



HIGH COURT OF AUSTRALIA

11 December 2024

HILARY LORRAINE KRAMER & ANOR v DAVID LINDSAY STONE
[2024] HCA 48

Today, the High Court dismissed an appeal from a judgment of the Court of Appeal of the Supreme Court of New South Wales. The appeal concerned the requirements for establishing liability under a "proprietary estoppel by encouragement", being an estoppel which affords relief in equity founded in an assumption as to the future acquisition of ownership of property, induced by representations upon which there had been detrimental reliance by the plaintiff.

The first appellant (Ms Kramer) was left a farm property at Upper Colo, New South Wales ("the Farm") by her mother (Dame Leonie), in her will. For about 40 years from 1975, the Farm was managed by the respondent (Mr Stone) pursuant to an oral agreement between Mr Stone and Ms Kramer's father, Dr Kramer. Dr Kramer died in 1988, leaving Dame Leonie as the sole proprietor of the Farm. Shortly after Dr Kramer's death, Dame Leonie made a promise to Mr Stone "out of the blue", telling Mr Stone that Dr Kramer and Dame Leonie had agreed that the Farm would pass to Mr Stone upon Dame Leonie's death. The concurrent finding of the courts below was that Dame Leonie knew, when making the promise, that it would be relied upon by Mr Stone. There was no evidence of conduct by Dame Leonie, after the promise, encouraging Mr Stone to act in reliance on it, and the primary judge held that it was likely that Dame Leonie had forgotten the promise. In reliance on the promise, Mr Stone acted to his detriment by continuing the farming operation for about 23 years after the promise was made. Mr Stone suffered the financial detriment of receiving only an irregular and meagre income from the Farm and the non-financial detriment of living on the Farm in substandard accommodation. Dame Leonie died in April 2016. In her will, she left Mr Stone a sum of \$200,000, and the Farm to Ms Kramer.

The primary judge held that Dame Leonie's promise gave rise to an estoppel entitling Mr Stone to appropriate equitable relief. In lieu of the \$200,000, the primary judge declared the Farm was held on trust for Mr Stone by the executors of Dame Leonie's estate (the appellants). The Court of Appeal dismissed an appeal by the executors. The High Court, by majority, dismissed an appeal from that judgment. The High Court held there were four elements of an equitable estoppel arising by encouragement from a promise: (i) there must be a clear and unequivocal promise; (ii) a reasonable person in the promisor's position must have expected or intended, or the promisor must have actually expected or intended that the promisee would rely upon the promise by some action, omission or course of conduct; (iii) the promisee must have relied upon the promise by acting or omitting to act in the general manner that would have been expected; and (iv) the consequence of the promisee's reliance must be that the promisee will suffer detriment if the promise is not fulfilled. In dismissing the appeal, the High Court held that each of these elements had been established by Mr Stone. The High Court rejected the appellants' submissions that, to give rise to an equitable estoppel by encouragement, the promisor must have engaged in conduct after the promise which further encouraged the promisee in the course of conduct, action or omission adopted in reliance on the promise, or that the promisor must have had actual knowledge that the promisee was relying upon the promise.

This statement is not intended to be a substitute for the reasons of the High Court or to be used in any later consideration of the Court's reasons.