

Valley Brook Investments: A further broadening of professionals' duties?

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In *Valley Brooks Investments (1) & Andrew Mines (2) v Huam Limited [2020]* the Court found that a professional can owe a duty of care to a party which was (i) unknown to the professional and (ii) unincorporated when the professional's services were provided.

Background

The existence of duties of care, and the scope of such duties have been considered by the Court in a number of cases in the last three years, including:

- *Burgess v Lejonvarn [2017]* - a duty of care can be owed even if services have been provided free of charge
- *Playboy Club v Banaca Nazionale del Lavoro [2018]* - a party to whom responsibility is assumed does not have to be specifically identified, but must be identifiable

which have broadened and modernised the application of *Caparo* and *Hedley Byrne*.

Valley Brook Investments

Valley Brook Investments Limited ("Valley Brook"), and its sole shareholder, Andrew Mines, brought a claim against an architects practice, Huam Limited ("Huam") in respect of drawings prepared by Huam for the development of Imperial Chambers in Crewe (the "Property") which was purchased by Valley Brook in early 2016.

Valley Brook claimed that they bought the Property in reliance on Huam's drawings, and Huam owed Valley Brook a duty to exercise reasonable care and skill in respect of the drawings. Valley Brook claimed that Huam breached this duty by depicting a layout of the Property that was vastly greater than the actual layout of the Property.

Huam resisted the claims by Valley Brook and Mr Mines on the basis that (i) Huam did not owe Valley Brook a duty of care, and (ii) Mr Mines' claim as the shareholder of Valley Brook was precluded by law.

Accordingly, a trial of preliminary issues was ordered regarding whether:

- a) Huam owed a duty of care to either or both Claimants; and, if a duty of care was established,
- b) the scope of Huam's duty of care.

In support of its' position, Valley Brook contended that it was reasonable to expect that the Claimants would rely on the drawings because:

- the Defendant knew that Mr Mines was considering purchasing the property with a view to redeveloping it into residential units ;
- the drawings were provided as confirmation that the Property could be converted into residential units;
- the Defendant knew that if Mr Mines purchased the property, he would do so via a single purpose vehicle;
- Mr Mines intended to retain the Defendant as its architect if purchase of the Property proceeded; and
- it did not matter that Valley Brook was not incorporated when the drawings were provided to Mr Mines

Conversely, Huam's position was that:

- it provided the drawings so Mr Mines could see the layout of the Property;
- the drawings were only intended to show what might be feasible in terms of redevelopment;
- it had told Mr Mines it did not have any structural survey information for the Property;
- the drawings were prepared for the seller of the Property in 2014, rather than Mr Mines, or Valley Brook; and
- it could not assume responsibility to Valley Brook as it did not know of Valley Brook when the drawings were provided and Valley Brook did not exist at the time the drawings were prepared

The Court's first consideration was whether or not it was relevant that Valley Brook was not incorporated when the drawings were completed and / or provided. The Court found that it did not matter that Valley Brook was not incorporated at the date the drawings were provided to Mr Mines, as Huam was aware that the Property would be purchased by a single purpose vehicle if Mr Mines was satisfied the redevelopment was viable and Valley Brook's cause of action did not arise until it purchased the Property.

The second matter for the Court's consideration was whether it was reasonable for Valley Brook to rely on the drawings in purchasing the Property, and whether such reliance was reasonably anticipated by Huam. The Court found that, given Huam was aware of Mr Mines' interest in redeveloping the Property, that once the drawings were provided it was reasonable for Valley Brook to rely on the drawings, and for such reliance to be anticipated.

Accordingly, the Court found that there was an assumption of responsibility and therefore Huam owed Valley Brook a duty of care in respect of the drawings. No duty was owed to Mr Mines as he did not intend to purchase or redevelop the Property in his personal capacity.

Implications for the Industry

Although this case can be considered as another example of the Court taking a holistic fact-centric approach to the cases presented before it, *Valley Brook* also suggests an emerging willingness of the Court to impose duties in circumstances that many would not have expected such duties to exist, which will inevitably cause concern for professionals and insurers alike.

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