

Selling Haunted Houses

The Duty to Disclose to the Buyer, any Latent Defects in a Property



The recent case of *1784773 Ont. Inc. v K-W Labour Association et al*, [2013 ONSC 5401](#) suggests that a seller who 'jokes' about a house being haunted will be without liability if the seller is subsequently sued by the buyer for allegations of failure to disclose the 'haunted' status.

In the case referenced above, it seems that following sale of a house, the seller publicly made comments suggesting that the house was haunted. The buyer, concerned that the 'haunted' status may cause a stigma with resulting harm in the form of reduced property values, brought claim against the seller for failing to disclose the 'haunted' status during the course of sales negotiations.

On the issue of proper disclosure within realty sales transactions, the law in Canada appears quite clear that that the seller has a duty to disclose to the buyer any latent defects in the property that may pose a reasonable danger or make the home uninhabitable. This rule was established by the Ontario Court of Appeal in the case of *McGrath v. MacLean* et al., [1979 CanLII 1691](#).

As for the concern involving failure to disclose a 'haunted' house, the court determined that as the statements regarding the 'haunted' status were made jokingly and the Plaintiff was without availability of evidence to support the 'haunted' status of the house, there was no genuine issue requiring a trial and the case was dismissed. Of course, it is interesting to wonder what the decision of the court would be if some evidence, or even a genuine suspicion, had existed. Another interesting case involving 'haunted houses' was the *Manitoba Free Press v. Nagy*, [\[1907\] S.C.R. 340](#) decision of the Supreme Court of Canada involving a negligent publication allegation against a newspaper that published an article suggesting that a vacant house was haunted thereby causing a reduction in the property value.