

Navigating Third-Party Claims in Matrimonial Asset Proceedings: Insights from the Court of Appeal's Ruling

– UDA v UDB [2018] SGCA 20

Introduction

The Court of Appeal ruled that the Family Court has no power to hear and determine over assets belonging to third parties in the matrimonial proceedings. Section 112 of the Women's Charter confers jurisdiction to the Family Courts to order the division of matrimonial assets accumulated by the spouses during the marriage based on the spouses' respective contributions, both financial and non-financial.

In this case, the Husband claimed that an immovable property in the Wife's mother's name was held of trust for them. The Wife's mother was unhappy with the Husband's contention and intervened in the proceedings disputing the Husband's claims. The Husband sought leave to cross-examine the Wife's mother and order was granted. The Wife and her mother were dissatisfied with the outcome and appealed to the High Court. The High Court stayed the proceedings to enable the Husband to pursue a civil action to determine his interests in the Wife's mother's property.

The Wife's mother appealed to the Court of Appeal contending that the Family Division has the powers to determine the issues of beneficial ownership between a third party and the spouses under ss 22(1) (a), ss 22(1) (b) and 25 of the Family Justice Act and ss 16(1)(b) and 17(a) of the Supreme Court of Judicature Act (Cap 332 2007 Rev Ed). The Wife's mother was willing to abide by the court's orders pertaining to her rights and interests in the property being the intervener in the proceedings pursuant to r 353 of the Family Justice Rules.

The family division of the High court has the civil jurisdiction exercised by the General Division of High Court under Section 17 of the SCJA relating to the family proceedings. The family court has all the powers of the General Division of High Court in exercising the original civil jurisdiction. The family division of the High Court exercises original, appellate and criminal jurisdiction of the General Division of the High Court under the Supreme Court of Judicature Act and any other written law.

Hence, the Wife's mother argued that the Family Division could hear and decide the rights and interests of the third parties vis-a-vis the spouses in the matrimonial proceedings.

The Court Of Appeal's Decision and Observations

The Court of Appeal dismissed the Wife's mother's appeal. The CA unequivocally stated that Section 112 of the Women's Charter did not confer power upon the family division to adjudicate a third party's claim to an alleged matrimonial asset or make orders against the third party regarding those assets.

The CA observed that the family court's power to divide the matrimonial assets could only be applied between the spouses and did not extend to a third party.

The Family Justice Act or the Supreme Court of Judicature Act did not enlarge the scope of the family court's power under Section 112 of the Women's Charter. The CA explained that Section 25 of the Family Justice Act was a gap-filling provision to assist the family division in exercising its primary jurisdiction, and conformed that it had power to deal with civil issues raising in the course of matters in which its jurisdiction had been properly invoked.

The family division cannot exercise all the powers of the civil jurisdiction but only those personal and interpersonal matters affecting individuals, generally within the domestic context.

The CA observed that the intervener did not invoke the family division's jurisdiction to determine her claims. Rule 353 was only a procedure rule and did not confer jurisdiction on the family division to determine the issues. The intervener only notifies the court of his interest in the subject matter due to specific reasons and to apply for a stay of proceedings.

The CA identified three situations where third party claims may arise in the matrimonial proceedings: -

1. Either party may claim an asset in third party's name to be held in trust in its name. In that case, the party may obtain legally binding confirmation from the third party and an undertaking to abide by the court orders affecting the property. If there is an agreement, the family division can hear and determine whether or not the property is a matrimonial asset. If this is contested, the party must commence independent legal proceedings in respect of the assets and the proceedings will be stayed in the family division until the rights are determined.
2. The parties could agree whether or not the court can determine if the disputed asset (third party's claim) is a matrimonial asset. If it is a matrimonial asset, the court can include it in the pool for division. The third party can then file separate proceedings to challenge the ownership as the order does not bind the third party. The CA observed that this option could be used only when both parties agree and the disputed asset was not the main or only substantial asset available for division.
3. Either party may claim a property that he or she holds is held in trust for a third party. The court can decide whether or not it is a matrimonial assets to be included in the pool for division without involving the third party. This is possible when no order was sought by or against the third party directly. In that case, the court must stay the proceedings.

Conclusion

In the complex landscape of matrimonial asset division, the involvement of third parties presents unique challenges. The Court of Appeal's decision underscores the limitations of the family court's jurisdiction in matters concerning third-party claims to matrimonial assets. It emphasizes the importance of distinguishing between the family court's authority over assets strictly between spouses and its inability to adjudicate third-party interests. This ruling guides legal practitioners in identifying the appropriate legal avenues for addressing claims involving third-party interests in matrimonial disputes. In cases where third-party assets are central to the proceedings, it becomes essential to assess the nature and extent of such interests comprehensively. This approach ensures a fair and equitable division of matrimonial assets while respecting the legal boundaries established by the Court of Appeal. Ultimately, the decision serves as a vital reference for navigating the intricate interplay between family law and third-party rights, ensuring that the adjudication of matrimonial assets remains just and within the confines of legal jurisdiction.

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