

## Case summary

### Issue(s)

The issue for the Supreme Court is whether the Court of Appeal: erred in its application of the Patel v Mirza guidelines.

### Facts

Ms Grondona had had a business connection with Mr Mitchell. She agreed with Mr Mitchell in writing to provide her name on applications for mortgages over a number of properties in which Mr Mitchell had, or would have, an interest, including a leasehold flat in London. That property is the subject of this litigation.

In July 2002 Mr Mitchell bought for £30,000 a 125-year lease of the flat from the freeholder. Shortly afterwards Mr Mitchell borrowed a sum against the flat from BM Samuels Finance Group Plc and a charge was duly registered. In October 2002 Mr Mitchell sold the lease for £90,000 to Ms Grondona. Ms Grondona obtained an advance of £76,500 from the Birmingham Midshires building society on the basis that the monies would be used to discharge the earlier BM Samuels Finance Group Plc charge, and that a new charge should be executed in favour of Birmingham Midshires. Stoffel & Co acted for Ms Grondona, Mr Mitchell and Birmingham Midshires.

The advance was made and paid to BM Samuels Finance Group Plc, however as a result of the admitted negligence of Stoffel & Co none of the relevant transactions, the transfer to Ms Grondona, the charge to Birmingham Midshires or the release of the charge to BM Samuels Finance Group Plc were ever registered. Ms Grondona subsequently defaulted on payments to Birmingham Midshires and brought proceedings against Stoffel & Co to claim for breach of duty. Stoffel & Co admitted negligence but argued that damages were not recoverable because the purpose of the transaction was to put property into Ms Grondona's name in fraud of Birmingham Midshires. The first instance judge made a judgment in Ms Grondona's favour. Stoffel & Co appealed to the Court of Appeal, where its appeal was dismissed. Stoffel & Co now appeals to the Supreme Court.