JUDGMENT

[1] BRUCE-LYLE, J: This is a claim brought against the Defendant for wrongful dismissal of the Claimant by letter dated 27th March 2003. By that letter the Claimant was informed by the Defendant that a decision had been taken to dismiss her with immediate effect.

[2] The Claimant was employed with the Defendant as its Operations Officer, she having been in continuous employment in the same banking establishment from 1976. She served in various positions in the bank rising from the lowly position of typist/clerk and subsequently in various senior positions. The bank had had successive owners and had retained the services of the Claimant until her dismissal.
[3] The Claimant contends that there was no expressed provision in her employment contract for notice of termination by either side. She therefore relies on an implied term that her employment would be terminable upon two years' notice as being reasonable notice in the circumstances.

[4] The Defendant contends that the Claimant was rightfully and properly dismissed because she wrongfully and dishonestly personally authorized the release of the cash security on her own loan with the Defendant 31 times between the period September 2002 and February 2003 without any authority and in complete disregard for the settled policy, practice and procedure for the release of a collateral cash security on loans, as set out in one of the Defendant's circular documents known as Circular LM-10-39.

[5] As a result of the above, the Defendant no longer felt that it could place any further trust and confidence in the Claimant, which is a necessary component in the banking industry and in this regard alleged that the Claimant by her conduct—

(a) Interfered with and prejudiced the safe and proper operation of a vital part of the Defendant's policy, practice and procedure in dealing with collateral accounts;

(b) Breached the trust upon which the Defendant had come to rely on her honesty and integrity by falsely and dishonestly and personally approving the withdrawal, knowing fully well that she did not have the right and authority to do so, by:-

(i) Using improper means to make withdrawals from her collateral cash account Number 7522370 in violation of the express and settled practice and procedure for doing so, as is clearly set out in the Defendant' circular LM-10-39;

(ii) Willfully, clandestinely and dishonestly making thirty-one withdrawals of money from the said collateral cash account;

(iii) Making false and inconsistent explanations for her conduct when confronted by management.

[6] It is therefore very clear that the Defendant relies on misconduct by the Claimant as being in breach of the trust and confidence which the Defendant placed in her as a senior
employee. This they contended amounted to a breach of an implied term or duty imposed by her contract of employment and not any expressed term of her contract of employment.

[7] Before I go any further it would be prudent to expound on what the Defendant expected of its employees and this would necessitate the analysis of the Bank’s Code of Ethics for its employees.

[8] It is a policy requirement of the Defendant’s bank that every employee sign a Code of Ethics – Exhibited at trial as Ex. G.W. 1 – The Claimant signed this document stating as follows,

“I, Arlene Wyllie, acknowledge having received and read a copy of the Code of Ethics of the Caribbean Banking Corporation Limited, (which is the name by which the Defendant was formerly known). I understand its contents and agree to operate within the stated guidelines at all times.”

This is a code that has remained unchanged for the duration of the Claimant’s employment with the Defendant.


“The provisions of this Code are mandatory and full compliance is expected of all employees as a condition of employment. Further, any employee who becomes aware of a contravention of the Code, or of a grave infraction of the Employees’ Rules referred to in it, is in duty bound to report the facts to his or her superior or to higher authority, or see that they are so reported.”

[10] Again, the Code contains three key sections –

(1) What Employees have a right to expect of the bank;
(2) What the Bank has a right to expect of its employees; and
(3) What the public has a right to expect of the Bank and its employees.

[11] In answer to the above three questions the Code of Ethics contains the following stipulations:

“(a) In a business as complex as banking, there are many rules to be followed. The various manuals covering the Bank’s operations, and notably the Personnel Manual, contain detailed rules and procedures for many
situations. Most are not repeated in this Code. Rather it contains brief statements of a relatively limited number of basic principles. For full understanding, employees should study the related rules and instructions in conjunction with the material contained in this Code."

[12] The Code goes further:

"(b) The Code has been prepared with an understanding that personal integrity is a quality of character which cannot be created or preserved by written rules alone. Rules, like laws, cannot substitute for a sense of honesty, fairness and decency. In the final analysis, the ethical conduct of the affairs of the Bank depends upon the understanding and judgment of all employees. We expect that the actions of all employees will reflect the ethical standards of the Corporation and bring credit to the Caribbean Banking Corporation Limited."

