



Law of Property Act 1969

1969 CHAPTER 59

PART III

AMENDMENT OF LAW RELATING TO DISPOSITIONS OF ESTATES AND INTERESTS IN LAND AND TO LAND CHARGES

23 Reduction of statutory period of title

Section 44(1) of the Law of Property Act 1925 (under which the period of commencement of title which may be required under a contract expressing no contrary intention is thirty years except in certain cases) shall have effect, in its application to contracts made after the commencement of this Act, as if it specified fifteen years instead of thirty years as the period of commencement of title which may be so required.

24 Contracts for purchase of land affected by land charge, etc.

- (1) Where under a contract for the sale or other disposition of any estate or interest in land the title to which is not registered under the Land Registration Act 1925 or any enactment replaced by it any question arises whether the purchaser had knowledge, at the time of entering into the contract, of a registered land charge, that question shall be determined by reference to his actual knowledge and without regard to the provisions of section 198 of the Law of Property Act 1925 (under which registration under the Land Charges Act 1925 or any enactment replaced by it is deemed to constitute actual notice).
- (2) Where any estate or interest with which such a contract is concerned is affected by a registered land charge and the purchaser, at the time of entering into the contract, had not received notice and did not otherwise actually know that the estate or interest was affected by the charge, any provision of the contract shall be void so far as it purports to exclude the operation of subsection (1) above or to exclude or restrict any right or remedy that might otherwise be exercisable by the purchaser on the ground that the estate or interest is affected by the charge.
- (3) In this section—

" purchaser " includes a lessee, mortgagee or other person acquiring or intending to acquire an estate or interest in land; and

" registered land charge " means any instrument or matter registered, otherwise than in a register of local land charges, under the Land Charges Act 1925 or any Act replaced by it.

- (4) For the purposes of this section any knowledge acquired in the course of a transaction by a person who is acting therein as counsel, or as solicitor or other agent, for another shall be treated as the knowledge of that other.
- (5) This section does not apply to contracts made before the commencement of this Act.

25 Compensation in certain cases for loss due to undisclosed land charges

- (1) Where a purchaser of any estate or interest in land under a disposition to which this section applies has suffered loss by reason that the estate or interest is affected by a registered land charge, then if—
- (a) the date of completion was after the commencement of this Act; and
 - (b) on that date the purchaser had no actual knowledge of the charge; and
 - (c) the charge was registered against the name of an owner of an estate in the land who was not as owner of any such estate a party to any transaction, or concerned in any event, comprised in the relevant title;
- the purchaser shall be entitled to compensation for the loss.
- (2) For the purposes of subsection (1)(b) above, the question whether any person had actual knowledge of a charge shall be determined without regard to the provisions of section 198 of the Law of Property Act 1925 (under which registration under the Land Charges Act 1925 or any enactment replaced by it is deemed to constitute actual notice).
- (3) Where a transaction comprised in the relevant title was effected or evidenced by a document which expressly provided that it should take effect subject to an interest or obligation capable of registration in any of the relevant registers, the transaction which created that interest or obligation shall be treated for the purposes of subsection (1)(c) above as comprised in the relevant title.
- (4) Any compensation for loss under this section shall be paid by the Chief Land Registrar, and where the purchaser of the estate or interest in question has incurred expenditure for the purpose—
- (a) of securing that the estate or interest is no longer affected by the registered land charge or is so affected to a less extent; or
 - (b) of obtaining compensation under this section ;
- the amount of the compensation shall include the amount of the expenditure (so far as it would not otherwise fall to be treated as compensation for loss) reasonably incurred by the purchaser for that purpose.
- (5) In the case of an action to recover compensation under this section, the cause of action shall be deemed for the purposes of the Limitation Act 1939 to accrue at the time when the registered land, charge affecting the estate or interest in question comes to the notice of the purchaser.
- (6) Any proceedings for the recovery of compensation under this section shall be commenced in the High Court; and if in such proceedings the High Court dismisses a

claim to compensation it shall not order the purchaser to pay the Chief Land Registrar's costs unless it considers that it was unreasonable for the purchaser to commence the proceedings.

