

# Security firm ordered to pay contractor damages for libel

**Chubb Singapore had circulated a letter about the other company's poor credit rating and was taken to court**

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SECURITY organisation Chubb Singapore refused to sign an agreement with L.K. Ang Construction to install fire protection for a project, because the main contractor had a poor credit rating. It also wrote a letter to the architect of the project saying so, and asking if it could be paid directly by the client for its work, rather than through the contractor. Copies of that letter were sent to the client, plastics moulding manufacturer Techplas Industries, the project's mechanical and electrical consultant, the quantity surveyor and the contractor.

Last year, L.K. Ang Construction took Chubb to court for libel and breach of contract. Last month, after a five-day hearing, Chubb was ordered to pay the contractor damages, to be assessed by the Registrar of the High Court. L.K. Ang was hired about two years ago as the main contractor by Techplas to make alterations and additions at its factory. Chubb tendered successfully to provide the fire protection. After the security company was appointed, it engaged a credit reference agency to run a credit check on the main contractor.

When it found out that the company had a poor credit rating, it asked the architect for the project, K.C. Kan Architects, if it could be paid directly by Techplas and explained why.

It also sent copies of its letter to the other parties involved in the project. Its request was turned down and it stopped work on the project. L.K. Ang appointed another sub-contractor and took Chubb to court for libel and breach of contract. Though Chubb conceded its letter was defamatory, it argued that it was made on a privileged occasion. However, L.K. Ang argued that the quantity surveyor should not have been sent the letter, and that the security company had acted maliciously by sending a copy to the surveyor.

In his judgment, Justice Kan Ting Chiu said that Chubb had made more out of the credit report on L.K. Ang than it should have. But he dismissed the main contractor's claim for breach of the sub-contract, saying that there had been no formal agreement signed by the two parties. L.K. Ang was represented by Mr. Raymond Chan while Mr. Wong Yoong Phin acted for Chubb.