

Contract law: privity and third party rights

In 2008, the Commission published a Report on [Privity of Contract and Third Party Rights](#) (LRC 88-2008), which followed its Consultation Paper on [Privity of Contract: Third Party Rights](#) (LRC CP 40-2006). Privity of contract is a longestablished aspect of the law of contract. The essence of the privity rule is that only the people who actually negotiated a contract (who are privy to it) are entitled to enforce its terms. Even if a person is mentioned in the contract - and the contract was intentionally for their benefit - this third party cannot sue. In this Report, the Commission recommended that, subject to certain limitations, the privity of contract rule should be changed so that a third party who the contracting parties clearly intended to benefit from their agreement would be able to sue if the agreement is not carried out properly. The Report includes a draft *Contract Law (Privity of Contract and Third Party Rights) Bill*.