

# Hedley Byrne & Co Ltd v Heller & Partners Ltd [1964] AC 465

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## Facts

- Hedley Byrne & Co Ltd (**Hedley Byrne**) was an advertising firm.
- Easipower Ltd (**Easipower**) submitted a large order to Hedley Byrne.
- Concerned about Easipower's financial position, Hedley Byrne enquired with National Provincial Bank about obtaining a report from Easipower's bank, Heller & Partners Ltd (**Heller**).
- Heller replied to Hedley Byrne in a letter, stating that Easipower was good for conducting business with. Heller wrote in this letter "without responsibility on the part of this bank".
- The response was also provided for free.
- Easipower went into liquidation and Hedley Byrne lost £17,000 in contracts.
- Hedley Byrne sued Heller for negligence, claiming that the information in Heller's letter was provided negligently and was misleading. Heller argued they owed no duty of care to Hedley Byrne in respect to the statements and liability was excluded.

## Issues

- Was Heller liable to Hedley Byrne for negligent misrepresentation due to its statements that Easipower was financially healthy and good for business?

## Held

- The relationship between Hedley Byrne and Heller was sufficiently "proximate" so as to create a duty of care.
- It was reasonable for Heller to have known that the financial information which they would give Hedley Byrne would be relied upon to enter into a contract of some description with Easipower.
- However, the disclaimer discharged the duty created by Heller's actions - Heller had made clear that it was only responding on the basis of assuming no responsibility.

## Quotes

"...in my judgment, the bank in the present case, by the words which they employed, effectively disclaimed any assumption of a duty of care. They stated that **they only responded to the inquiry on the basis that their reply was without responsibility**. If the inquirers chose to receive and act upon the reply they cannot disregard the definite terms upon which it was given. They cannot accept a reply given with a stipulation and then reject the stipulation. Furthermore, within accepted principles (as illustrated in *Rutter v. Palmer* [1922] 2 K.B. 87) the words employed were apt to exclude any liability for negligence."

(Lord Morris of Borth-y-Gest at pages 503-504)

## **Full Text**

The full text is available here: <http://www.bailii.org/uk/cases/UKHL/1963/4.html>

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