

Foakes v Beer [1884] UKHL 1

<https://lawcasesummaries.com/knowledge-base/foakes-v-beer-1884-ukhl-1/>

Facts

- Beer loaned Foakes a sum of £2090.
- Foakes did not repay the amount, and Beer brought an action against Foakes.
- They then entered into a repayment scheme where Beer agreed not to sue Foakes "in consideration" of an initial amount of £500 and then payments of £250 thereafter.
- At the end of the agreement, the principal was repaid however interest was not so Beer sued Foakes. Foakes argued this was a breach of the agreement.

Issue

- Was the agreement valid so as to preclude Beer from suing Foakes?

Held

- The House of Lords upheld the old rule in Pinnel's case which stated that part payment of a debt could not satisfy the whole debt.
- The key reason was that there was no valid consideration in that Foakes was only "giving" what he was already contractually obliged to give.
- There needed to be some new benefit, not just the promise to pay something that was already owed.
- Selborne J explained that had it been a deed under seal, it would have been valid - but as it was not, it failed for lack of consideration.
- (*Note that this judgement pre-dated estoppel, and may have been decided differently today.*)

Entire case

- The entire case is available here: <https://www.bailii.org/uk/cases/UKHL/1884/1.html>

Law case summary from www.lawcasesummaries.com