- (7) Rules under the Land Charges Act 1925 may include provision—
- (a) requiring the Chief Land Registrar to take steps in relation to any registered land charge in respect of which compensation has been claimed under this section which would be likely to bring the charge to the notice of any person who subsequently makes a search, or requires a search to be made, of the relevant registers in relation to the estate or interest affected by the charge; and
 - (b) authorising the use of the alphabetical index kept under that Act in any manner which will serve that purpose, notwithstanding that its use in that manner is not otherwise authorised by or by virtue of that Act.
- (8) Where compensation under this section has been paid in a case where the purchaser would have had knowledge of the registered land charge but for the fraud of any person, the Chief Land Registrar, on behalf of the Crown, may recover the amount paid from that person.
- (9) This section applies to the following dispositions, that is to say—
- (a) any sale or exchange and, subject to the following provisions of this subsection, any mortgage of an estate or interest in land;
 - (b) any grant of a lease for a term of years derived out of a leasehold interest;
 - (c) any compulsory purchase, by whatever procedure, of land; and
 - (d) any conveyance of a fee simple in land under Part I of the Leasehold Reform Act 1967 ;

but does not apply to the grant of a term of years derived out of the freehold or the mortgage of such a term by the lessee; and references in this section to a purchaser shall be construed accordingly.

- (10) In this section—
- " date of completion ", in relation to land which vests in the Land Commission or another acquiring authority by virtue of a general vesting declaration under the Land Commission Act 1967 or the Town and Country Planning Act 1968, means the date on which it so vests;
- " mortgage " includes any charge ;
- " registered land charge " means any instrument or matter registered, otherwise than in a register of local land charges, under the Land Charges Act 1925 or any Act replaced by it, except that—
- (a) in relation to an assignment of a lease or underlease or a mortgage by an assignee under such an assignment, it does not include any instrument or matter affecting the title to the freehold or to any relevant leasehold reversion ; and
 - (b) in relation to the grant of an underlease or the mortgage by the underlessee of the term of years created by an underlease, it does not include any instrument or matter affecting the title to the freehold or to any leasehold reversion superior to the leasehold interest out of which the term of years is derived;
- " relevant registers " means the registers kept under section 1 of the Land Charges Act 1925 ;
- " relevant title " means—

- (a) in relation to a disposition made under a contract, the title which the purchaser was, apart from any acceptance by him (by agreement or otherwise) of a shorter or an imperfect title, entitled to require; or
 - (b) in relation to any other disposition, the title which he would have been entitled to require if the disposition had been made under a contract to which section 44(1) of the Law of Property Act 1925 applied and that contract had been made on the date of completion.
- (11) For the purposes of this section any knowledge acquired in the course of a transaction by a person who is acting therein as counsel, or as solicitor or other agent, for another shall be treated as the knowledge of that other.

26 Registration of land charges created by companies

Section 10(5) of the Land Charges Act 1925 (by virtue of which registration under section 95 of the Companies Act 1948 takes effect, in the case of a land charge for securing money created by a company, as if it were registration under the Land Charges Act 1925) shall not apply to any charge created after the commencement of this Act other than one created as a floating charge, and accordingly in that subsection, after the words " created by a company ", there shall be inserted the words " before 1st January 1970 or so created at any time as a floating charge ".

27 Land improvement charges

After section 11 of the Land Charges Act 1925 (under which certain land charges take effect as charges by way of legal mortgage) there shall be inserted the following section:—

- (1) The following provisions shall have effect with respect to land improvement charges registered as land charges of Class A:—
 - (a) if the charge is registered after 31st December 1969, section 11 of this Act shall not apply to it;
 - (b) if the charge was registered before 1st January 1970, any body corporate which, but for the charge, would have power to advance money on the security of the estate or interest affected by it shall have that power notwithstanding the charge.
- (2) In this section " land improvement charge " means any charge under the Improvement of Land Act 1864 or under any special improvement Act within the meaning of the Improvement of Land Act 1899".