

COURT OF APPEAL, ENGLAND

Scholfield v. Earl of Londesborough

Liability of acceptor for amount of altered bills negligently drawn.

Appeal from the judgment of Charles, J., in favor of the defendant. The action was to recover £3,500 on a bill of exchange drawn by one Scott Sanders upon and accepted by the defendant. The plaintiff was the holder in good faith and for value. When the defendant accepted the bill it was for £500 only, and afterwards and before endorsement it was fraudulently altered by Sanders into a bill for £3,500. The bill bore a £2 stamp, sufficient to cover £4,000. In the left-hand corner at the time of acceptance were the figures "500" preceded by the sign "£." Between the £ and the 500 was a space sufficiently wide to admit of another figure being inserted. The body of the bill was in three lines. On the first were the words, "Three months after date"; on the second the words, "Pay to me or my order the sum of"; and on the third, "Five hundred pounds for value received." After the word "of" in the second line there was sufficient space for the addition of another word, and before the word "Five" in the third line there was also space for the addition of another word without carrying the line further to the left than the word "Pay" in the line above. Sanders, having obtained the defendant's acceptance, inserted the figure "3" between the £ and the 500, and in the body of the document added the words "Three Thousand," writing the "Three" after the word "of" on the second line, and the "Thousand" on the third line, and in this shape he negotiated it. The defendant paid £500 into court. Charles, J., held that the defendant was not estopped, either by having accepted the bill with the blank spaces in it or with a stamp sufficient to cover £4,000, from setting up the truth, and that he was not liable for the £3,500, but that he was liable under section 64, sub-section 1, of the Bills of Exchange Act, 1882, upon the bill for £500. The plaintiff appealed.

The Court (Lord Esher, M.R., and Rigby, L.J.; Lopes, L.J., dissenting) dismissed the appeal.

Lord Esher, M.R., said that no evidence had been given as to the circumstances at the time the acceptance was obtained.