



THE STATUTES OF THE REPUBLIC OF SINGAPORE

FRUSTRATED CONTRACTS ACT 1959

2020 REVISED EDITION

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Frustrated Contracts Act 1959

ARRANGEMENT OF SECTIONS

Section

1. Short title
 2. Adjustment of rights and liabilities of parties to frustrated contracts
 3. Provision as to application of Act
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An Act relating to the frustration of contracts.

[13 February 1959]

Short title

1. This Act is the Frustrated Contracts Act 1959.

Adjustment of rights and liabilities of parties to frustrated contracts

2.—(1) Where a contract has become impossible of performance or been otherwise frustrated, and the parties to the contract have for that reason been discharged from the further performance of the contract, this section shall, subject to section 3, have effect in relation to that contract.

(2) Subject to subsection (3), all sums paid or payable to any party in pursuance of the contract before the time when the parties were so discharged (referred to in this Act as the time of discharge) shall, in the case of sums so paid, be recoverable from him as money received by him for the use of the party by whom the sums were paid, and, in the case of sums so payable, cease to be so payable.

(3) If the party to whom the sums were so paid or payable under subsection (2) incurred expenses before the time of discharge in, or for the purpose of, the performance of the contract, the court may, if it considers it just to do so having regard to all the circumstances of the case, allow him to retain or, as the case may be, recover the whole or

any part of the sums so paid or payable, not being an amount in excess of the expenses so incurred.

(4) Where any party to the contract has, by reason of anything done by any other party to the contract in, or for the purpose of, the performance of the contract, obtained a valuable benefit (other than a payment of money to which subsection (2) applies) before the time of discharge, there shall be recoverable from him by that other party such sum (if any), not exceeding the value of that benefit to the party obtaining it, as the court considers just, having regard to all the circumstances of the case and, in particular —

- (a) the amount of any expenses incurred before the time of discharge by the benefited party in, or for the purpose of, the performance of the contract, including any sums paid or payable by him to any other party in pursuance of the contract and retained or recoverable by that party under subsection (3); and
- (b) the effect, in relation to that benefit, of the circumstances giving rise to the frustration of the contract.

(5) In estimating, for the purposes of this section, the amount of any expenses incurred by any party to the contract, the court may, without prejudice to the generality of this section, include such sum as appears to be reasonable in respect of overhead expenses and in respect of any work or services performed personally by that party.

(6) In considering whether any sum ought to be recovered or retained under this section by any party to the contract, the court shall not take into account any sums which have, by reason of the circumstances giving rise to the frustration of the contract, become payable to that party under any contract of insurance unless there was an obligation to insure imposed by an express term of the frustrated contract or by or under any enactment.

(7) Where any person has assumed obligations under the contract in consideration of the conferring of a benefit by any other party to the contract upon any other person, whether a party to the contract or not, the court may, if in all the circumstances of the case it considers it just to do so, treat for the purposes of subsection (4) any benefit so

conferred as a benefit obtained by the person who has assumed those obligations.

Provision as to application of Act

3.—(1) This Act shall apply to contracts whether made before or after 13 February 1959, as respects which the time of discharge is on or after 1 January 1959, but not to contracts as respects which the time of discharge is before that date.

(2) This Act shall apply to contracts to which the Government is a party in like manner as to contracts between private persons.

(3) Where any contract to which this Act applies contains any provision which, upon the true construction of the contract, is intended to have effect in the event of circumstances arising which operate, or would but for that provision operate, to frustrate the contract, or is intended to have effect whether such circumstances arise or not, the court shall give effect to that provision and shall only give effect to section 2 to such extent, if any, as appears to the court to be consistent with that provision.

(4) Where it appears to the court that a part of any contract to which this Act applies can properly be severed from the remainder of the contract, being a part wholly performed before the time of discharge, or so performed except for the payment in respect of that part of the contract of sums which are or can be ascertained under the contract, the court shall treat that part of the contract as if it were a separate contract and had not been frustrated and shall treat section 2 as only applicable to the remainder of that contract.

(5) This Act shall not apply —

- (a) to any charterparty, except a time charterparty or a charterparty by way of demise, or to any contract (other than a charterparty) for the carriage of goods by sea;
- (b) to any contract of insurance, except as is provided by section 2(6); or
- (c) to any contract to which section 7 of the Sale of Goods Act 1979 (which avoids contracts for the sale of specific goods which perish before the risk has passed to the buyer)

applies, or to any other contract for the sale, or for the sale and delivery, of specific goods, where the contract is frustrated by reason of the fact that the goods have perished.

LEGISLATIVE HISTORY
FRUSTRATED CONTRACTS ACT 1959

This Legislative History is a service provided by the Law Revision Commission on a best-efforts basis. It is not part of the Act.

1. Ordinance 6 of 1959 — Law Reform (Frustrated Contracts) Ordinance, 1959

Bill	:	185/1958
First Reading	:	3 December 1958
Second and Third Readings	:	22 January 1959
Commencement	:	13 February 1959

2. L.N. 40/1965 (G.N. Sp. No. S 77/1965) — Modification of Laws (Frustrated Contracts) (Singapore) Order, 1965

Commencement	:	18 February 1965
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3. 1970 Revised Edition — Frustrated Contracts Act (Chapter 33)

Operation	:	1 March 1971
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4. 1985 Revised Edition — Frustrated Contracts Act (Chapter 115)

Operation	:	30 March 1987
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5. Act 7 of 1997 — Statutes (Miscellaneous Amendments) Act 1997
(Amendments made by section 6 read with item (7) of the First Schedule to the above Act)

Bill	:	6/1997
First Reading	:	11 July 1997
Second and Third Readings	:	25 August 1997
Commencement	:	1 October 1997 (section 6 read with item (7) of the First Schedule)

6. 2014 Revised Edition — Frustrated Contracts Act (Chapter 115)

Operation	:	31 July 2014
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Abbreviations

C.P.	Council Paper
G.N. No. S (N.S.)	Government Notification Number Singapore (New Series)
G.N. No.	Government Notification Number
G.N. No. S	Government Notification Number Singapore
G.N. Sp. No. S	Government Notification Special Number Singapore
L.A.	Legislative Assembly
L.N.	Legal Notification (Federal/Malaysian Subsidiary Legislation)
M. Act	Malayan Act/Malaysia Act
M. Ordinance	Malayan Ordinance
Parl.	Parliament
S.S.G.G. (E) No.	Straits Settlements Government Gazette (Extraordinary) Number
S.S.G.G. No.	Straits Settlements Government Gazette Number