RECENT LEGAL DECISIONS.

BANK ACCOUNT, INTEREST AND GUARANTEE.—A customer of an English banking company, with the object of obtaining advances, furnished the bank in 1887 with a letter of guarantee signed by one Yates. The letter guaranteed the bank in respect of all moneys that might from time to time be owing by the customer to the bank, with interest commission and other banking charges, and was a continuing guarantee and not to be withdrawn except after six months' notice in that behalf. From 1887 down to the end of 1890, the bank made advances to the customer from time to time, by honouring his overdrafts, and he from time to time paid in moneys, but the balance was always against him. At the end of each half year his account was debited with interest and commission, and the balance carried forward against him. After the 31st of December, 1890, no more advances were made, but the customer from time to time paid sums into the bank which were credited on his account, and the bank continued to debit him with interest and commisssion every half year, down to the year 1897. The bank then sued Yates on the guarantee, and obtained a judgment for the amount owing by the customer for principal and also for interest and commission. Yates, still dissatisfied, carried the matter before the Court of Appeal, claiming that his liability was barred by the Statute of Limitations, as the bank had made no advances from 1890 to 1897, a period of more than six years before suit was commenced, and that the interest which had been charged during the last six years could not be collected, because the principal was barred. The Court of Appeal varied the judgment, by deciding that the bank must fail in its claim for principal money, as none had been advanced for more than six years, but that it might recover all interest and commission charged during the six years before the writ was issued, because the letter of guarantee covered principal interest and commission, specifying each of them. It was also contended by Yates that the payments made by the customer during the last six years should have been applied, first in reduction of interest and commission. In denying this contention, Mr. Justice Rigby made the following remarks: Mr. Yates relies on the old rule, that applies to many cases, namely, that, where both principal and interest are due, the sums paid on account must be applied first to interest. That rule where it is applicable, is only common justice. But this rule cannot have application as suggested to accounts like the account in this case, which is made out in the manner usual as between banker and customer. Such a mode of making out the account is so far usual, that I do not think the customer, or a guarantor of the customer, can object to it. I think one must assume that the understanding of all parties was that the account would be kept as between the customer guaranteed and the bank, on the usual principle governing such accounts, that is to say, by treating moneys paid in from time to time by the customer, as a deduction from the general amount due from the customer in respect of the loan and interest thereon, and at the end of each half year carrying over the debit balance to the next half year as principal. 1898, 2 Q. B. 460.

SUPERANNUATION INSURANCE.—In the year 1888, the London, England School Board started a scheme for superannuation allowances to their teachers, in case of their becoming disabled by permanent infirmity of mind or body. They accordingly deducted for the necessary fund two per centum from the teachers' salaries. Down to 1893, the scheme was voluntary, but after that year all teachers were obliged to submit to the deduction. In 1897, the fund had grown to 94,861 pounds, in which ten thousand persons were interested, and up to that year 7,175 pounds had been paid by way of superannuation. Miss Phillips entered the service of the board as a teacher in 1884, and continued in that capacity down to April, 1897, when she resigned her post. The deductions from her salary amounted to some 32 pounds, and upon her resignation she claimed a return of this. Her demand being refused, she sued the school board in the County Court for the amount, as being either arrears of salary, or money had and received for her use. The judge of that Court held that she was not entitled to recover. She appealed unsuccessfully to a Divisional Court, and then carried her matter into the English Court of Appeal, which Court was also against her. It was argued on her behalf that it was not within the power of the school board, a body created by Statute for certain definite purposes, to establish and manage such a scheme by its paid officials. That the scheme was in the nature of an insurance business carried on by the board, that the carrying on of such a business by the board was illegal as being *ultra vires*, that every part of the scheme was rendered illegal, and that there was in consequence a total failure of consideration entitling her to a return of her contributions. The following are some of the remarks which fell from the lips of the judges of the Court of Appeal: That she could not maintain her action to get back the subscriptions, which she had voluntarily paid for years to the fund, and which had been and were being applied to the very purposes for which she made her subscriptions, and during all of which she had the right of participation, and that she could not bring an action for arrears of salary, for no arrears existed. That the board had entered into no contract of insurance. The essential nature of the scheme was the creation by the subscribers themselves of a fund which was to supply, under the direction of the board, all the relief to which any subscriber could be entitled. That the insurance scheme was in fact in the nature of a mutual insurance, and not an insurance by the board at all. The scheme was not originated in order that the board might administer it, administration by the board was ancillary to, and not