[13] Learned Counsel for the Defendant has submitted with regard to the Code of Ethics that there is ample reason why the Defendant is so careful to espouse these ethical principles. He states the reason as being that from time immemorial the success and growth of any bank has always depended on the honest principles of public trust and confidence. The public must believe that its money when placed in a bank is safe and that its integrity and ethical practices and principles will never be compromised. Thus a Bank's highest capital is good will and universal public trust. He referred to the Code at page 5 which states that:

"The Bank's books and records shall be maintained with scrupulous integrity reflecting an accurate and timely manner of all transactions of the Corporation."

He contended that the Claimant was certainly aware of this statement of principle.

[14] Consistent with these ethical principles of banking, Counsel further submitted, is a statement of law that the money paid into a bank is no longer the property of the customer and constitutes a debt of the bank to the customer; and a debt is not a suitable subject for a lien. "The money is the banker's to do as he likes with, but he is under obligation to repay the debt on demand." - See Paget's Law of Banking, 9th Edition, Megrah and Ryder, London 1982 at p. 411.
[15] A Contract of Employment which is not expressed for a fixed term or upon the completion of a specific task, will be a contract of indefinite duration; it will go on until terminated by either party by notice. In the absence of express agreement it will be impliedly terminable, by reasonable notice on either side. This has been submitted by learned Counsel for the Claimant, to which I am in agreement unreservedly. A dismissal which does not comply with the notice to which an employee is expressly or impliedly entitled will be in breach of contract and thus wrongful. Such dismissal is called summary dismissal and unless the employer can prove that it was justified because of a serious breach of contract on the part of the employee, is wrongful. I agree entirely with this proposition which it seems to me is the basis of the Claimant's case.

[16] The law has been that at common law summary dismissal of the contract of employment by either party, gives the innocent party the right to sue for breach of contract. The Defendant may have a defence if the Court is satisfied that the Claimant was guilty of conduct which amounted to a serious breach of contract or to a repudiation of the contract. As a general rule the breach by one party requires to be accepted by the other party before the contract comes to an end. In the case of the employee there must be breach by the employee of the expressed or implied terms of the contract and the breach must amount to a repudiation or be sufficiently fundamental. In determining what amounts to such a breach, each case must turn on its own peculiar facts and circumstances. Counsel for the Claimant has thus submitted and I fully agree with him. In fact his case revolves on these propositions of law which emanate from "The Law of Termination of Employment" by Robert Upex, 5th Edition, Chapter 9 at page 325 paragraph 9.30 –

"This means that opposite conclusions may be reached on similar facts and whilst in one context one single relatively minor breach may be sufficient to justify summary dismissal, the same may not be true of other different contexts. The most common instances of breaches of contract giving rise to summary dismissals are misconduct, disobedience to lawful orders and negligence. Although every case turns on its own facts, a single act is less likely to justify summary dismissal than a series of actions, the quality of the breach is what counts, not the consequences flowing from it. The more serious the breach the more likely it is that it will be held to justify summary dismissal."
Going further it is submitted on behalf of the Claimant that the innocent party has a choice to either waive the breach or repudiation and choose to treat the contract as continuing or may accept the breach or repudiation and treat the employee or itself as discharged from performance of any further obligations under the contract, which is thus at an end, therefore, if the employer does know of the misconduct in question and thereafter continues the employment, it may be taken to have waived its right to dismiss the employee on that ground. To me that is a correct statement of the law – *Chitty on Contract* 29th Edition page 1056 at paragraphs 397-183.

Flowing from the above propositions on the law; and I shall come to discuss the Law of Wrongful Dismissal at a later stage in this judgment; the pertinent questions to be considered in this case are the following –

(a) Was the conduct of the Claimant of such a grave and weighty character as to undermine the relationship of confidence which should exist between master (a commercial bank) and servant (an experienced employee) and therefore justify the Claimant’s summary dismissal?

(b) Whether the issue of estoppel is open as a defence to the Claimant. Assuming that the Claimant’s conduct was a sufficient basis upon which to dismiss her, could the Defendant’s conduct in not rebuking her or having her remedy the infractions during the six months period between September 2002 when they first came to its attention and February 2003 when the Defendant first drew them to her attention, amount to waiver of performance of the security agreement and is the Defendant estopped from relying on the Claimant’s conduct to dismiss her summarily?

