



## **OFFICIAL SMALL CLAIMS GUIDES:** **BROKEN PROMISE / BREACH OF CONTRACT**

Written by lawyers, edited to be simple to understand

When you enter into an agreement with another person or business, whether you did so *formally* in writing or *informally* through a handshake, a text or an email, if the other party doesn't do what they agreed to do, you have a right to expect them to compensate you for your losses.

Here are just a few examples of a broken promise or a breach of contract (both of which are valid small claims cases):

- A person or business didn't pay you for certain items -or-
- A person or business didn't pay you for a project you completed -or-
- A person or business performed poorly on a project that you paid them for -or-
- A person or business didn't perform a service they promised they would

It is wise to try to resolve your dispute out of court, so your first attempt to recover what you're owed should be a simple request to the other party. As you probably know, this doesn't work all that often. Thus for relatively minor breach of contract or broken promise claims, small claims court might be your best option. In the past, this meant attempting to navigate the filing process and court system alone.

Those days are over. Small claims court is no longer a last-ditch option for frustrated parties who have tried numerous ways to get what they're owed. It is now a powerful route that can be accessed in minutes on Squabble.

We've created this guide for you to help you get what you're owed when your contracting partner or the person who made you the promise didn't do what they said they'd do.

### **IS SMALL CLAIMS COURT RIGHT FOR MY BREACH OF CONTRACT OR BROKEN PROMISE CLAIM?**

When your damages are relatively minor, you can resolve your claim on your own.

It's important to know what your claim is worth to choose the best option for your circumstances.

#### **Small claims court might be right for you when:**

- Your damages resulting from the other party's breach of contract/broken promise are within the small claims court limits for your state
- You're comfortable explaining your case to the judge in a brief hearing on the issue.



The small claims process starts the day the lawsuit is filed and ends when the judge decides who wins, but there are important aspects of your case to consider upfront.

### What You Won't Get in Small Claims Court

Recovery for breach of contract or broken promise claims is permitted in all small claims courts, but you won't be awarded "non-monetary losses" (asking the court to require the other party to do require the other party to perform a service).

Small claims court is all about settling *money* disputes, so you won't get the judge to order the other party to do what they promised to do under the contract – you'll just get a monetary sum to enable you to fix the situation yourself.

Don't expect to stroll out of court with a check in hand. If you win your small claims case, you will be awarded a "judgment" against the party you sued.

Once you win, you will have to "enforce the judgment" by taking further action, such as:

- Formally asking the other person to pay you
- Agreeing to accept a payment plan
- Garnishing the person's wages
- Placing a lien on the person's property

Many state courts have departments set up to help with enforcing judgments. Attorneys can assist as well. Squabble will roll out its enforcement feature in early Winter 2021-Spring 2022 and you'll be able to choose whether you want to enforce all through the app.

### Terminology

It helps to know some legal terms used in court cases:

- The **Plaintiff** is the party filing the lawsuit. You are the plaintiff, even if an attorney files the case for you.
- The **Defendant** is the party you are suing who caused you harm. Breach of contract or broken promise lawsuits are filed against the breaching party.
- The **Complaint**, also called the **Petition**, is the document filed to begin a lawsuit. You will state the reason for the lawsuit, whom you are suing, and the amount of money you're seeking.
- **Service of Process** is the way the defendant is notified of the lawsuit. Each state's court will have rules and instructions.
- The **Judgment** is the judge's final decision about your case.

Many states have official "Small Claims Courts." Others hear these cases in Municipal Courts, City Courts, or Justice of the Peace Courts. The name depends on your state and the types of cases that are heard.



Traditionally, plaintiffs were required to research and find the right small claims court, depending upon several factors. On Squabble, your jurisdictional optimization is done automatically in app. You're guaranteed to sue the right person or business in the right court in the right jurisdiction.

### Small Claims Court Limits by State

The basics of small claims lawsuits are similar across the country, but the specific procedures vary, so historically, plaintiffs would need to check their county court's requirements carefully.

