Taylor v Motability Finance Ltd

[2004] EWHC 2619 (Comm), [2004] All ER (D) 341 (Nov)

Court: CommlCt

Judgment Date: 04/10/2004

Catchwords & Digest

CONTRACT - BREACH OF CONTRACT – NON-PAYMENT – ALLEGED BREACH FOLLOWING FAILURE TO PAY BONUS – CLAIM ALSO BROUGHT IN RESTITUTION – AVAILABILITY OF RESTITUTIONARY REMEDY WHERE BREACH OF CONTRACT ALLEGED

The claimant was employed by the defendant as a **finance** director. The list of responsibilities in his 'position description' included the role of 'insurance risk manager'. In the letter containing the job offer, a 12-month notice period was provided. The letter also referred to salaries being reviewed annually and to a discretionary annual performance bonus based on the achievement of agreed objectives. By letter of May 2002, the claimant accepted the offer in the letter. He signed an employment contract in August 2002. He was told beforehand by the human resources department that bonuses were not mentioned in the contract because they were discretionary and did not constitute a contractual right. He became involved in an arbitration which the defendant was undertaking, referred to as the 'RVI arbitration'. On his case, he ensured that the matter was concluded on extremely favourable terms for the defendant, and he was led to believe he would be rewarded with a substantial performance bonus 'linked' to the outcome of the RVI arbitration. He was in fact awarded by the remuneration committee of the defendant the maximum special project bonus, amounting to 50% salary. Before that bonus was paid in late May 2003, the claimant was told that he was being dismissed with effect from 31 May 2003 for his alleged conduct in undermining the position of the chief executive. He brought an action for damages for wrongful dismissal in breach of contract. He alleged that the decision to pay him only 50% by way of special bonus was irrational and/or in bad faith and the defendant's decision was therefore a breach of the implied term of trust and confidence. He claimed a reasonable employer would have paid 0.5% of the RVI arbitration settlement, which would have been £375,000. In the alternative, he claimed to be entitled to a restitutionary remedy for his work on the RVI arbitration. The defendant applied for summary judgment, or alternatively for an order striking out the relevant parts of the statement of case, in respect of a number of issues including the claim of bad faith and the claim for restitutionary remedies. The claimant argued, inter alia, that there was room for concurrent remedies in contract and restitution.

Held – The defendant's applications would be allowed.

(1) The decision of the defendant on the special project bonus was not irrational. As the claimant was not alleging dishonesty, the plea of bad faith added nothing to the plea of a breach of the implied term of trust and confidence and the plea of alleged irrationality.

(2) There was no room for a remedy outside the terms of the contract where what was done amounted to a breach of it where ordinary contractual remedies applied and payment of damages was the secondary liability for which the contract provided. Accordingly, the restitutionary claim could not succeed in excess of the claim for breach of contract.In the context of contract and restitution, it was clear that the parties, in agreeing a contract, intended that to apply and there was therefore no room for restitution at all where there had been full contractual performance by one part and, even on the claimant's own case, part performance by the other.

Cases referring to this case

Annotations: All Cases**Court:** ALL COURTS

Sort by: Judgment Date (Latest First)

Treatment	Case Name	Citations	Court	Date	
Considered	**Secretary of State for the Home Department v Raytheon Systems Ltd**	[2014] EWHC 4375 (TCC), [2014] All ER (D) 250 (Dec)	TCC	19/12/2014	CaseSearch Entry
Followed	**Elek v Bar-Tur**	[2013] EWHC 207 (Ch), [2013] 2 EGLR 159, [2013] PLSCS 47, [2013] All ER (D) 141 (Feb)	ChD	11/02/2013	CaseSearch Entry

Cases considered by this case
Annotations: All Cases**Court:** ALL COURTS
Sort by: Judgment Date (Latest First)

Treatment	Case Name	Citations	Court	Date	
Distinguished	**Henderson v Merrett Syndicates**	[1995] 2 AC 145, [1994] 3 All ER 506, [1994] 3 WLR 761, [1994] 4 LRC 355, [1994] NLJR 1204	HL	25/07/1994	CaseSearch Entry
Applied	**Photo Production Ltd v Securicor Transport Ltd**	[1980] AC 827, [1980] 1 All ER 556, [1980] 2 WLR 283, [1980-84] LRC (Comm) 188, [1980] 1 Lloyd's Rep 545, 124 Sol Jo 147, 130 NLJ 188	HL	14/02/1980	CaseSearch Entry
Applied	**Johnson v Agnew**	[1980] AC 367, [1979] 1 All ER 883, [1979] 2 WLR 487, 39 P & CR 424, 123 Sol Jo 217, [1979] 2 EGLR 146, 251 Estates Gazette 1167	HL	01/03/1979	CaseSearch Entry
Applied	**Moschi v Lep Air Services Ltd**	[1973] AC 331, [1972] 2 All ER 393, [1972] 2 WLR 1175, 116 Sol Jo 372	HL	26/04/1972	CaseSearch Entry

Document information

Court

Judgment date
04/10/2004