Other issues that could be considered by the Court are that; could the Defendant after it had suspended the Claimant with knowledge of her alleged misconduct, subsequently dismiss her without notice lawfully, based on the same matters? And, was the Claimant entitled to notice and if so what is a reasonable period of notice?

It is at this stage that I wish to deal briefly with the Law of Wrongful Dismissal and the Claimant’s reliance on estoppel as a defence. Wrongful dismissal is a Common Law action. The Protection of Employment Act is Statute Law. Wrongful dismissal as a common law action has no connection with the Protection of Employment Act. It is my view that the two are separate and distinct and follow different principles.
Learned Counsel for the Defendant has posited that an employee is entitled to dispense with a contractual notice of dismissal, with a minimum notice and summarily dismiss an employee who has committed a repudiatory breach of contract. He goes further to say that in such circumstances the innocent party has the option to terminate or affirm the contract. But the breach alleged against the employee must be such as to show –

1. That the servant disregarded the essential conditions of the contract of service
2. It must be consistent with the continuance of confidence between employer and employee
3. The willful disobedience of a reasonable and lawful order or the unauthorized taking of the employer’s property will almost certainly justify summary dismissal at common law.

In the case of Sinclair v Neighbour (1967) Q.B.D. Vol. 2 280 at 287F it was held –

"The question for this Court to decide is whether, in the circumstances of this case, it was conduct in its nature, as it has been described, quite irrespective of any point of pleading, which justified the employer instantly dismissing the manager."

At page 289B Davies L.J. had this to say –

"The judge ought to have gone on to consider whether even if falling short of dishonesty the manager’s conduct was nevertheless conduct of such a grave and weighty character as to amount to a breach of the confidential relationship between Master and Servant, such as would render the servant unfit for continuance of the master’s employment and give the master the right to discharge him immediately."

"In my judgment, on the facts of this case the manager’s conduct clearly fell within that latter category; and I have no doubt at all that the employer was, therefore, entitled to dismiss him."

Applying these principles and conditions precedent to this instant case can I agree with the Defendant in his mode of summarily dismissing the Claimant? Considering her explanations to the Defendant after being queried some number of months after her first "unauthorized" withdrawal of monies from the cash collateral account?

Defendant’s counsel contends that the Claimant’s explanations were not only inconsistent, but that they were incredible and/or dishonest. That she had clearly used her senior status
to get a cashier (of junior rank) to give her the money she wanted, and even when the debit voucher had been rejected because of the "hold" on the cash collateral account, she used an overriding code to access the monies in the account. He concluded that to have done so is a very serious matter in the world of banking. That is the issue for this Court to decide having regard to all the facts and circumstances of this case and on a balance of probabilities.

The Claimant however contends that assuming that her conduct was a sufficient basis upon which to dismiss her, could the Defendant's conduct in not rebuking her or having her remedy the infractions during the six months period between September 2002 when they first came to its attention and February 2003 when the Defendant first drew them to her attention, amount to a waiver of performance of the security agreement and is the Defendant estopped from relying on the Claimant's conduct to dismiss her summarily?

Snell's Principles of Equity 26th Edition 1966 at page 627 explains the principle of estoppel thus —

"The rule where by his words or conduct one party to a transaction makes to the other a promise or assurance which is intended to affect the legal relations between them, and the other party acts on it, altering his position to his detriment, the party making the promise ... will not be permitted to act inconsistently with it."

In the case of Hughes v Metropolitan Ry (1874 – 1880) All E. Reports 189 at 191 C-F, Lord Cairns L.C. explained the legal proposition thus —

"...it is the first principle upon which all courts of equity proceed if parties, who have entered into definite and distinct terms involving certain legal results, certain penalties, or legal forfeiture, afterward by their own act, or with their own consent, enter upon a course of negotiation which has the effect of leading one of the parties to suppose that the strict rights arising under the contract will not be enforced, or will be kept in suspense, or held in abeyance, that the person who otherwise might have enforced them where it would be inequitable, having regard to the dealings which have taken place between the parties."

