

LEGAL DECISIONS AFFECTING BANKERS

COURT OF APPEAL, ENGLAND

Parr's Banking Co. v. Yates*

The defendant guaranteed payment of a customer's liability to the plaintiff bank, and interest thereon, up to a certain amount. The bank ceased making advances to the customer in 1890, and in 1897 brought action against the guarantor in respect of the advances and interest then owing by the customer.

Held, that the bank's claim on the guarantor in respect to the advances was barred by the Statute of Limitations, but that interest accruing during the six years preceding the action was recoverable.

Appeal by the defendant from the judgment of Bruce, J., at the trial of action without a jury.

The action was brought by the plaintiffs, who were bankers, to recover from the defendant £1,000 upon a guarantee given by the defendant to secure the account with the plaintiffs of one McLaren, who carried on business as D. McLaren & Co.

The guarantee, which was in the form of a letter dated February 7, 1887, addressed to the plaintiffs and signed by the defendant, was in the following terms:

"In consideration of your agreeing, at my request, to come under advances or liabilities to or for D. McLaren & Co. (the guaranteed party) in account current with you, on condition that I should give this guarantee, I undertake to guarantee to you the due payment and satisfaction of all moneys and liabilities that may have been or may from time to time be owing to or incurred by you in account with the guaranteed party, with interest, commission, and other banking charges; and this shall be a continuing guarantee, and shall not be withdrawn except at the expiration of six calendar months from the day of written notice being given by me to you for that purpose; but the amount ultimately recoverable hereunder shall not exceed £1,000, with interest thereon from the day on which the same shall be demanded from me until paid; . . . and any settled or stated account by or between you and the guaranteed party, or admitted by the latter, shall from time to time be and be received in any Court and under any circumstances whatsoever as conclusive and indisputable evidence against me of the balance or amount thereby appearing due from the guaranteed party to you."

**Law Journal Reports.*