

<b>Pure Economic Loss:</b>
<b>Generally no liability in negligence for pure economic loss.</b>
<b>Is the general rule justifiable?</b>
Denning in <i>Spartan</i> – healthy behaviour to not run to your solicitor as soon as something goes wrong. Floodgates.
Canada – much easier to sue for pure economic loss - Rejected the English approach Pure economic loss isn't as bad as personal injury

<b>Development</b>	
↓	<p><b>1875:</b> No Liability at all for economic loss <i>Cattle v Stockton Waterworks</i></p>
↓	<p><b>1951:</b> Still no liability for economic loss <i>Candler v Crane, Christmas Co.</i></p>
↓	<p><b>1964:</b> <b>Exception to the Rule</b> <b>Can be liable for economic loss - Negligent Misstatement.</b> <i>Hedley Byrne v Heller</i></p> <p>Limitation upon Exception: <b>Must be a 'Special Relationship'</b> <i>Hedley Byrne</i></p> <p><b>'Special Relationship'?</b> statement maker must have skill in relation to the subject matter. The other party must have relied upon this statement. eg. Bank clerk advising on a mortgage <i>Cornish v Midland Bank</i> Friend purchasing car on other friends behalf (professing to have knowledge) <i>Chaudry v Prabhaker</i></p>

<b>How to Establish a Duty of Care for Pure Economic Loss:</b>		
<b>When does a duty of care arise?</b>		
Factors judges consider - Factors overlap		
<p><b>(1)</b> <b>Had D assumed responsibility?</b> Easy to sue if D somehow assumed the responsibility (trust me, ill take care of it etc.) <i>Lennon v Commissioner</i> <i>Smith v Bush</i></p>	<p><b>(2)</b> <b>Was C's reliance reasonable?</b> <i>Howard Marine and Dredging v Ogden</i></p>	<p><b>(3)</b> <b>What was the purpose of D's statement?</b> <i>Smith v Bush</i> <i>Caparo v Dickman</i> <i>James McNaughton v Hicks Anderson</i></p>
<p><b>(4)</b> <b>Has D made the statement in a social, as opposed to business, context?</b> social context – more diff to establish duty of care <i>Chaudry v Prabhaker</i></p>	<p><b>(5)</b> <b>The relationship between the parties?</b> <i>Spring v Guardian Assurance</i> Duty of Care owed by employer to employee re references.  <b>Effects</b> - Companies will avoid to write references, or write very bland reference to avoid being sued for their statements. Or they make certain people at the company writing references; 'reliable' employers</p>	<p><b>(6)</b> <b>Did D claim to be an expert?</b> If you claim to be an expert - easier for you to get sued - because the standard of care would be higher <i>Esso Petroleum v Mardon</i> <i>Henderson v Merrett Syndicates</i></p>

**(7)**  
**What is the size of class to which C belongs?**

Similar to the rule in Hill, 'floodgate' argument.  
If C is a member of a small class - more likely to be a duty  
*James McNaughton v Hicks Anderson*

**(8)**  
**'Practical justice':**  
Denning style approach  
*White v Jones*

**(9)**  
**What was D's state of knowledge?**  
*James McNaughton v Hicks Anderson*