

Hall v Van Der Heiden (2010): Employer Can Recover Liquidated Damages After Termination of Building Contract

It has been generally accepted for some time that, in the event that an employer terminates his building contract with a contractor, liquidated damages accruing after termination of the contract cannot be recovered.

However, in Hall v Van Der Heiden (No.2), the Technology and Construction Court held that liquidated damages for delay did not stop accruing when the employer terminated the building contractor's employment under the building contract. The court awarded liquidated damages up to the date when a replacement contractor completed the works. This decision marks a potentially significant shift in the law relating to the recoverability of liquidated damages and it remains to be seen whether this decision will be followed by the courts in subsequent cases.