



Co-operative and Community Benefit Societies Act 2014

2014 CHAPTER 14

PART 4

A SOCIETY'S CAPACITY AND RELATED MATTERS

Capacity of society and power of committee to bind it

48 Transactions with committee members etc in excess of powers

- (1) This section applies where—
 - (a) a registered society enters into a transaction the parties to which include—
 - (i) a member of the society's committee, or
 - (ii) a person connected with such a member, and
 - (b) in connection with the transaction, the society's committee exceeds any limitation on its powers under the society's registered rules.
- (2) The transaction is voidable at the instance of the society.
- (3) Whether or not it is avoided, a party to the transaction who is within subsection (1)(a) (i) or (ii), and any member of the committee who authorised the transaction, is liable—
 - (a) to account to the society for any gain made directly or indirectly by the transaction, and
 - (b) to indemnify the society for any loss or damage resulting from the transaction.
- (4) Nothing in the above provisions excludes the operation of any other enactment or rule of law by virtue of which the transaction may be called in question or any liability to the society may arise.
- (5) The transaction ceases to be voidable if—
 - (a) restitution of any money or other asset which was the subject matter of the transaction is no longer possible,

Changes to legislation: There are currently no known outstanding effects for the Co-operative and Community Benefit Societies Act 2014, Section 48. (See end of Document for details)

- (b) the society is indemnified for any loss or damage resulting from the transaction,
 - (c) rights acquired bona fide for value and without actual notice of the committee's exceeding its powers by a person who is not party to the transaction would be affected by the avoidance, or
 - (d) the transaction is ratified by the society in general meeting in such a way as the case may require.
- (6) A person other than a member of the committee is not liable under subsection (3) if the person shows that at the time the transaction was entered into the person did not know that the committee was exceeding its powers.
- (7) This section does not affect the operation of section 45 (power of committee to bind the society) in relation to any party to the transaction not within subsection (1)(a)(i) or (ii) above.
- (8) But if the transaction is voidable by virtue of this section and valid by virtue of that section in favour of such a person, the appropriate court may, on the application of that person or the society, make such order affirming, severing or setting aside the transaction, on such terms, as appear to the court to be just.
- (9) In the case of a charitable registered society whose registered office is in England or Wales, any ratification of the transaction is ineffective without the prior written consent of the Charity Commission for England and Wales.

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