Cripps

The case of Guest v Guest and proprietary estoppel

The case of Guest and another v Guest [2022] UKSC 27 has been decided, with the Supreme Court handing down its long-awaited judgment as to the proper approach in granting remedies in cases of proprietary estoppel.

Proprietary estoppel – the law

Proprietary estoppel arises when a person:

- gives a promise or assurance to another person that they have or will be given an interest in property; and
- that other person reasonably relies on the promise or assurance; and
- that person suffers detriment as a result.

"One day my son, all this will be yours"

As in many proprietary estoppel cases, Guest v Guest concerned a family dispute relating to the promised and expected inheritance of the family farm.

David and Josephine Guest (the parents) were the appellants and the respondent (Andrew) was their eldest son. Very briefly, Andrew worked full time at the farm for 33 years for little financial gain. He was repeatedly promised a sufficient but undefined part of the family farm as his inheritance, to enable him to operate a viable farming business after the death of his parents. Andrew and his parents' relationship deteriorated to the extent that he left the farm to find alternative work and accommodation, and was cut out of his parents' wills.

Andrew sought a declaration of entitlement to a beneficial interest in the farm. In the first instance, the High

Court ordered that Andrew be entitled to 50% of the farm business and 40% of the land. The parents appealed to the Supreme Court on the basis that this order was too generous.

The issues to be determined by the Supreme Court were:

- whether the appropriate starting point was to enforce the expectation and give effect to the promise, rather than to quantify the detriment suffered; and
- where a lump sum had been awarded in the High Court, whether that went beyond what was necessary in the circumstances.

The Supreme Court's decision

On 19 October 2022, the Supreme Court unanimously allowed the appeal in favour of the parents. The majority judgment confirmed that the likely starting point for remedy is to fulfil the expectation of the promise, subject to other factors. As such, the aim of the remedy is 'to remedy unconscionability mainly by satisfying expectation'.

In this case, the court detailed two options for satisfying the equity:

- putting the farm into trust with Andrew's parents having a life interest and a 40% share passing to Andrew on their death; or
- a clean break, with Andrew receiving compensation with a discount for early receipt.

In addition, unusually the court held that it was for the parents to decide which of the options for relief they wanted to adopt.

How we can help

Our experienced real estate team are able to advise further or help with any questions or queries you may have. Please get in touch with us.

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