

# **The Doctrine of Equitable Estoppel in the Law of Contract**

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A very important question is whether a person who has already made a promise to reduce the amount of reward he receives can go back on such promise. The area that deals specifically with this scenario is equitable estoppel. In order to fully understand equitable estoppel, it would be best to trace its evolution over the years.

One of the earliest cases considering equitable estoppel is *Pinnel's Case*. In this case, the court of common pleas held that one cannot use a lesser sum to satisfy the debt of a larger sum. The court however added that if a new item of payment is added, it could serve as consideration for the foregoing of the initial debt. The extra material could range from materials like a horse, a gift, a robe, a change of venue, a change of time and so on.

This rule was further reiterated in the case of *Foakes vs Beer*. In this case, Dr Foakes was the judgement debtor of Mrs Beer. They agreed to the payment of the debt by installments over a long period of time. When the debt had been completely paid, Mrs Beer also requested for the interest on the judgement debt.

It was held in court that Dr Foakes had to pay the interest on the judgement debt regardless of the fact that Mrs Beer initially agreed to collect just the debt. This was based on the fact that there was no further consideration paid for the foregoing of the interest of the judgement debt.

In the case of *Jorden vs Money*, the Mr Money was promised by Mrs Jorden that the debt she owed him would be forfeited. This subsequently prompted Mr Money to sue in the court of chancery that he was free from the debt based on the promise by Mrs Jorden. He hinged his case on the doctrine of estoppel.

The court held that estoppel could not apply to this case since the case had to do with statement of intention. The court held that estoppel applied only to representations relating to fact. However, Lord St Leonards dissented and was of the opinion that estoppel also applies to a representation of intention.

This dissenting judgement was used by the court in the case of *Hughes vs Metropolitan Railway Co*. In this case, the tenant was given a six months period to repair the premises. There was a condition in the lease that provided that if upon the completion of six months from the date of the notice, the premises had not been renovated, the lease would be forfeited.

Subsequently, there were negotiations between the parties for the purchase of the rest of the lease. The negotiations however failed after two months. 6 months after the notice of ejection, the landlord brought an action for forfeiture against the tenant.

The house of Lords held that the tenant had a relief in equity. The court was of the opinion that failure to carry out the repairs in time was due to the negotiations that failed. Due to the fact that this principle was a creation of equity, it came to be known as equitable estoppel.

## **Equitable Estoppel in High Tree's Case**

This decision was ignored by the courts for a while until it was revisited by Lord Denning in the landmark *High Tree Case* in this case, the plaintiff leased a block of flats to the defendants in 1937. However, due to the outbreak of the second world war, the plaintiff agreed to collect half of the lease price. After the war was over, the plaintiff not only reverted to the old price but also requested for the arrears that remained from the half payments during the war.

Lord Denning ruled that in this situation, the plaintiff was estopped from enforcing its strict legal rights as it would be inequitable to enforce such. He defined equitable estoppel as a situation in which a promisor would be estopped from enforcing his full legal rights if he had made a previous promise limiting this right. This is more so if the promisor knew that the promise is likely to be acted upon and it is acted upon by the promisee.

It should however be noted that estoppel can only be used as a defence. It is only to be used as a shield not a sword.