

HOME MANAGEMENT MAINTENANCE PTY LTD V. DOYLE [1992] ACTSC 44

Supreme Court of the ACT – 13 May 1992

FACT

Doyle wanted to extend their home and Home Management through sub-contractors agreed to complete the necessary building works.

Doyle claimed that the contract was for a fixed price of \$30,000 while Home management said the agreement was that the work would be done for cost.

ISSUE

Had the parties agreed on the price for the work and thus created a binding contract for the price?

FINDING

Home Management were entitled to restitution as Doyle had benefited from the work on the extensions at the expense of Home Management. The failure by Home Management to clarify the price was not so unjust that it should lose its claim to restitution but did allow the Court to reduce the award by 50%.

QUOTE

Miles CJ said:

“In the circumstances, I conclude that whilst there was a contract between the two parties that Home Management would construct the extensions according to the plans, subject to agreed variations, there was no agreement as to price or method of payment and no agreement as to the precise limits on the range of work that might be carried out by Mr. Doyle. Each party had a different understanding from the other.”
Paragraph of [1992] ACTSC 44

“The principal of unjust enrichment presupposes three things: first, that the defendants have been enriched by the receipt of a benefit, secondly, that they have been so enriched at the plaintiff’s expense, and thirdly, that it would be unjust to allow them to retain the benefit.” Paragraph 12 of [1992] ACTSC 94

“In this case the Doyles have benefited from the receipt of building materials supplied by and building services provided by Home Management. In my view the Doyles have benefited; first by having received an immediate and realisable financial gain (being the increased value of their home brought by the extensions), and secondly, by having saved an expense which they otherwise would necessarily have incurred (being the expense of paying another builder to carry out the extensions). The Doyles have gained a likely financial benefit and have been saved an expense.” Paragraph 13 of [1992] ACTSC 44

“The finding of the arbitrator is that Home Management incurred costs of \$62, 961.48 after taking into account the cost of rectification for unsatisfactory work. The question is, is it just and equitable that Mr & Mrs Doyle should have to pay Home Management the full cost of what that company incurred in carrying

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out the extensions, or whether it is just and equitable and that some lesser sum should be awarded to Home Management? In my view the Doyles should not have to pay the full cost because of three factors: one, the conduct of Mr. Cooper which led Mr. and Mrs Doyle to believe that the costs to them would not exceed \$ 30,000, two, the delay in completing the work and, three, the failure of Home Management to ensure that the sub-contractors kept costs down to a reasonable level.” Paragraph 14 of [1992] ACTSC 44

IMPACT

When negotiating a contract, it is important for the principal to confirm the price in writing and ensure the price is included as a term of the contract.

If there is no agreement about the price the court may make an order for restitution which may still exceed what the principal expected to pay to the contractor.

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