

Sources and Types of Agency Authority

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The sources of an agency authority are the various means through which an agency relationship can gain validity. If an agency relationship, is not based on any of these sources, such agency relationship would be disregarded by the law. There are two major sources of authority in the law of agency. They are the root source and statutory source.

The root source of an agency relationship is derived from the principal. This is the source of authority in most agency relationships.

The statutory/derivative source of an agency relationship doesn't stem from the principal. Rather, it stems from the statute. In this source of agency relationship, the authority to act as an agent arises from statute or the law directly.

Types of Agency Authority

There are also two types of authorities in agency. These are express authority and implied authority.

An express authority is one in which the principal expressly grants the power of agency to an agent. There is an express confirmation of the agency relationship between the parties. On the other hand, an implied authority is one in which the principal sanctions the agency relationship not by words or writing but by conduct.

Limitations to the Authority of an Agency Relationship

The limitations of the authority of an agency relationship are more often than not limitations of capacity. Hence an agency relationship would be limited by capacity in the following ways:

- **An Infant:** An infant cannot usually create an agency relationship. This is due to the fact that under common law, an infant cannot create a contractual relationship. However, in the case of *G(A) vs G(T)*^[1], it was held that an infant is allowed to appoint an agent regarding the things which the infant can do by himself. Thus, an infant can appoint an agent for the purchase of necessities.
- **Insane Person:** A person who is insane or of unsound mind cannot appoint an agent. He can only appoint an agent during his lucid intervals.
- **Companies:** A company cannot appoint an agent unless it is incorporated. When a company is incorporated, it becomes an artificial person. Thus, whatever a person can legally do can also be done by the company. However, an agency relationship by a company would not stand if it is against the provisions of the company's memorandum and articles of association.

^[1] (1970) 3 All ER 546