Content:

In the light of all the arguments formulated in the course of this article, the following conclusions can be drawn:

The main difficulties within the relationship between compound interest and breach of contract are historical stagnation, inconsistency and reluctance to initiate radical change. With good fortune, the judiciary occasionally dares to circumvent these problems in particular cases, such as Wadsworth v. Lydall[177] and in some building contracts decisions. These sporadic interventions constitute only a temporary and partial solution since they do not remove the root of the problem. In fact, logic repeatedly collides with rules. For example, in most contractual relations breached by the non-payment of money, simple or compound interest actually fits within the first limb of Hadley v. Baxendale, but it is not granted as general damages merely because there are some obstacles. These are the LCDR case plus the Administration of Justice Act 1982 and the Law Reform (Miscellaneous Provisions) Act 1934. Additionally, there are situations where fall effectiveness of discretionary interest is limited despite the claimant's undercompensation.

Since law is a living concept, willing to leave the comfort of stable rules when circumstances so require, a closer collaboration between equity and common law has been proposed as a solution. In the Westdeutsche case, Lord Woolf, far from resigning himself to look at injustice without reacting, called equity to the urgent assistance of common law. Unfortunately the proposition failed, this being the latest though surely not the last judicial word on the subject. It is not, however, an isolated position since a similar one was maintained some years ago.[178]

[Set out in detail.]

177[1981] 2 All ER 401.
178"Equity and common law are converging and will continue to converge so that the differences in origin of particular principles should become of decreasing importance. It is inevitable that equitable relief in some of its forms will become available for the protection and enforcement of common law rights to a greater extent than was formerly the case. . . . It will happen in the course of the law's evolution . . . . The underlying values of equity centred on good conscience will almost certainly continue to be a driving force in the shaping of the law . . . . The recent decade might be regarded as a period of legal transition in which we have been moving from an era of strict law to one which gives greater emphasis to equity...". A Mason, "The Place of Equity and Equitable Remedies in the Contemporary Common Law World" (1994) 110 LQR 238 at pp 258-259.

Referring Principles:

VII.7 - Right to charge compound interest