## Moot Question 2

### In the Supreme Court of the United Kingdom

### Webster Co Ltd v Jeffreys

1. Webster Co Ltd is an electrical engineering company. The managing director of the company is Sam Wong. John Jeffreys is a self-employed electrician who won almost £2 million pounds in the National Lottery in 2014.
2. Sam Wong is a compulsive gambler and in February 2014 had gambling debts of £1 million pounds, which he was unable to pay. Through a mutual friend, Sam Wong was informed that Mr Jeffreys was seeking to invest his lottery winnings and he approached Mr Jeffreys in March 2014.
3. Mr Wong subsequently negotiated an artificial and unauthorised loan agreement between Webster Co Ltd and John Jeffreys under which John Jeffreys would lend £1 million to Webster Co Ltd for a return of 10 per cent to be paid in March 2015.
4. On receipt of the £1 million, Mr Wong paid off his gambling debts.
5. In March 2015, Mr Wong transferred funds from Webster Co Ltd to repay the loan and the agreed interest.
6. In August 2015, Mr Wong was declared bankrupt and a few weeks later was convicted of fraud.
7. Webster Co Ltd brought proceedings in the Chancery Division of the High Court of Justice to recover the funds transferred to Mr Jeffreys on the basis that they had been received by Mr Jeffreys with knowledge that they resulted from a breach of trust or fiduciary duty by Mr Wong. Reed J held that liability for knowing receipt depended on the recipient of the money having sufficient knowledge of the circumstances so as to make it unconscionable for him to retain the benefit of the receipt. *BCCI (Overseas) Ltd v Akindele* [2000] 4 All ER 221 applied. Reed J found that the Mr Jeffreys’ conduct was not unconscionable. The Court of Appeal upheld this decision.
8. Webster Co Ltd now appeal to the Supreme Court on two grounds:
9. The decision of the Court of Appeal in *BCCI (Overseas) Ltd v Akindele* establishing the test of unconscionability was imprecise and incapable of being applied as it gave no guidance regarding the kind of knowledge that was relevant when determining unconscionability.
10. In the alternative, liability in equity for receipt of unauthorised funds by a third party should be strict as in the common law action for ‘money had and received’ in *Re Diplock* [1948] Ch 465.