

Commercial Agency Law: Gledhill v Bentley Designs



The recent case of Gledhill v Bentley Designs has highlighted an important issue in commercial agency law.

Mr Gledhill had been a commercial agent for Bentley Designs for 17 years, during which time he was their best agent, earning on average £85,000 a year from them in commission.

However, in 2006 Bentley Designs informed its agents that they would have to use email for future communications.

Mr Gledhill refused to comply with these instructions, and continued to use phone and fax in his dealings with the company despite multiple requests not to do so. Bentley Designs claimed that the change was particularly relevant to Mr Gledhill, as his handwriting was difficult to read and had led to mistakes being made in the past.

Bentley Designs offered Mr Gledhill personal training in the use of email, and stated that, should he again fail to change his working practices, he would be charged a monthly administration fee of £100.

Mr Gledhill responded by verbally abusing the managing director of Bentley Designs through voicemail and over the telephone.

Due to these actions, and the fact that Mr Gledhill refused to apologise, Bentley Designs felt they had no choice other than to terminate his agency agreement.

Under the commercial agency regulations, an agent will not be entitled to compensation or indemnity on the termination of an agency agreement if the reason for termination is because the agent has failed to carry out all or part of their obligations under the agreement.

As it was, the court decided that Mr Gledhill was not entitled to compensation or indemnity from Bentley Designs due to the way in which he had spoken to the managing director of the company.

Although the matter was resolved in their favour, Bentley Designs would have been at less risk of having to make a substantial payout to Mr Gledhill if they had terminated the agency agreement due to his failure to comply with the new communication policy they had imposed.

This was a much clearer breach of the agency agreement, and it would have been a great deal easier to justify their actions based on these grounds.



Ashby Cohen Solicitors Ltd
18 Hanover Street London W1S 1YN
Tel: 0207 408 1338
Fax: 0207 491 0414
Email: info@ashbycohen.co.uk
www.ashbycohen.co.uk

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