

NJORD Latvia: New Success in Litigation case

NJORD attorneys secure victory for an individual in a case to recover the purchase price of a purchased property.

Intending to buy real estate in Latvia, a Danish citizen transferred the purchase fee for real estate to the owner of real estate in Latvia. However, in the course of the transaction, the authorized representative of the client, taking advantage of the trust of the latter, formalized the ownership of the specified in his name.

As a result of unfair actions of the authorized representative, the client was misled and as a result, signed a contract for the sale of real estate, in which he was indicated only as a person making a payment for the real estate acquired in favor of his authorized representative. In the contract, the client waived claims against his trustee and the owner of the real estate related to the above-mentioned real estate, as well as the funds paid for this real estate by the foreign national. The contract for the sale of real estate was drawn up privately in a language that the client does not speak and therefore did not understand its content.

On behalf of the client, NJORD's attorneys filed a lawsuit to recover from the NJORD client's trustee the purchase fee paid by the NJORD client for the purchase of the above property.

The court of first instance and the court of appeal, having considered the case, dismissed completely the claim of the client, not seeing signs of bad faith, deceit or misleading the client in the actions of the authorized representative, and also, disagreeing with the fact that that in this case the defendant was unjustly enriched at the expense of the client. It should be noted that the decisions of the courts of first and second instance were inconsistent and full of contradictions. For example, both courts recognized the money paid by the plaintiff for the purchase of real estate as a gift, although neither party made such a claim.

Having considered the cassation complaint brought by NJORD attorneys against the decision of the court of appeal in this case, the Senate (Department of Civil Cases of the Supreme Court of the Republic of Latvia) completely canceled the decision of the court of appeal and sent the case for a new consideration to the court of appeal in a different composition of the court. The Senate, in particular, pointed out that when resolving the case, the court of appeal did not apply the substantive law rules that were applicable in this particular case. The Senate acknowledged that, in accordance with the provisions of Articles 1815 and 2014 of the Civil Law of the Republic of Latvia, in the event that the buyer used funds belonging to the creditor rather than his own funds as a purchase price, a legal relationship of an obligation character arises between the buyer and the creditor, and the creditor acquires the right to demand from the buyer the purchase price paid for the buyer.

Having reconsidered the case, taking into account the interpretation of the legal norms given by the Senate in this case, the court of appeal fully satisfied the claim of the NJORD client, recovering from the defendant the amount of the purchase fee paid by the NJORD client for the defendant, legal interest, as well as legal costs incurred by the NJORD client in connection with this claim.

Legal assistance to the client was provided by Senior Associate, Attorney-at-Law Eduard Vaisla and partner, Attorney-at-law Sergei Petrov.



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