

BETWEEN

SR
APPLICANT

AND

GI
RESPONDENT

Date of Order:

17 February 2016

Referee:

Referee: Paton-Simpson

ORDER OF THE DISPUTES TRIBUNAL

The Tribunal hereby orders that the claim is dismissed.

Facts

[1] This claim involves two separate disputes between the parties, who were friends for many years.

[2] In November 2014, Mr GI offered to take Mr SR's coffee machine panels, along with his own coffee machine panels, to be polished at RSG Ltd (RSG). In January 2015, the parties met at a café and Mr GI advised Mr SR that the total cost to polish the panels came to \$450.00. Mr SR claims that they agreed that he would provide the full amount in cash to Mr GI, and that Mr GI would pay back \$200.00 for his share of the cost after his pay came through in February. The parties met at the same café again a couple of days later, and Mr SR gave the \$450.00 in cash to Mr GI.

[3] The parties dispute the details of what happened next, but agree that RSG damaged one of Mr GI's panels, that Mr GI then took all the panels to IGS for polishing, and that Mr SR picked up the panels and paid \$250.00 to IGS. Mr SR claims that Mr GI was not charged by RSG, but kept the \$450.00. However, Mr GI responds that he said Mr SR could deduct the coffee machine money from proceeds of a generator Mr SR sold on Mr GI's behalf, and that Mr SR not only deducted the coffee machine money but kept nearly all of the proceeds of the generator.

[4] The second dispute relates to used Suzuki RM250 2008 factory plastics, which Mr SR gave to Mr GI for his motorcycle so that Mr GI could sell the motorcycle. Mr SR claims that Mr GI promised to replace the plastics when his second motorcycle was returned from the workshop, but Mr GI disputes this, and says he was given the plastics in the context of having done more than 100 hours of work on Mr SR's motorcycle.

[5] Mr SR now claims \$970.00, made up of the \$450.00 given to Mr GI for the polishing, \$125.00 for Mr GI's share of the money paid to IGS, \$350.00 for the used plastics, and costs.

Issue

[6] The issue to be determined in each dispute is whether the parties intended to create legally binding contracts.

Did the parties intend to create legally binding contracts?

[7] The relevant law is the common law of contract, under which parties can enter into legally binding agreements. An agreement will only be legally enforceable as a contract if the parties intended it to give rise to legally binding obligations.

[8] I find that, whatever the terms of the arrangements between the parties regarding the coffee machine money and the plastics, neither of these arrangements were intended to give rise to legally binding obligations. The parties made their arrangements loosely as friends on a basis of personal trust and reciprocity, where each of them performed favours for the other and expected favours in return, without any monetary value being put on these favours or clear terms being negotiated or recorded.

[9] Mr SR stated that he wanted to get back what is his because Mr GI cut him off, so he does not consider him a friend any more. While it is unfortunate that a longstanding friendship has been lost, this does not alter the nature of the original arrangements as friendly agreements rather than legal contracts.

[10] Since neither arrangement is governed by a legally binding contract that could form the basis for a claim, I find that the claim must be dismissed.