



THE STATUTES OF THE REPUBLIC OF SINGAPORE

CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 2001

2020 REVISED EDITION

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Contracts (Rights of Third Parties) Act 2001

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An Act to make provision for the enforcement of contractual terms by third parties.

[1 January 2002]

Short title and application

1.—(1) This Act is the Contracts (Rights of Third Parties) Act 2001.

(2) Subject to subsection (3), this Act does not apply in relation to a contract entered into before the end of the period of 6 months from 1 January 2002.

(3) The restriction in subsection (2) does not apply in relation to a contract which —

- (a) is entered into on or after 1 January 2002; and
- (b) expressly provides for the application of this Act.

Right of third party to enforce contractual term

2.—(1) Subject to the provisions of this Act, a person who is not a party to a contract (called in this Act a third party) may, in the third party's own right, enforce a term of the contract if —

- (a) the contract expressly provides that the third party may; or
- (b) subject to subsection (2), the term purports to confer a benefit on the third party.

(2) Subsection (1)(b) does not apply if, on a proper construction of the contract, it appears that the parties did not intend the term to be enforceable by the third party.

(3) The third party must be expressly identified in the contract by name, as a member of a class or as answering a particular description, but need not be in existence when the contract is entered into.

(4) This section does not confer a right on a third party to enforce a term of a contract otherwise than subject to and in accordance with any other relevant terms of the contract.

(5) For the purpose of exercising a third party's right to enforce a term of the contract, there is to be available to the third party any remedy that would have been available to the third party in an action for breach of contract if the third party had been a party to the contract (and the rules relating to damages, injunctions, specific performance and other remedy apply accordingly) and such remedy must not be refused on the ground that, as against the promisor, the third party is a volunteer.

(6) Where a term of a contract excludes or limits liability in relation to any matter, references in this Act to the third party enforcing the term are to be construed as references to the third party availing himself, herself or itself of the exclusion or limitation.

(7) In this Act, in relation to a term of a contract which is enforceable by a third party —

“promisee” means the party to the contract by whom the term is enforceable against the promisor;

“promisor” means the party to the contract against whom the term is enforceable by the third party.

Variation and rescission of contract

3.—(1) Subject to this section, where a third party has a right under section 2 to enforce a term of the contract, the parties to the contract may not, by agreement, rescind the contract, or vary the contract in such a way as to extinguish or alter the third party's entitlement under that right, without the third party's consent if —

- (a) the third party has communicated the third party's assent to the term to the promisor;
- (b) the promisor is aware that the third party has relied on the term (whether or not the third party has knowledge of its precise terms); or
- (c) the promisor can reasonably be expected to have foreseen that the third party would rely on the term and the third party has in fact relied on the term (whether or not the third party has knowledge of its precise terms).

(2) The assent mentioned in subsection (1)(a) —

- (a) may be by words or conduct; and
- (b) if sent to the promisor by post or other means, is not to be regarded as communicated to the promisor until the assent is received by the promisor.

(3) Subsection (1) is subject to any express term of the contract under which —

- (a) the parties to the contract may by agreement rescind or vary the contract without the consent of the third party; or
- (b) the consent of the third party is required in circumstances specified in the contract instead of those set out in subsection (1)(a), (b) and (c).

(4) Where the consent of a third party is required under subsection (1) or (3), the court or arbitral tribunal may, on the application of the parties to the contract, dispense with such consent if the court or tribunal is satisfied that —

- (a) the consent cannot be obtained because the third party's whereabouts cannot reasonably be ascertained; or