RESTORING THE RESTORER

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Like their owners, collector cars occasionally are in need of repair or restoration. While some enthusiasts do their own work, others call upon outside help. Sometimes, disputes arise.

George Anderson and Ronald Schwegel orally agreed that Schwegel would restore Anderson's 1935 Plymouth for $6000. Unfortunately, each had a different understanding of the term "restore." Anderson understood it to mean the complete restoration of the car, except for upholstery, and including body work and engine repairs. Schwegel understood he was to restore only the body of the automobile, including painting, but believed that any engine work that might be needed would be an additional expense. The parties did not put their agreement in writing; neither was aware of the misunderstanding.

Schwegel began the restoration. He subsequently informed Anderson that the vehicle needed substantial engine work. Upon Anderson's instruction, Schwegel sublet the engine work to another shop. Anderson discussed the nature and extent of the repairs with the shop's proprietor and, without questioning whether the engine repair costs were included in the original $6000 quote, authorized the work.

A year later, Schwegel gave Anderson an itemized statement of the work completed to that date. It listed amounts for the body work performed by Schwegel, plus costs for parts and labor attributed to the engine overhaul. Although the statement exceeded the $6000 price by more than $2000, Anderson expressed no disagreement with it. Anderson subsequently gave Schwegel $2000 in addition to the $3000 he had already paid. Anderson later assented to having other work done to make the automobile roadworthy, including repairing or replacing gauges, wires, glass, lights, and other items. Schwegel did some of the work and sublet some to another shop.

The final bill included just under $6000 for Schwegel's body work plus nearly $4000 to the other shops, for a total of $9,800.27. Schwegel demanded payment of the $4,800.27 balance due. Anderson refused, stating that only $1000 of the $6000 contract price remained due. Anderson sued to enforce the contract price and get his car back; Schwegel counterclaimed for the full amount owing on the bill.

You Must Be Quasi

At trial, a magistrate determined that, because the parties had failed to reach a "meeting of the minds" on the meaning of the critical term "restore," no contract existed. However, the magistrate ruled that Anderson was liable to Schwegel under "quasi-contract." He awarded Schwegel $4,800.27 for the balance of the reasonable value of the services and materials received by Anderson.

Anderson appealed. In its ruling of August 17, 1990, the Idaho Court of Appeals affirmed the decision.

The court explained the concept of "quasi-contract," which is not really a "contract" at all. It is an obligation the law implies and imposes to bring about justice and equity without reference to—or in spite of—any intent or agreement of the parties. The essence of such an obligation is the fact that the defendant has been "unjustly enriched," and has received a benefit which it would be inequitable for him to retain.

The measurement of damages in such a case is the amount that the party has been unjustly enriched. The magistrate calculated that amount as the reasonable value of the services Anderson received from Schwegel over the amount he had paid. The court rejected Anderson's argument that the increased value of the automobile, rather than the (apparently higher) reasonable value of the services conferred, should have been considered. The court pointed to the fact that Anderson had either requested the services or assented to them being performed on his behalf. Where an owner of property has asked for services, he can be held responsible for their value, regardless of whether or not they increased the value of that property. The court also rejected Anderson's attempt to have Schwegel's markup on the sublet work deducted. The court noted that the key is the reasonable value of the benefit retained, not the loss suffered by the provider. The magistrate had found that Schwegel's bill, including such markup, represented the reasonable value of that benefit.

Say It With Paper

The lesson of this case is that it is dangerous to rely on the terms of (your understanding of) an oral agreement. It is best to put your agreements in writing, so you know what you are getting and what the other party can get from you.

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This column provides general information and is not intended as a substitute for consulting an attorney.