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Benefits can be assigned but burdens and obligations require novation - Grove Construction (London) Ltd v Bagshot Manor Ltd [2025] EWHC 591 (TCC)

[Grove Construction \(London\) Ltd v Bagshot Manor Ltd \[2025\] EWHC 591 \(TCC\)](#)

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Key Words:

Assignment, Liabilities, Burdens, Obligations, rights and Benefits, Adjudication, Jurisdiction, Contract, Deed of Assignment, Novation, Privity of Contract, Summary Judgment, Part 8 Proceedings

Summary

Grove Construction (the Claimant) applied for summary judgment to enforce an adjudicator's award for unpaid retention monies [1], stemming from a contract with Bagshot Manor Developments Ltd (BMDL) [5, 9]. After entering administration, BMDL later assigned its contractual rights to Bagshot Manor Ltd (the Defendant) [4, 5]. The Defendant resisted enforcement, arguing that the adjudicator lacked jurisdiction since it was not a party to the original contract and had not assumed BMDL's liabilities [2, 10, 11]. It also issued Part 8 proceedings seeking declarations [2]. District Judge Baldwin dismissed the Claimant's application and granted the Defendant's declarations, holding there was no contractual adjudication right between the Claimant and Defendant [37].

Key Themes:

- **Assignment of Rights vs. Liabilities:** Only rights and benefits—not obligations—may be assigned without consent from all parties. No novation occurred here [12-16].
- **Jurisdiction of the Adjudicator:** The adjudicator lacked jurisdiction because the dispute was not “under the contract” between the original parties [2, 10, 11, 19, 20, 21, 37].
- **Interpretation of Deeds and Contract Clauses:** The court assessed the deed and contract clauses to determine what was actually transferred [4-7, 17, 19-20, 34-35].
- **Privity of Contract:** No privity existed between the Claimant and Defendant, thus no enforceable obligations passed [15-16, 35, 37].

Background

On 20 April 2020, Grove contracted with BMDL to refurbish Bagshot Manor [5]. The contract provided

for adjudication [5]. Practical completion occurred on 11 Feb 2022; retention ended on 11 Feb 2023 [5]. BMDL assigned its contractual rights to the Defendant via a deed dated 21 July 2023 [5].

Clause 3 assigned BMDL's "right title and interest... together with all rights of action" [6, 17], while Clause 4 required notice of the assignment—served late [7–9]. The Defendant refused to pay [9]. Grove initiated two adjudications; the second was decided in its favour but remained unpaid [9]. Grove sought summary judgment; the Defendant resisted and countered with Part 8 proceedings [1–2].

Legal Issues and Analysis

- The issue was whether the assignment transferred BMDL's liabilities and whether this allowed Grove to adjudicate against the Defendant [10–13, 15–17, 37].
- The Judge affirmed that only rights/benefits—not obligations—are assignable absent novation [12–14]. No tri-party agreement was present [12–13, 15–16].
- Clause 3 did not transfer the burden of Grove's rights of action against BMDL [17–18, 35]; such an interpretation was illogical [18]. Clauses 7.1 and 7.2 allowed the assignment of rights but not obligations [20, 26, 34–35].
- Clause 4's notice requirement did not impose new obligations—it merely ensured consistency with the contract's notice terms [19, 27–29, 34–35].
- The Judge confirmed that the adjudication clause applied only to disputes between the original parties—Grove and BMDL—not to disputes with the assignee [35], citing [*MG Scaffolding \(Oxford\) Ltd v Palmloch Ltd*](#) and [*Steve Ward Services \(UK\) Ltd v Davies & Davies Associates Ltd*](#) [35].
- The adjudicator lacked jurisdiction because the parties to the adjudication were not parties to the contract [37]. His finding that the Defendant had stepped into BMDL's shoes was a legal error [37].

Conclusion

The Claimant's application for summary judgment was dismissed [37]. District Judge Baldwin also granted the Defendant's Part 8 claim for declarations, recognising that the adjudicator had erred in finding jurisdiction and that the Defendant had not inherited the contractual burdens and liabilities of BMDL [37]. The Judge found it "unconscionable not to recognise the adjudicator's error at this stage" [37].

Key Takeaway:

The key takeaway from this judgment is the reaffirmation of the fundamental principle of contract law that while the benefits of a contract can be assigned, the burdens, obligations, and liabilities cannot be transferred to a third party without the express consent of all original parties through a process such as novation [12–16]. Consequently, an assignment of contractual rights does not automatically confer a right to adjudicate against the assignee if the assignee has not become a direct party to the contract or agreed to assume the liabilities of the assignor [15–16, 35, 37]. This case highlights the importance of clearly defining the scope and effect of assignment deeds and the limitations of assignment in transferring contractual obligations and dispute resolution mechanisms.

Parting Thoughts

This case reinforces a key contractual rule: benefits can be assigned, but burdens and obligations require novation [12–14]. Especially in construction, assignment alone doesn't create liability for the assignee. Absent express agreement, adjudication rights remain with the original contracting parties

[12-13, 15-16, 37]. Understanding the limits of assignment is essential—particularly when relying on adjudication clauses [35, 37].

#AssignmentOfRights #NoAssignmentOfLiabilities #Assignment #ConstructionContract #Adjudication #AdjudicationJurisdiction #ContractLaw #TCC #SummaryJudgment #NovationRequired #Novation #PrivityOfContract #DeedOfAssignment #LegalJudgment #LegalUpdate #Retention #EnglishLaw #DisputeResolution #EWHC #GroveVBagshotManor #GroveConstruction #BagshotManor

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ICE DRC Member

ICE DRC CPD Committee Chairman

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CI Arb Adjudication Panel Member since 2006

CI Arb Arbitration Panel Member since 2006

CIC Adjudication Panel Member since 2010

Law Society Panel Arbitrator

RIBA Adjudication Panel Member since 2018

RICS Adjudication Panel Member since 2006

TECSA Adjudication Panel Member since 2012

FIDIC Adjudication Panel Member since 2021

ICE Adjudication Panel Member since 2021

RICS Dispute Board Registered since 2013

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