

Did Jim and Laura Buy a Car?

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Class

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Date

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A contract is a legally binding agreement between two parties that creates enforceable mutual obligations between the involved parties. For an agreement to be legally enforceable, it must include all the legal contract elements (Andrews, 2015). In this context, Jim and Laura's agreement must involve all the seven elements of the contract for it to be legally enforceable.

Elements of Legal Contract

The seven elements of a contract include an offer, acceptance, consideration, legality, capacity, consent, and writing. Every contract begins with an offer from one party to the other, which comes in the form of a promise, proposal, or a deal (Andrews, 2015). Jim and Laura agreed to give Stan Salesman a \$100.00 deposit to hold the car for a day as they prepare to make the purchase the following day. In this case, an offer of \$100.00 was made. The second key element of the contract is acceptance. Once one party makes an offer, the second party must respond by showing the willingness to be bound by the contract terms and policies provided in the seller's offer (Andrews, 2015). In a scenario where no acceptance occurs, there is no contract. Laura and Jim accepted the terms and conditions and agreed to pay the deposit to hold the car for a day.

Another vital element of the contract is a consideration. Every contract must have a bargaining element that results in an agreement between the parties. Both parties must benefit from the agreement for it to be considered a contract (Andrews, 2015). In the case of Jim and Laura versus Stan, both benefits would benefit because Stan receives the \$100.00 deposit, and Jim and Laura benefit from the car being put on hold. Legality is the fourth element that defines the contract. The contract must be agreed upon for a lawful purpose; otherwise, it is not considered a contract (Andrews, 2015). Jim and Laura knew that purchasing a car was a lawful

act that needed to be formally signed for legal reference. However, they paid the \$100.00 deposit to Stan without signing any legal agreement form or retaining an official receipt. Lack of formal signing shows that no contract occurred.

Another key element that must be achieved for an agreement to be a contract is capacity. This ensures that the involved parties are adults who can make sound decisions with a clear mind (Andrews, 2015). In this case, Jim and Laura are adults with sound minds. They were able to tell the right time to buy a new car to replace their old one, proving their level of consciousness. They could also determine the amount they could afford to pay for the car every month because of their sound judgment. Consent is the sixth element of a contract that demands both parties to disclose all information to allow either party to make a free and informed decision, completely under no pressure or influence (Andrews, 2015). Stan did not trick or force Jim and Laura to pay the deposit. They willingly paid the \$100.00 deposit to hold the car for a day.

The seventh element is writing. Practically, writing is a requirement for certain contracts to be legally enforceable, whereas other contracts allow verbal agreement (Andrews, 2015). The purchase of a car is a sensitive deal that most countries require formal writings to consider the contract legally enforceable. Jim and Laura paid the deposit, but formal writing or receipt was made available. The agreement, in this case, was verbal and can only be legally enforceable if the law permits verbal agreement in the purchase of a car.

Did a Contract Occur?

According to the law of contract, the contract occurs if there is an offer followed by acceptance of the offer by the other party. Stan Salesman made an offer to Jim and Laura, requiring them to pay a \$100.00 deposit to hold the car for one day as they finalized to purchase the car the following day. Jim and Laura accepted the offer and paid the deposit before leaving

for home. Consideration was also achieved in this case because the agreement was mutually beneficial to both parties. Stan received the financial gain as Jim and Laura put the car on hold from being sold for one day.

Additionally, capacity was achieved because both parties were grown adults with sound minds to make decisions (Beatty et al., 2016). Jim and Laura decided to purchase a new car after their current one began to develop mechanical problems. Stan also had a sound mind capable of making the sound decision before making an agreement with the couple. Jim and Laura willingly accepted Stan's offer and paid the deposit without any pressure or influence from Stan. Consent was therefore achieved in this case. Legality was also achieved because Jim and Laura made an agreement with intention that it was legal. The two parties made a verbal agreement, and all contract elements were achieved, confirming that a contract indeed occurred.

Conclusion

A legally binding contract occurred because all the elements of the contract were achieved. Although no formal documents were signed, Stan verbally guaranteed the couple a refund of the deposit. Failure to refund Jim and Laura's deposit results in a breach of contract. In this case, anticipatory repudiation contract breach occurred because Jim and Laura agreed to purchase the car and paid a deposit of \$100.00 to put the car on hold for one day but later changed their mind because they did not want to spend \$400.00 monthly on the car purchase. Jim and Laura breached the contract terms for failing to inform Stan about their changed minds as soon as possible and waited until the following day when Stan called to ask when they wanted the delivery to be made. Jim and Laura will be able to get back their deposit if they can prove to the court that Stan breached the contract terms. Stan is likely to retain the deposit because Jim and Laura breached the contract for failing to inform Stan about the changes.

References

Andrews, N. (2015). *Contract law*. Cambridge University Press.

Beatty, J. F., Samuelson, S. S., & Sanchez Abril, P. (2016). *Introduction to business law* (5th ed.). Boston, MA: Cengage Learning.