

Ten year limitation period for Jersey directors

Insights - 25/09/2017

The English High Court has held that the limitation period applicable to claims against Jersey company directors for a breach of duty under the Companies (Jersey) Law 1991 (the **Companies Law**) is 10 years.

Article 74 of the Companies Law requires directors, in exercising their powers and discharging their duties, to act honestly and in good faith with a view to the best interests of the company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Previous judgments of Jersey's Royal Court have favoured the view that a claim for a breach of these duties should be time-barred only after 10 years, but the Jersey courts have never reached a definitive decision on this point.

Whilst the English High Court's judgment will not bind the Jersey courts, it is nevertheless likely to be regarded as highly persuasive. The English judgment includes a comprehensive consideration of the alternative arguments that the limitation period for a claim for breach of a director's duty under the Companies Law should be three years based directly or by analogy on the Jersey limitation periods for an action in tort or an action against a trustee for breach of trust.

Importantly, this decision applies to non-executive as well as executive directors of Jersey companies. In terms of risk assessment, a 10 year limitation period is therefore an important factor for non-execs to bear in mind when considering taking on any new board position.

About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

Disclaimer

This client briefing has been prepared for clients and professional associates of Ogier. The information and expressions of opinion which it contains are not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific advice concerning individual situations.

Regulatory information can be found under [Legal Notice](#)

Meet the Author



James Fox

Partner

Jersey

E: james.fox@ogier.com

T: [+44 1534 514276](tel:+441534514276)

Key Contacts



Alexander Curry

Partner

Jersey

E: alexander.curry@ogier.com

T: [+44 1534 514032](tel:+441534514032)

Related Services

Corporate