliance.

Decision

Much of the strength of Lucy's claim rested on a surveyor's report from 2008 in which it was proposed that Lucy would increase her interest in the business and would become owner of the farm after her parents had died. In relation to the alleged representations made, Birss J found that in order to bind the mother, they must have been made by her or with her authority (*Fielden v Christie* [2015] EWCH 87 (Ch) followed).

Having analysed the evidence, the judge found that various representations had been made over an extended period of time and looking at the matters as a whole in context amounted to the serious promise of a viable dairy farm involving the transfer of property. Such representations had been made by the father with the defendant's authority, or less frequently, by the defendant herself.

In considering whether there had been detrimental reliance by Lucy, Birss J found that the assurances given were an operative cause of the claimant working long and unsociable hours on the farm, for modest pay and few holidays. The judge acknowledged that, whilst

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such commitment may not be unusual in family farming businesses, the reality was that in the absence of the representations made, Lucy would have gone on and established a successful dairy farming business on her own.

The question remained as to what relief was appropriate. In exercising the Court's broad but not unfettered discretion, Birss J sought to balance the fact that Lucy had fulfilled her side of the bargain over an extended period of time against a number of other factors, including avoiding the need to displace the defendant from her home, accelerated receipt, and tax inefficiencies. The Court accordingly ordered the defendant to pay her daughter the cash lump sum of £1.17 million.

Expert commentary

- It was notable in this particular case that many of the representations made were in and of themselves ambiguous, but when taken together and in context they were still considered sufficiently clear to convey the idea that the farm business was to pass to the claimant.
- It is illuminating to contrast this case with the circumstances in *James v James* 2018 EWHC 43 (Ch) where representations as to the testator's present intention to leave the farm to his son were considered to be insufficient to amount to a promise or assurance that was capable of being relied upon.
- The decision in *Habberfield* highlights again that each proprietary estoppel claim will be decided on its' own merits and set of facts. It also highlights that the court has a discretion to make a range of awards, making these claims unpredictable.
- There are no rules as to what amounts to a promise. *Habberfield* demonstrates the importance of documentary evidence and/or independent third party evidence in order to prove that promises had been made.
- *Habberfield* reinforces the point that expectation carries more weight when attached to longstanding assurances, particularly where a claimant is working or acting to fulfil 'their side of the bargain'.
- The disposition of family wealth should not be left down to a verbal promise between family members. Careful estate planning is recommended.
- Claimants in similar farm-related cases can take a degree of comfort from this judgment.

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