

M1 Legal : Timeshare Developer Club la Costa World Liable for Fraudulent Activities

M1 Legal, working in conjunction with European Consumer Claims, represented a British client against Club la Costa World at the Court of Appeal.

MALAGA, SPAIN, June 9, 2020 /EINPresswire.com/ -- Malaga based firm of lawyers M1 Legal, working in conjunction with European Consumer Claims, represented a British client against Resort Development Organisation member Club la Costa World at the Court of Appeal.



Club la Costa

The Court of Appeal in Malaga (Appeal proceeding No. 104/18) - met on 11th February 2020 to issue their sentence against Club la Costa (UK) PLC - Sucursal en España (Branch in Spain), on 24th April 2020.

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Sharon Johnson, M1 Legal

The main legal issue was focused on Club La Costa (UK) PLC – Sucursal en España as the liable company for Club La Costa Group activities. Although the purchase contract was signed by Club La Costa Leisure Limited and the maintenance fees were paid to Club La Costa Resort Management, both based in the Isle of Man, the Court of Appeal considered that Club La Costa (UK) PLC – Sucursal en España to be the responsible company for all Club La Costa’s activities undertaken by their group.

These were the grounds for the lifting of the “corporate veil” doctrine, according to the Tribunal, referring to another Court of Appeal Ruling (SAP Málaga 507/2003) where the defendant was Paradise Trading SLU, also a Club La Costa company:

“In fact, they are a conglomerate of companies where the intention is to avoid the legitimate rights of the clients through the instrumental mechanism of diluting their contractual obligations

and the ownership of the affected properties, with the purpose of hiding and protecting the solvent company that could comply with the obligations acquired...Therefore, the fraudulent use of all these companies with the purpose of causing damages to third-parties lead to the doctrine of lifting the veil”.

In this particular case, the Court of Appeal was concerned that the vendor company, Club la Costa Leisure Limited, had been dissolved and that the maintenance fees company, Club La Costa Resort Management, although based in the Isle of Man, was using telephone landlines connected to Malaga and that Club La Costa (UK) PLC Sucursal en España was the entity in Spain representing the parent company Club La Costa (UK) PLC. The Court of Appeal stated that “The fact that the contractual company is dissolved is not a reason for no-one to be liable. Furthermore being that the Club La Costa group receives the maintenance fees it is not acceptable for it to enjoy rights without obligations”.

This meant that the Court of Appeal agreed that the action could be taken against Club la Costa (UK) PLC Sucursal en España which the Court found was the only company within the Club la Costa group, resident in Spain (Malaga) where the resort is located.

Furthermore, on examination of the timeshare purchase contract, it was found that it did not comply with Spanish timeshare legislation, regardless as to the legal entity shown as the vendor on the timeshare purchase agreement.

The client paid £30,303 for his timeshare in October 2011. The court decreed that he should receive £26,061 plus £8,203 (advanced payment) together with interest and legal fees.

M1 Legal Spokesperson Sharon Johnson said: “This is one of thousands of cases against the web of Club La Costa World companies.” M1 legal alone currently have 561 cases in the courts against them with a value of £11.9 million”.

To read the full judgement in Spanish CLICK HERE: <https://m1legal.news/in-spanish>

To read the abbreviated judgement in English CLICK HERE: <https://m1legal.news/in-english>

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