

# How is an offer terminated essay



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Offer is one of the essential elements of a contract, which is a legally binding agreement made between two or more parties, other essential elements include Acceptance, Consideration, intention and Capacity. In the absence of any of these elements the contract will be void.

An offer is a definite promise or proposal to be bound on specific terms and it has to be definite not vague. An offer may be made orally, in writing or by conduct. An offer may be made either to a particular person, class of persons or to the public at large. The party making the offer is the offeror while the party whom the offer is made is the offeree.

An offer terminated because of Lapse of time, Revocation, Conditional offer, Rejection of offer, Death or Acceptance.

When an offer is expressed to last for a specific time, the offer will expire at the end of that specific time. In other words, an offer lapses after the expiry of the period that the offeror intended to remain open. If there is no stipulation of time, the offer will expire after a reasonable time by which depends on the subject matter, means of communication and other circumstances. In *Ramsgate v Montefiore* (1866) an offer to buy shares was held to have lapsed when three months later the offeree purported to accept it.

The offeror may withdraw or revoke his offer at any time before the offer is accepted by the offeree. However, revocation is of no effect until it is brought to the notice of offeree, i. e. it is effective once communicated to offeree. Communication need not be made by the offeror himself given that the offeree learned the revocation through a reliable source. If the offeror is

unable to perform the obligation of the offer, and it is communicated to the offeree, the offer is said to be revoked. In *Dickinson v Dodds* (1876) "A" sold his property to "C" after offering to sell it "B", and "B" was informed of the sale by "D". It is held that the offer had been revoked.

An offer may be subject to certain condition that the offer will terminate on the happening of a particular event, which is what we call a conditional offer. The condition may be express or implied. In *Financings Ltd v Stimson* (1962) Stimson (S) applied for finance to buy a car. The application was regarded as an offer. S returned the car before the company's acceptance, because the car was unsatisfactory, the car was then stolen and badly damaged. The finance company accepted S's offer after these event, not knowing what had happened. It was held that the offer was subject to an implied condition that the car would remain in its original state. Once the car was damaged, the offer lapsed. So the acceptance was ineffective.