I must therefore have regard to this learning explained above in determining that element of the Claimant's case. What were the particulars of estoppel put forward by the Claimant?
(a) At paragraph 7(a) of the Claimant's reply she states –

The Claimant orally requested that the amount of the collateral security be reduced to $15,000 and thereafter operating the account at a level below the collateral security."

(b) There was an allegation from the Claimant that the Defendant knew of the Claimant's misuse of the Cash Collateral Account since 2002 and did nothing about it until January 2003.

(c) The fluctuating balance in the Claimant's cash collateral account on thirty-one occasions between May 2002 and February 2003, raises the assumption that the Defendant knew of the Claimant's conduct from the time she started;

(d) That the Defendant's principal objections were that the Claimant purportedly authorized the transaction against her account contrary to its practices and procedures.

[29] Leamed Counsel for the Defendant has put forward the case of **Boston Deep Sea Fishing and Ice Co. v Ansell** (1886-90) All E. Reports 65. In this case the Claimant Ansell had been employed by his master as the Managing Director of a Fishing Company that caught and sold fish as its primary business. In the course of his employment Ansell took a bribe from a third party in the form of a commission for services rendered in the course of his employment. The Master, the Defendant, was not aware that Ansell was receiving the commission but when it discovered the fact it dismissed him summarily. The High Court dismissed the case against Ansell on the ground that it was an isolated matter which happened sometime before and that the employer's response was too harsh and summary. The employer appealed the decision. The members of the Court of Appeal held a different view if one reads the speeches of Cotton L.J. at page 70, Bowen L.J. at page 73, and Fry L.J. at page 73 also.
Whilst agreeing with the view held by the Learned Justices, I disagree with Learned Counsel for the Defendant that this case has any bearing on this instant case. The difference between the cited case and this instant case is that when the Defendant discovered the transactions of the Claimant in September 2002, it did or took no action against the Claimant until February 2003. Five clear months between discovery and taking of action. In the above cited case the fraud was concealed for a long time until discovery. But upon discovery action was taken immediately by the summary dismissal of the Managing Director. I therefore do not agree with Learned Counsel for the Defendant's arguments on the issue of estoppel.

Bearing in mind what I have said above and the learning espoused in Snell's Principles of Equity 26th Edition and in the case of Hughes v Metropolitan Ry as cited above I hold that based on the Defendant's conduct on the discovery of the Claimant's transactions, that he was estopped from the action he took in dismissing the Claimant summarily. The Claimant is perfectly entitled to avail herself of the defence of estoppel.

The Claimant's case also relied on the evidence of Mrs. Alicia Sardine-Browne. She had been employed with the Defendant Bank for 25 years as Collection Officer and then as Senior Bookkeeper until her dismissal in March 2003, and at different times under the supervision of the Claimant. She outlined the system by which withdrawals are made testifying that all staff members were as a matter of practice required to initial withdrawal vouchers which they negotiated on their own accounts and that this did not represent an authorization of payment from the account.

She went further to say that in any event if a withdrawal is presented to the cashier from an account subject to a hold, the cashier would not be able to post the voucher i.e. put the figures into the computer. The Cashier/Teller should in a case like this refer it to the loans account – either to Mr. Garfield Williams, the Assistant Manager – Loans, or Ms. Fleur Nichols, the Assistant Manager – Administration. In this situation the teller should not pay unless authorization is received from one of these officials once there is a hold on the account.
Her evidence further stated that whenever there is a hold on the account, two initials were required to withdraw from it. But then she said as a matter of practice, if the withdrawal is in respect of an account by a staff member and money is in the account, the teller would usually process and pay it before it is initialed by the appropriate officer. She stated that as far as she was aware, the Claimant never forced the teller to pay against her withdrawal.

Ms. Sardine-Browne further testified that notwithstanding the payment there would be a problem the following day in having the debit posted since the voucher would be thrown out of the system. She said in that case it would be necessary for the voucher to be coded with a by-pass code. This is required for the accounts to be balanced, and that the Senior Bookkeeper is responsible for posting the vouchers that did not go through and if the reason for it not going through was coding then she would put on this code. This did not mean she authorized the payment.

