

**MORTGAGE—REDEMPTION—COLLATERAL SECURITY—FRAUDULENT  
PLEDGE OF COLLATERAL SECURITY BY MORTGAGEE—RIGHT OF  
MORTGAGOR TO REDEEM AS AGAINST ASSIGNEE—ASSIGNEE OF  
MORTGAGE BOUND BY EQUITIES BETWEEN MORTGAGOR AND ORIG-  
INAL MORTGAGEE.**

*De Lisle v. Union Bank of Scotland* (1914) 1 Ch. 22 This was an action for redemption of a mortgage of real estate in which the facts were somewhat complicated by the fraud of a solicitor. The mortgage in question was made by the plaintiff to his solicitor Crick, on real estate, and the plaintiff at the same time transferred to him by way of collateral security £3,000 of debenture stock. Crick represented that he was getting the money from the defendant bank on the same security and fraudulently induced the plaintiff to sign a memorandum of charge on the stock, not only for the advance of the £4,000, but of all other sums which the bank should advance to Crick, and the stock was transferred to the bank, who had no notice of the fraud. Crick subsequently sub-mortgaged the land to the bank by way of equitable deposit to secure his general indebtedness and afterwards executed a legal transfer of the mortgage. Crick afterwards became bankrupt, owing the defendant bank a great deal more than the £4,000. The plaintiff claimed to redeem the mortgage on payment of £1,000, being the amount due less the value of the collateral security. The bank contended that he could only redeem on payment of the full £4,000. The Court of Appeal (Cozens-Hardy, M.R., Eady, and Phillimore, L.JJ.), affirming Warrington, J., held, that although the defendants were entitled to apply the collateral security on the general indebtedness of Crick, yet that as assignees of the mortgage they had no greater right than Crick, and, therefore, could not resist the plaintiff's right to redeem on payment of £1,000, as claimed. If, when the defendants became sub-mortgagees, they had inquired of the plaintiff and he, in ignorance of Crick's dealing with the collateral security had admitted that there was £4,000 due on his mortgage the case might have had a different result, but it appeared the defendants took their sub-mortgage without inquiry.

**VENDOR AND PURCHASER—RESTRICTIVE COVENANT FOR BENEFIT OF  
ADJOINING LANDS—SALE OF ADJOINING LANDS PRIOR TO COVEN-  
ANT.**

In *Milbourn v. Lyons* (1914) 1 Ch. 34, the question to be determined was whether a restrictive covenant given in the fol-