

# Claim of 'special relationship' in Donegal hotel site dispute

A claim of "a special relationship" between Mr Michael Fingleton, managing director of Irish Nationwide Building Society (INBS), and the late Co Donegal senator, Paddy McGowan, was made during the hearing of a High Court dispute yesterday concerning the site of the former Inter County Hotel at Lifford.

The Northern Counties Hotel and Catering Co Ltd (NCHCC), of which the late Sen McGowan was principal, has brought an action against Mr Hugh McGinley, Tullyrap, Raphoe, Co Donegal, for "attacking" its title to the old Inter County Hotel site. NCHCC is seeking damages for alleged slander of title against Mr McGinley who is being sued as a director of a company which bought the hotel in 1993.

The court heard the Inter County Hotel was owned by Sen McGowan from the late 1970s and that he subsequently sold it.

Because of alleged difficulties with mortgage repayments by Mr McGinley's company to INBS, the society got an order for possession from the Circuit Court in 1995, Mr Justice White was told. It was later discovered the Circuit Court had no power to make such an order.

Mr McGinley is disputing the society's right to take possession of the site and claims he entered into an agreement with the society to pay arrears.

Opening the action on behalf of the NCHCC, Mr James Dwyer SC said a Letterkenny auctioneering company sold the property to NCHCC for IRE142,500 after the society got vacant possession.

In 1998 it appeared that Mr McGinley became aware of the error in the granting of the original court order for possession and that raised the issue of whether the sale could proceed. It was decided the society had the power to sell.

Mr Dwyer said the society should have notified Sen McGowan that Mr McGinley had issued High Court proceedings, arguing the building society had no power to sell to the senator. The society did not notify the NCHCC and the sale to the NCHCC was completed on December 19th, 1998.

The site was later sold by public auction in September 1999 for IRE280,000. However, the sale was not completed as Mr McGinley wrote to the new purchaser advising that he was suing the building society.

Mr Dwyer said he would argue that Mr McGinley, while he might very genuinely be aggrieved, had a remedy which was not against the purchaser and he was not entitled to intervene in the sale.

His dispute was with the building society.

There had been limited co-operation from the building society which did not want to give any information, counsel added.

The society had been issued with a subpoena to attend with files.

Mr Andrew Bradley SC, for Mr McGinley, said it was being alleged there had been a special relationship between Mr Fingleton and Sen McGowan.

The hearing was adjourned to Thursday.