

OCR

Oxford Cambridge and RSA

Monday 15 June 2015 – Morning

A2 GCE LAW

G155/01 Law of Contract

QUESTION PAPER

Candidates answer on the Answer Booklet.

OCR supplied materials:

- 12 page Answer Booklet (OCR12)
(sent with general stationery)

Other materials required:

None

Duration: 2 hours



INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the spaces provided on the front of the Answer Booklet. Please write clearly and in capital letters.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Answer **three** questions: **one** from Section A, **one** from Section B and **one** from Section C.
- When answering Section A and Section B questions you are required to demonstrate some synoptic thinking. In Section A this is achieved by relevant reference to precedent and/or statutory materials including the development of law and comments on justice or morality where appropriate. In Section B this is achieved by relevant use of precedent and/or statutory materials in the application of legal reasoning to given factual situations including comment on the justice or morality of the outcome where appropriate. You are not required to demonstrate synoptic thinking in Section C.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **120**.
- Candidates are reminded of the need to write legibly and in continuous prose, where appropriate. In answering **Section A** and **Section B** questions you will be assessed on the quality of your written communication (QWC) including your use of appropriate legal terminology. These questions are marked with an asterisk (*).
- This document consists of **8** pages. Any blank pages are indicated.

INSTRUCTION TO EXAMS OFFICER/INVIGILATOR

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Answer **three** questions.

Answer **one** from Section A, **one** from Section B and **one** from Section C.

You are advised to spend 50 minutes on Section A, 50 minutes on Section B and 20 minutes on Section C.

SECTION A

Answer only **one** question from this section.

- 1*** Discuss the extent to which judges use the concept of value in the requirement of consideration to justify their own preferred outcome in a case. **[50]**

- 2*** 'Understandably, the courts are unwilling to make a contract void for unilateral mistake.'

Discuss the extent to which this statement is accurate. **[50]**

- 3*** 'When one party communicates information about a contract this can be seen as a unilateral offer, a bilateral offer or an invitation to treat; however the difference is not always clear.'

Discuss the extent to which this statement is accurate. **[50]**

SECTION B

Answer only **one** question from this section.

- 4* Lucy owns a shop which sells decorating equipment. For five years she has been placing regular orders for paint over the phone with Dripz. On each occasion she signs a delivery note when the paint is delivered. There are terms on the back of each delivery note but Lucy has never read them.

Lucy buys paint brushes from Strokes. When she places the order on their website she has to tick a box which says she agrees to Strokes' terms. The terms are available in a different part of Strokes' website but Lucy has never read them. Some of Strokes' terms are unusual and would not be found in contracts made with other paintbrush makers.

Lucy has also purchased a quantity of wallpaper from Paste-it. Four weeks before the purchase she was visited by Alex, Paste-it's sales representative. Alex made a number of statements about the wallpaper which persuaded Lucy to buy it. The statements were not included in the final contract made between Lucy and Paste-it.

Advise whether the terms in Dripz's delivery note, Strokes' website **and** the statements made by Alex are incorporated into their contracts with Lucy. Do **not** discuss any issues relating to misrepresentation. [50]

- 5* Luther bought a food shop from Andrea. The terms in the contract specified the price of the business and what was included. One week after selling the business Andrea set up another food shop next door to Luther and is attracting all her old customers.

Luther also bought a hairdressing salon from Emily. A term in this contract specified that Emily could not work in the beauty industry within ten miles of her old business for two years. One year later Emily started to work in a nearby department store selling makeup.

Luther decided to change the look of the hairdressing salon and accepted a loan of £40 000 payable over ten years to pay for it. The loan was from Glamz who makes shampoo. A condition of the loan was that Luther only uses Glamz shampoo in the salon for the next ten years. After a year Luther found that Glamz products are very expensive. This forced Luther to increase prices which resulted in him losing customers.

Advise whether Luther can stop Andrea from trading next door **and** can stop Emily working in the department store **and** can start using cheaper shampoos in his salon. [50]

- 6* Esme has been friends with her neighbour Farida, a financial adviser, for 20 years. In the past, Farida has advised Esme about her pension and mortgage. Esme recently won a large sum of money. Shortly afterwards she invested most of it in a business owned by Farida. However, Esme is now worried because the business is not doing well.

Esme's sister, Beth, has told Esme that she will have bad luck for the rest of her life if she doesn't share the money she won. Beth knows that Esme is very superstitious. As a result Esme gave some of the money to Beth.

William, Esme's brother, owns a business which has financial problems. William asked Esme whether she would agree to use her house as security for his business debts. The bank manager asked Esme to see a solicitor before she signed the papers. The solicitor advised Esme not to go ahead with the deal as it is risky but Esme signed the papers anyway. Shortly afterwards William's business became bankrupt and the bank is now seeking possession of Esme's house.

Advise whether Esme can reclaim her money from Farida **and** Beth, **and** avoid losing her house, on the basis of undue influence. **[50]**

SECTION C

Answer only **one** question from this section.

- 7** Damien is a builder. He made a contract to build an extension to Franck's house. The contract listed all the different things which needed to be done and included the overall price which was £20 000. Damien planned to do most of the work himself but he paid Hannah to do the specialist electrical work. Franck had said that it was important that the work was done by 1st October as he was having a big party at the house on that day. Damien had said that the work was expected to take six weeks.

Evaluate the accuracy of **each** of the four statements A, B, C, and D individually, as they apply to the facts in the above scenario. **[20]**

Statement A: If Damien built just the walls and then stopped work, he would **not** be able to claim any payment.

Statement B: If Damien finished everything in the contract except for the wooden trim around one door, he would **not** be able to claim any payment.

Statement C: Franck would be able to sue Hannah if she failed to complete the electrical work properly.

Statement D: If Damien failed to start the job by 1st September, Franck could sue him for breach of contract.

- 8** Abundi is a large business which makes steel products. Zelda, a small building firm, asked Abundi to make a steel bridge and some security doors. Abundi included the following terms in its standard contract of sale:

Term 1 – Abundi accepts no liability for financial loss caused by its products.

Term 2 – Abundi accepts no liability for any injuries caused by its products.

Term 3 – Abundi excludes all statutory implied terms from contracts of sale.

Term 4 – Abundi excludes all liability for loss caused by non-performance of its contracts.

Shortly after Zelda installed the bridge it collapsed due to Abundi's negligence. This caused financial loss to Zelda and injury to a worker. Abundi has not delivered the security doors.

Evaluate the accuracy of **each** of the four statements A, B, C, and D individually, as they apply to the facts in the above scenario. **[20]**

Statement A: Abundi is **not** liable for the financial loss to Zelda caused by the bridge collapsing.

Statement B: Abundi is **not** liable for the injury caused to the worker.

Statement C: Abundi is **not** able to exclude the implied term that the bridge is fit for its intended purpose.

Statement D: Abundi is **not** liable for losses caused by non-delivery of the security doors.

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