Mr. Garfield Williams, the Defendant's Assistant General Manager, was the main witness for the Defendant. He testified that although he was not involved in writing the correspondence to the Claimant during March to February 2003 he was involved in examining the relevant files and reporting his findings to the Country Manager. He recalled that the Claimant applied for two loans – one for $25,000 and the other for $30,000 and that they were two distinct loans which were approved in accordance with the Defendant's credit and security procedures. As security for the repayment of the subject loan she was required to put up a cash deposit of $25,000. He recalled that the balance outstanding on this latter when it was paid off was $11,000 plus.

The essence of this witness' evidence was that all employees of the bank were to follow the Code of Ethics in every case, read the bank circulars particularly the one which relates to the area to which the employee is assigned, and that no officer of the bank should draw on an account without authorization. His view was that the Claimant should have approached the Personnel Officer or in her absence the Assistant Manager –
Administration, for permission to draw on her account. He said this request would have been documented, but that the request could have been made by her orally.

[38] In essence again, Mr. Williams' evidence was to the effect that all requests for staff loans must pass through the Country Manager who will sign off on the report and forward it to Human Resources at Head Office. He categorized the Claimant's application as such a request. That the Country Manager had limits of approval. If the request was above his limit then it had to be forwarded to Head Office. The Claimant's request being above the limit had to be forwarded to Head Office and once Head Office approves an application any amendment to it must be referred to Head Office.

[39] Mr. Williams also testified that there was a full balance hold on the cash collateral account in issue. And that under no circumstances should that account have been accessed; that no deposits nor withdrawals whatsoever were permitted on this account, he stated. But then Ms. Paulan Lewis, the Defendant's Securities Authorization Officer testified that the hold was a partial hold and that withdrawals were permitted providing that the balance did not fall below the hypothecated amount. It also came out in evidence that the Claimant maintained four savings accounts at the Defendant's bank.

[40] Other witnesses testified explaining the bank's procedures viz a viz the Claimant's cash collateral account. The main area of importance is that the Claimant insisted that she orally informed Mrs. Allison Morris, the Bank's Personnel Officer of her intentions to draw down on this cash collateral account. The Claimant maintained that she spoke to Mrs. Morris about this account when it was discovered in February 2003 that her cash collateral account had been drawn down. Mrs. Paulan Lewis who wanted to see if there was anything in writing on the Claimant's file informed her Mrs. Morris that the Claimant's cash collateral account balance had fallen below $25,000. According to Mrs. Morris she had asked the Claimant to put that request in writing then but did not so request when the Claimant first made the oral request because the release of the cash collateral was out of her hands.
Of utmost interest is the evidence of Miss Lucille Bascombe, the acting Assistant Manager – Administration. She testified that she had been working with the Defendant for the past 25 years and that she was previously the Credit Officer and her duties included among other things, the granting of loans, documentation and checking of securities. She said as part of her responsibilities in October 2002 she approved the release of security in relation to a mortgage loan which the Claimant had with the Defendant and at the same time amended the security held for the Claimant in respect of a loan to her daughter, the outstanding balance of which was in excess of $80,000. The release was signed by the Country Manager and it was not necessary for the Claimant to put her request in writing nor did she have to refer same to Head Office. It is interesting to note that this $80,000 was far in excess of the $25,000 in this instant case.

Having regard to the totality of the evidence from both Claimant and the Defendant, I find as a fact that even though the Claimant personally "authorized" the release several times of funds from the account in issue without authority there was a partial hold on the account in which case the Claimant was permitted to make withdrawals providing that the balance did not fall below the amount of the cash collateral security. This is supported by circular SA-01-20 at Section 3 (Exhibits GW4 and AW5).

I also find as a fact, and accept the Claimant’s explanation on a balance of probabilities that her initials on the vouchers were not intended to authorize payment. This is borne out by the evidence of Alicia Sardine-Browne, Ms. Paulan Lewis and even that of Mr. Garfield Williams to the effect that the tellers were responsible to ensure that withdrawals were made properly from the account against which they are asked to debit any withdrawal. From the evidence it seems to me that it was the usual procedure that officers of the bank were always required to initial any withdrawal voucher which they present to a teller for payment from their accounts. There is really no evidence from the Defendant to rebut this procedure and I accept it as a fact. Again there is no evidence that the Claimant acted improperly in forcing or persuading the teller to make payment or in by-passing the computer. In my view it was the teller who failed to follow the established guidelines to
ensure that given the hold on the account the payment was authorized before paying cash to the Claimant.

