Trusts Act, 1882

Section 15 - CARE REQUIRED FROM TRUSTEE A trustee is bound to deal with the trust-property as carefully as a man of ordinary

a) A, living in Calcutta, is a trustee for B, living in Bombay. A remits trust funds to B by bills drawn by a person of undoubted credit in favor of the trustee as such, and payable at Bombay. The bills are dishonored. A is not bound to make good the loss. (b) A, trustee of leasehold property, directs the tenant to pay the rents on account of the trust to a banker, B, then in credit. The rents are accordingly paid to B, and A leaves the money with B only till wanted. Before the money is drawn out, B becomes insolvent. A, having had no reason to believe that B was in insolvent circumstances, is not bound to make good the loss. (c) A, a trustee of two debts for B, releases one and compounds the other, in good faith, and reasonably believing that it is for B's interest to do so. A is not bound to make good any loss caused thereby to B. (d) A, a trustee directed to sell the trust-property by auction, sells the same, but does not advertise the sale and otherwise fails in reasonable diligence in inviting competition. A is bound to make good the loss caused thereby to the beneficiary. (e) A, a trustee for B, in execution of his trust, sells the trust-property, but from want of due diligence on his part fails to receive part of the purchase money. A is bound to make good the loss thereby cause to B. (f) A, a trustee for B of a policy of insurance, has funds in hand for payment of the premiums. A neglect to pay the premiums and the policy is consequently forfeited. A is bound to make good the loss to B. (g) A bequeaths certain moneys to B and C as trustees, and authorizes them to continue trust-moneys upon the personal security of a certain firm in which A had-himself invested them. A dies, and a change takes place in the firm B and C must not permit the moneys to remain upon the personal security of the new firm. (h) A, a trustee for B, allows the trust to be executed solely by his co-trustee C. C misapplies the trust-property. A is personally answerable for the loss resulting to B.