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### Directors: personal duty or collective responsibility?

#### Can a director rely on fellow directors or on majority decisions?

This article is devoted to a quotation from a judgment of Mr Justice Popplewell explaining the degree of personal responsibility of directors for collective decisions, and how far a director can rely on his fellow directors:

"It is legitimate, and often necessary, for there to be division and delegation of responsibility for particular aspects of the management of a company. Nevertheless each individual director owes inescapable personal responsibilities. He owes duties to the company to inform himself of the company's affairs and join with his fellow directors in supervising them. It is therefore a breach of duty for a director to allow himself to be dominated, bamboozled or manipulated by a dominant fellow director where such involves a total abrogation of this responsibility ... In fulfilling this personal fiduciary responsibility, a director is entitled to rely upon the judgement, information and advice of a fellow director whose integrity skill and competence he has no reason to suspect ... Moreover, corporate management often requires the exercise of judgement on which opinions may legitimately differ, and requires some give and take. A board of directors may reach a decision as to the commercial wisdom of a particular transaction by a majority. A minority director is not thereby in breach of his duty, or obliged to resign and to refuse to be party to the implementation of the decision. Part of his duty as a director acting in the interests of the company is to listen to the views of his fellow directors and to take account of them. He may legitimately defer to those views where he is persuaded that his fellow directors' views are advanced in what they perceive to be the best interests of the company, even if he is not himself persuaded. A director is not in breach of his core duty to act in what he considers in good faith to be the interests of a company merely because if left to himself he would do things differently."

I don't think I can usefully add to that.

The quotation is from the (rather lengthy) judgment in [Madoff Securities International Ltd v Raven & ors](#) in which the liquidators of Bernard Madoff's UK company attempted, wholly unsuccessfully, to claim against the directors (other than fraudster Bernard Madoff himself) for breach of duty. Among other things, the court affirmed the principle that shareholder approval cures most breaches of duty in an apparently solvent company.

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