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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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CI Arb Arbitration Panel Member since 2006

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