Today, with Squabble's jurisdiction optimization, just answer basic questions in the app and you can be sure that your filing will be done right. When you're asked how much you're owed, enter the figure, and the app will automatically let you know if the amount you're seeking is within the limit for your jurisdiction. If it's not, you can waive the excess amount and just sue for the maximum through Squabble (or hire an attorney to sue outside of small claims court).

State	Maximum Amount
<a href="#">Alabama</a>	\$6,000
<a href="#">Alaska</a>	\$10,000
<a href="#">Arizona</a>	\$3,500
<a href="#">Arkansas</a>	\$5,000
<a href="#">California</a>	\$10,000
<a href="#">Colorado</a>	\$7,500
<a href="#">Connecticut</a>	\$5,000
<a href="#">Delaware</a>	\$15,000
<a href="#">District of Columbia</a>	\$10,000
<a href="#">Florida</a>	\$5,000
<a href="#">Georgia</a>	\$15,000
<a href="#">Hawaii</a>	\$5,000
<a href="#">Idaho</a>	\$5,000
<a href="#">Illinois</a>	\$10,000
<a href="#">Indiana</a>	\$6,000 (\$8,000 in Marion County)
<a href="#">Iowa</a>	\$6,500
<a href="#">Kansas</a>	\$4,000
<a href="#">Kentucky</a>	\$2,500
<a href="#">Louisiana</a>	\$5,000

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<a href="#"><u>Maine</u></a>	\$6,000
<a href="#"><u>Maryland</u></a>	\$5,000
<a href="#"><u>Massachusetts</u></a>	\$7,000 (No limit for auto accident property damage)
<a href="#"><u>Michigan</u></a>	\$6,500
<a href="#"><u>Minnesota</u></a>	\$15,000
<a href="#"><u>Mississippi</u></a>	\$3,500
<a href="#"><u>Missouri</u></a>	\$5,000
<a href="#"><u>Montana</u></a>	\$7,000
<a href="#"><u>Nebraska</u></a>	\$3,600 (adjusted every five years)
<a href="#"><u>Nevada</u></a>	\$10,000
<a href="#"><u>New Hampshire</u></a>	\$10,000
<a href="#"><u>New Jersey</u></a>	\$3,000
<a href="#"><u>New Mexico</u></a>	\$10,000
<a href="#"><u>New York</u></a>	\$5,000 (\$3,000 in town and village courts)
<a href="#"><u>North Carolina</u></a>	\$10,000
<a href="#"><u>North Dakota</u></a>	\$15,000
<a href="#"><u>Ohio</u></a>	\$6,000
<a href="#"><u>Oklahoma</u></a>	\$10,000
<a href="#"><u>Oregon</u></a>	\$10,000
<a href="#"><u>Pennsylvania</u></a>	\$12,000
<a href="#"><u>Rhode Island</u></a>	\$2,500
<a href="#"><u>South Carolina</u></a>	\$7,500
<a href="#"><u>South Dakota</u></a>	\$12,000
<a href="#"><u>Tennessee</u></a>	\$25,000
<a href="#"><u>Texas</u></a>	\$10,000
<a href="#"><u>Utah</u></a>	\$11,000
<a href="#"><u>Vermont</u></a>	\$5,000
<a href="#"><u>Virginia</u></a>	\$5,000
<a href="#"><u>Washington</u></a>	\$5,000



<a href="#">West Virginia</a>	\$10,000
<a href="#">Wisconsin</a>	\$10,000
<a href="#">Wyoming</a>	\$6,000

## 5 PHASES OF A SMALL CLAIMS LAWSUIT

There are five phases to a small claims lawsuit. Squabble guides you through each of them – we promise you’re never on your own.

### Phase 1: Determining whom to sue

You must sue the actual person or company responsible for your breach of contract or broken promise. If the agreement was written, take a peak at the documents you signed or that were sent to you and see if the other party used a business name or just a person’s name.

In app, when we ask you, just provide the name and address of the party you intend to sue.

