

False Claims Cost IT Supplier Dear

British Sky Broadcasting Ltd. was less than pleased when problems with the integration of its customer relationship management system led it to cancel its contract with IT firm Electronic Data Systems Ltd. (EDS). That was as nothing, however, when it discovered that EDS had made false representations about the analysis it had done as part of the tender process under which it was awarded the work.

Mr Justice Ramsey ruled, after a six-year legal battle, that EDS had made dishonest representations during the tender process and had made further negligent misrepresentations during the course of the project itself.

The damages are expected to exceed £200 million. Although EDS had a limitation of damages clause in its contract with Sky, this will be void because of the fact that the representations on which Sky relied were dishonestly made.

The moral of the story is that when tendering or contracting for work, make sure the claims you make are honestly made – or be prepared for the consequences if things go wrong.

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