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**ASIA PACIFIC UNIVERSITY  
OF TECHNOLOGY & INNOVATION**

**BILL v. ALLISON**  
**A CASE ON MISREPRESENTATION**  
**GROUP ASSIGNMENT**

**TITLE: BILL v ALLISON [2015] MONDAY 02 FEB**

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Bill (Plaintiff) is suing Alison (Defendant) for misrepresentation on the grounds that she told him an untrue statement that led him to enter into a contract. The cause of how the misrepresentation happened was when Alison put up her bead-making business for sale and Bill approached her with the interest of buying the business. Alison told Bill that her shop “is in an excellent location and has a steady flow of income from regular customers”, based on Alison’s statement, Bill decided to buy the business from Alison only to discover that the shop, located near a high school draws customers who were students of the school but the business did not earn much income during holidays since all customers of Bill (students) go back home. After Bill realized that Alison’s statement which led him to buy the business was untrue, he now wishes to take action against Alison for misrepresentation.

Misrepresentation is a “false statement of fact that is made by one party to the other which is either negligent or innocent and does induce the latter to enter into a contract” (Weitzenböck, 2012)

As said by Rix J, “a representation may be true without being entirely correct, provided it is substantially correct and the difference between what is represented and what is actually correct would not have been likely to induce a reasonable person in the position of the claimants to enter into the contracts”. In the case of *Avon Insurance v Swire Fraser Ltd* (2000), an induction of a false statement of fact from Swire Fraser to Avon Insurance established a causative link which encouraged Avon Insurance to enter into the contract. Hence, in the case of *Bill v Alison*, Alison induced the false statement of fact saying that, “Her business receives a steady flow of income from regular customers”. This was not entirely correct because when the school closed for holidays, all the students who were the businesses regular customers left, hence the business did not earn much during those days. This clearly shows that Alison did influence the Bill to enter into the contract.

In the case of *East v Maurer* (1990), Maurer was selling a salon. Maurer fraudulently told East that he wouldn’t run a competing hair salon. So, based on Maurer statement saying that, “he wouldn’t run a competing salon”, East decided to buy the salon from Maurer. After East bought the salon, Maurer then opened a competing salon, and East lost business. When East took the forth the case to the court, the court said that damages for deceit should be paid to East from Maurer to

compensate East for his all losses suffered, including reasonable loss of profits. Comparing this East v Maurer case to Bill v Alison, Alison made an offer to Bill to sell him her business which she said, “earns a steady flow of income from regular customers”, hence Bill bought it with the expectation that he was going to earn the steady income from regular customers, only to find that during holidays the business didn’t earn much. Also, this shows the offer from Alison to Bill which indicates that there was an offer (statement) made from one party to another (from Alison to Alison). This is another reason showing that Bill was misrepresented by Alison which later led him to enter into a contract with Alison.

To conclude, it can be clearly seen that Alison had no best interests to sell her bead making business to Bill or anyone else for that matter, this is because, she lied about the real status of the business by presenting Bill with a half-truth when she said that, “it earns a steady flow of income from regular customers”. In that statement, she didn’t tell Bill that the business did not earn much when the school closed for the holidays, and based on that statement, Bill decided to enter into the contract only to find out that what Alison told him was not entirely true. Looking back at the cases above that are similar to Bill v Alison, for example Avon Insurance v Swire Fraser Ltd (2000), in this particular case, Avon Insurance took forth the case to the court and it was indeed proven that the statement that Swire Fraser addressed to Avon Insurance did in fact influence the Plaintiff (Avon Insurance) to enter into the contract. The same statement was also proven not to be the whole truth of the situation. If Swire Fraser had presented the whole truth to Avon Insurance, it is obvious that Avon Insurance would not have entered into that contact, hence the court found Swire Fraser liable for his actions due to misrepresenting Avon Insurance to enter into the contract and as a result, Swire Fraser had to compensate Avon Insurance and Avon Insurance was given the chance to avoid the contract. In this case, since Alison is the owner of the business she is not eligible to say that she didn’t know that she was not telling Bill the whole truth when she offered him the business because as the own, she is required to know the status of her business and as the once who initially induced the contract, she is required to provide the whole truth to her buyers so that they can make proper and informed decisions.

As a result, Alison should be found liable for her actions and should be required to refund the money received from Bill for the transaction of buying her business, while Bill should be given the option to either run away from the contract or stay since the contract is “voidable”. Similarly,

as seen from Car & Universal Finance v Caldwell case of (1965), were Car & Universal Finance put forth the case of Caldwell having misrepresented them by providing them with a cheque which was later dishonored and hence as a result, the case was found to be a fraudulent case of misrepresentation and voidable. This led the court to press rescission charges on Caldwell.

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### 1.3 REFERENCES:

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DLS. (2014). *Avon Insurance -v- Swire Fraser Ltd; 2000*. Available at: <http://swarb.co.uk/avon-insurance-v-swire-fraser-ltd-2000/>. Last Accessed: 20th March 2015.

Law Teacher. (2014). *Cases for Misrepresentation*. Available at: <http://www.lawteacher.net/cases/contract-law/misrepresentation-cases.php>. Last Accessed: 23rd March 2014.

Singer, X. D. (2012). *Cases for Misrepresentation*. Available at: <http://leedslawrevision.weebly.com/cases2.html>. Last Accessed: 22nd March 2015.

Weitzenböck, Emily M. (2012). *English Law of Contract: Misrepresentation*. Available at: <http://www.uio.no/studier/emner/jus/jus/JUS5260/v12/undervisningsmateriale/Misrepresentation.pdf>. Last Accessed: 05th March 2015.

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#### 1.4 BIBLIOGRAPHY:

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The following are the list of cases that are also relevant to this report but were not included in the justification of the above case study.

Attwood v Small (1838) 6 CI&F 232

Boorman v. Brown (1842) 3 Queen's Bench at page 526.

Edgington v. Fitzmaurice (1885) 29 Ch D 459.

Horsfall v Thomas (1862) 1 H&C 90

Groom v. Crocker (1939) 1 King's Bench 206

Lambert v Co-Operative Insurance (1975) 2 Lloyd's Rep 485

Museprime Properties v Adhill Properties (1990) 36 EG 114

Nocton v. Lord Ashburton (1914) Appeal Cases 932 at page 950.

Nottingham v. Brick & Tile Co v. Butler (1889) 16 QBD 778.

Solle v. Butcher (1950) 1 KB 671.

Smith v. Hughes (1871) LR 6 QB 597.

Redgrave v Hurd (1881) 20 Ch D 1.