- If you’re suing a person, this should be pretty easy -- you can use his or her full name and home address (just watch your spelling).
- If you’re suing a business: The app assists you in making sure you are naming the accurate legal entity and their designated legal “agent”, which is the party who will automatically be served with Process (formal notice) through Squabble. Don’t worry – our Triple Check process ensures that even if you’re worried you entered it wrong in the app, we’ll flag it before it’s filed.

### Phase 2: Filing the lawsuit

You can file your lawsuit in any of these three places:

- The county where the contract was entered into or the promise was made -or-
- The county where contract was “breached” or the promise was broken -or-
- The county where you or the defendant resides.

You must explain the reason for your lawsuit. Don’t go into detail. It’s enough to say: *“Seeking compensation because I wasn’t paid for a roofing job I did on (date of contract/promise and/or breach/broken promise).”*

Don’t list too much of what the defendant did wrong, or they will know exactly what you plan to argue. The defendant would then have time to prepare a defense to counter your arguments. You’ll get into specifics when you explain things to the judge on your court date.

Remember: if the statute of limitations (the state’s deadline to file) is about to run out on your claim, you must file a lawsuit before this date or forfeit your right to seek compensation. Don’t worry,



when you enter the details of your case into Squabble, the app automatically calculates whether your claim is within the statute of limitations.

Once the court accepts your filing, the defendant must be served notice of the lawsuit through a lawful means set out in the state’s code of civil procedure. This is called “service of process” and will include the trial date that you will receive from the court. You’ll receive a similar notice of the trial date from the small claims clerk.

In Squabble app, the whole process (including fees and service of process) takes minutes – and you can be sure that it’s done right because of our [Triple-Check Money Back Guarantee](#).

### Phase 3: Preparing for trial

Thankfully, these are the most straightforward types of cases. Still, before going into court we recommend that you [organize and prepare your case](#).

Put in the time to neatly assemble your paperwork and written notes. This will help you be confident and persuasive when you speak in front of the judge.

Write out everything you plan to say and list the evidence you will show to the court. Prepare an outline of your story – what happened leading up to the contract or promise, how the defendant broke their promise or breached the contract, and everything they owe you as a result.

Proving a breach of contract case is pretty simple. You’ll just need to show that:

- (i) there was some type of **agreement/promise** (oral or written) -and-
- (ii) the other party **didn’t perform** as they said they would (breach or broken promise) -and-
- (iii) you **lost money** as a result (damages)

If you can’t prove these, it’s ok – out of fairness, the law allows you a *backup option* – if you can show that the defendant made you a promise and because of that promise you did something that caused you to lose money. This is called detrimental reliance (or “promissory estoppel”). The name is irrelevant as long as you explain each of these to the judge:

- (i) the other party made you a **promise**
- (ii) you **relied** on that promise in some way that was **harmful** (or “detrimental”) to you.
- (iii) You took on some **out-of-pocket expenses** that you wouldn’t have if they didn’t make their promise to you.

	<b>If the agreement was oral</b>	<b>If the agreement was in writing</b>
<b>What to prepare:</b>	Don’t worry. Even if you don’t have a formal “contract”, you can collect anyway as long as you show enough evidence of what you agreed to. Oral agreements are often enforceable in small claims court. Just make sure you write an explanation of each of the three points above.	Just make sure you write an explanation of the three points above and bring your contract to court. Don’t worry if it doesn’t look too formal – small claims courts just need some proof that this is what you agreed to.

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<b>Evidence to Bring</b>	Texts, recordings, emails, witnesses – basically anything or anyone that can show that this is what you agreed to, this is how the defendant came up short, and this is how much you’re owed!	The contract itself, but also supporting evidence such as texts, recordings, emails, witnesses – basically anything or anyone that can show that this is what you agreed to, this is how the defendant came up short, and this is how much you’re owed!
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Outline in advance all of the losses you’ve incurred because of the defendant’s broken promise or breach and attach your proof.

Make each of your points clear and brief. If you want, you can prepare a “closing statement” that summarizes the points you already made.

Practice, practice, practice making your presentation and closing statement out loud.