[44] In any case I also accept the Claimant's evidence that she had informed the Defendant's Personnel Manager Ms. Morris orally about her desire to access the said account. In my view whatever the Claimant did with her account was on the assumption, based on previous practice at the bank, that her request would be acceded to by the bank's management at the local level, without resorting to a decision by Head Office.

[45] It is pellucidly clear that the Claimant did not coerce any of the bank's officials in relation to the transactions pertaining to her account, to do anything that was contrary to policy. Where then is the evidence leading to clandestinely and dishonestly making such withdrawals of money from the cash collateral account? I am of the view that the fact that this fluctuating balance below the agreed collateral security of $25,000 came to the bank's attention since September 20th 2002 and no steps were taken by the Defendant to insist on the rectification of the situation, lead the Claimant to believe that Mrs. Morris had made the necessary arrangements and for her to continue to act on that representation that the cash collateral had been reduced from $25,000 to $15,000.

[46] Therefore was the conduct of the Claimant inconsistent with the due and faithful discharge of the Claimant's duties? Can her actions be said to be destructive of the mutual obligation of trust and confidence which is implied in her contract of employment with the Defendant? I would answer these two questions in the negative having regard to the totality of the evidence and what I have expounded on earlier in this judgment. I do not think that the Claimant's conduct can be described as improper, reckless, false, clandestine, dishonest having regard to the evidence adduced by both sides, and having regard to her hitherto totally unblemished record for 25 years. If that were so, why did the Defendant dither in taking the decision to dismiss the Claimant between September 2002 and February 2003? This to me amounts to a waiver of the Defendant's entitlement to repudiate the contract – see the case of Hanley v Peace & Partners (1914-15) All E.R. 984 at page 986C.
I adopt Learned Counsel for the Claimant’s submission that the Defendant’s suspension of
the Claimant after receiving her memo dated February 19, 2003 which was written in
response to the memo dated February 17, 2003 and signed by the Defendant’s Country
Manager and Assistant Manager – Administration, did not bring the contract of
employment to an end. Counsel cited the case of Boston Deep Sea Fishing and Ice Co
v Ansell (1888) Chd 339 at page 352, and the dictum of Cotton L.J. which I quote—

“Mr. Ansell was dismissed and I think his dismissal from the position which he held
must be taken to date from the meeting on 2nd October and not from the day in
September when he was suspended by the Board, because suspension is very
different from dismissal. When a man is suspended from the office he holds, it is
merely a direction, that so long as he holds the office and until he is legally
dismissed he must not do anything in discharge of the duties of the office, and I
cannot consider that the resolution by the general meeting to discharge him from
his employment from the position he held can be taken to relate back.”

Therefore in the absence of any express provision for notice under the employment
contract, the Claimant was entitled to reasonable notice upon the termination of her
employment. In determining what reasonable notice is, I take into consideration the
employee’s qualifications or position, her stature, skill, training, the length of duration of her
employment, and the reasonable length of time it could take her to obtain alternative
employment. I do not agree with counsel for the Claimant that reasonable notice in these
circumstances would have been at least two years notice of its intention to terminate the
employment. That would be stretching things to the point of ridicule. I would say a
reasonable notice in this instant case would have been 6 months notice of its intention to
terminate the employment.

Therefore from all that I have said, I conclude and agree with the Claimant that she was
wrongfully dismissed and is entitled to damages for such dismissal. I note also that in all
the allegations leveled against the Claimant, it was not as if she had tampered with client’s
account, but had transacted with her own account (cash collateral account) wrongly but not
dishonestly. I may also add that the Claimant maintained three other accounts with the
Defendant Bank with substantial deposits in them.
At the end of the trial it was agreed between counsel and myself that the issue of quantum of damages be reserved to be assessed by the Master and that the trial only deal with the issue of liability. Having found for the Claimant I would only agree that she is entitled to her pension as pleaded and make an order that the Defendant pay to the Claimant her pension entitlements as claimed in the sum of $204,512.00. Damages for wrong dismissal to be assessed by the learned Master with costs.

Frederick Bruce-Lyle
HIGH COURT JUDGE