

# Paul Robbins training and consultancy

## Credit Management

### Legal and Ethical Aspects of Credit Control

#### Exercise 1

##### Scenario 1

*Lee sees an advert in a local newspaper selling a 2013 Ford Focus car with low mileage for £500. He calls the number of the seller, but it goes through to voicemail and he leaves a message saying that he will buy the car and he will pick it up that evening and pay for it.*

*When Lee arrives at the seller's house that evening to pay for and collect the car, the seller tells him that the price was a mistake and the car should have been advertised at £5,000. He refuses to sell Lee his car for £500, but Lee insists that he must do so, because there is a contract in place. The seller says that he will not sell the car at that price and Lee leaves without the car.*

*Explain, with reasons, whether there is a valid contract in place.*

##### Scenario 2

*Alice wants to buy a new pair of designer shoes. She goes to a shoe shop and finds a pair that she would like to buy, but they cost £300, which is more than she would like to pay. She asks the owner of the shop what the best price is for the shoes and they reply the best price they could do is £270. Alice offers to buy the shoes for £250, but the owner says that they cannot sell them for that price. Alice says that she will think about the shoes and may come back later in the day. Alice eventually decides to buy the shoes for £270 and goes back to the shop, but the owner tells her that they have unfortunately been sold. Alice is confused, because she thought that she had an offer to buy the*

***shoes which stood until she came back later in the day to tell the owner her decision.***

***Explain, with reasons, whether there is a valid contract in place.***

**Scenario 3**

***You have recently moved to London for a new job. As the property rental prices in London are very expensive, your employer has offered to rent you a flat they own for £500 per month for the next year. You are very surprised, as similar flats rent for around £1,500 per month and you are concerned that as the price is so much lower than the market rent, the rental contract will not be legally binding.***

***Explain, with reasons, whether there is a valid contract in place.***

#### **Scenario 4**

***Your friend asks you if you can babysit her children this Friday as she is going out to dinner with her husband. She says that if you do this, she will give you a spare ticket that she has for an Ed Sheeran concert on Saturday which her husband didn't want to go to. You agree to do this and babysit her children on Friday. However, your friend calls you on Saturday morning saying that she is very sorry, but her daughter wants to go to the concert with her and that she cannot let you have her spare ticket. You are upset about this and feel that your friend should let you have the ticket as you had a valid contract in place.***

***Explain, with reasons, whether there is a valid contract in place.***

#### **Scenario 5**

***Kieron and Helen have booked a DJ for their wedding reception. On the day of their wedding, they receive a call from the DJ who tells them that unfortunately he had to go into hospital last night for emergency surgery and cannot DJ at their wedding that evening. Kieron and Helen are very upset and tell the DJ that he has spoilt their day and they will sue him for breach of contract.***

***Explain, with reasons, whether the DJ is in breach of contract.***

### **Scenario 6**

**Henry runs a business selling office stationery. He agrees to buy one hundred fountain pens from a seller. However, when the pens arrive, he finds that they are ballpoint pens. He contacts the seller to inform them of the mistake, but the seller refuses to take the pens back or replace them, claiming that they had a contract in place for the sale of pens and it doesn't matter what type of pens were supplied.**

**Explain, with reasons, whether the seller of the pens is in breach of contract and if so, on what grounds could the contract be terminated.**

### **Scenario 7**

**Kieron and Helen have booked a DJ for their wedding reception who specialises in playing house music. Two months before their wedding, they receive a call from the DJ who tells them that unfortunately he has been asked to DJ at one of the top nightclubs in Ibiza on the evening of their wedding and therefore cannot DJ at their wedding. Kieron and Helen are very upset and tell the DJ that he must honour the booking and DJ at their wedding.**

**Explain, with reasons, whether the DJ is in breach of contract. If you think he is in breach of contract, what remedy might Kieron and Helen request.**

### **Scenario 8**

**Stone Ltd supplies goods to Rock Ltd on 30 day credit terms. Despite many telephone calls and letters chasing payment, Rock Ltd have still not paid the money they owe. The debt is not disputed in any way.**

**Explain, with reasons, whether Rock Ltd is in breach of contract. If you think they are in breach of contract, what remedy might Stone Ltd request.**

### **Scenario 9**

**A car dealer buys in a used car which has got 80,000 miles on the clock. He cleans the car inside and out and it looks so good that he decides that it looks almost new. To get the best price for the car, he changes the mileage to 30,000 miles.**

**What law is the car dealer in breach of and why?**

### **Scenario 10**

**Bjorn is a keen golfer and buys a new wet weather golfing jacket and golfing trousers. They cost a lot of money, but guarantee to be of the highest quality and completely waterproofed. Unfortunately, from the first time he wears them they let in water and after two weeks the stitching starts to come apart. He tries to take them back to the shop he bought them from 20 days after he bought them, but they refuse to refund him the money.**

**Explain, with reasons, whether Bjorn is entitled to a refund and, if so, what legislation he can rely on to obtain a refund.**

**Scenario 11**

**Albert and Ethel are pensioners aged 85 and 82 respectively. They go into an electrical store looking to buy a small basic television, but the sales person is very pushy and after two hours in the store they end up signing a Hire Purchase (HP) agreement for the purchase of a 72 Inch Ultra HD TV with surround sound. They both felt tired at the point at which they signed the HP agreement and were very confused as to exactly what they were signing up to. The next day they both feel unhappy about what happened and call their son Gary to explain what they did and that they felt pressurised into signing the HP agreement. The following day Gary goes with his parents to the electrical store to insist that the HP agreement is cancelled, but they refuse to do this.**

**Explain, with reasons, whether Albert and Ethel can cancel the HP agreement and, if so, what legislation they can rely on to cancel it.**