Dress appropriately. Judges notice those who show respect to the court. Your appearance also makes a statement about your professionalism, determination, and belief in your case.

## *Witnesses*

Bring people who can help you explain your case to the judge and to prove there was an agreement/promise, that it was breached/broken, and/or that you’re owed a certain sum of money as a result. You won’t have much time to present your side, so it’s important that your witnesses are prepared. Make sure they arrive at the courthouse fully prepped to give consistent testimony. Don’t tell them to lie. Just make sure they give similar versions of the facts.

## *Subpoenas*

Most small claims courts permit parties to subpoena witnesses and documents relevant to their case. Subpoenas should be free. Just download one or more subpoena forms from your county court’s website. Enter the case number, the witnesses’ names, and describe any documents or other evidence you want them to bring.

If there are witnesses who agree to testify on your behalf, they may require subpoenas to show their employers so that they can be excused from work.

You can request subpoenas be served on friendly and unfriendly witnesses, but you only want witnesses who will help prove your case. Please don’t subpoena a witness merely to annoy someone – it will weaken your credibility with the judge.

After your case is filed, we’ll update you every step of the way about the status of your case and we’ll provide you with tips to make sure you’re well-prepared for your court date.

## **Phase 4: Arguing your case in court**



Small claims courts are designed to help people resolve disputes without a lawyer. However, some courts allow attorneys to represent the parties, so don't be surprised if you get to court and see an attorney is there to represent the defendant.

Because you're the plaintiff, you'll be the first to present your side of the case and share the evidence that supports your position.

Focus on the facts but don't exaggerate -- the judge is much more likely to find your believable and rule in your favor if you're honest and to the point.

Don't worry too much about following strict formalities. Small claims court is meant to be used by non-lawyers, without strict procedural rules.

Although the judge will give both sides some slack when it comes to out-of-court statements made by third parties, we recommend having all your witnesses there and ready to testify. If not, you'll have a difficult time convincing the judge that their statements are true.

*Quick Tip:*

Judges don't want witnesses sitting in the courtroom listening to other witnesses' testimonies. It raises the possibility they'll repeat what was previously said by another witness, or that they'll avoid contradicting what another friendly witness said.

Before your trial starts, we recommend politely asking the judge to require all witnesses to wait in the hall until called, and not to discuss their testimony with each other. The judge will understand what you mean and will probably agree.

This will give you an advantage if the defendant hasn't prepared their witnesses.

Don't interrupt the defendant or witnesses while they're testifying. And try to ignore any interruptions from the defendant while you're testifying, or later in the trial when you're summarizing your case. The judge will warn the person and probably ignore anything they said when interrupting. The more you appear focused and respectful, the better off you'll be.

After all testimony, the judge may ask you both to summarize your cases. Here's where you can give the "closing statement" you prepared. Summarize each point you made in the case and explain how the testimony and evidence support each of those points.

Leading up to your trial date, we'll be in constant communication with you, providing you with Pro Tips on the best way to convince the judge of your position.

### **Phase 5: Getting the judgment**

After hearing all the testimony, the judge will render their decision. If you lose, you may be able to appeal to a higher court. Talk to a lawyer, if you're considering an appeal. Higher courts have strict procedural rules, and you won't have the leeway you get in small claims court.



If you win a small claims lawsuit against an insured defendant, their insurance company will probably send you a check within a few weeks. The defendant also has the right to appeal, but most small claims verdicts are not worth the cost of the appeals process.

If the defendant was not insured, they might voluntarily make arrangements to pay the judgment. Otherwise, you will need to take steps to “enforce” the judgment. Squabble’s in-app enforcement mechanism will be available in Winter 2021 or Spring 2022. This will enable you collect on your judgment all through the app. Until then, your court’s clerk will have resources to help you collect.

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Additional questions?

Email us at [info@squabbleapp.com](mailto:info@squabbleapp.com) or [support@squabbleapp.com](mailto:support@squabbleapp.com). We can’t offer legal advice, but we can help you understand how the system works and how to prepare for court.