

Bellgrove v Eldridge [1954] 90 CLR 613

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Facts

- Eldridge contracted with Bellgrove to build a brick house villa according to specifications.
- The price for Bellgrove to build the work was £3,500.
- Eldridge paid only £3,100 to Bellgrove.
- Bellgrove commenced proceedings to recover the balance, but Eldridge counter-claimed for substantial departures from the specification, which caused serious instability in the villa.
- The trial judge rejected Bellgrove's claim and accepted Eldridge's counterclaim. The judge awarded £4,950 in damages to Eldridge.
- Bellgrove appealed over the awarded damages. The judge had decided that the work was so seriously defective that the villa would have to be rebuilt.

Issues

- Should the trial judge have assessed damages by comparing the value of the villa if it had been properly built against the value as it currently stood?

Held

- The High Court held that the owners of buildings are entitled to rectification costs rather than just the diminution in value of the building, subject to a test of necessity and reasonableness.
- When adopting this principle, the rectification work must be the "reasonable course to adopt" in the circumstances.

Quotes

“This loss cannot be measured by comparing the value it would have borne if erected in accordance with the contract; her loss can, *prima facie*, be measured only by ascertaining the amount required to rectify the defects complained of, and so give to her the equivalent of a building of her land which is substantially in accordance with the contract.”

Full Text

The full text is available here:

<http://www8.austlii.edu.au/cgi-bin/viewdoc/au/cases/cth/HCA/1954/36.html?stem=0&synonyms=0&query=bellgrove%20eldridge>

Law case summary from www.lawcasesummaries.com