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Trusts Act, 1882

Section 26 - NON-LIABILITY FOR CO-TRUSTEE'S DEFAULT. Subject to the provisions of sections 13-and15 -, one trustee is not, as such,

a) Where he has delivered trust-property to his co-trustee without seeing to its proper application; (b) Where he allows his co-trustee to receive trust-property and fails to make due enquiry as to the co-trustee's dealings therewith, or allows him to retain it longer than the circumstances of the case reasonably require; (c) Where he becomes aware of a breach of trust committed or intended by his co-trustee, and either actively conceals it or does not within a reasonable time take proper steps to protect the beneficiary's interest. Joining in receipt for conformity. A co-trustee who joins in signing a receipt for trust-property and proves that he has not received the same is not answerable, by reason of such signature only, for loss or mis-application of the property by his co-trustee. Illustration A bequeaths certain property to B and C, and directs them to sell it and invest the proceeds for the benefit of D. B and C accordingly sell the property, and the purchase money is received by B and retained in his hands. C pays no attention to the matter for two years and then calls on B to make the investment. B is unable to do so, becomes insolvent, and the purchase-money is lost. C may be compelled to make good the amount.