



# Civil Resolution Tribunal

Date Issued: January 12, 2024

File: SC-2023-001122

Type: Small Claims

Civil Resolution Tribunal

Indexed as: *Hahn v. Royal City Jewellers & Loans Ltd.*, 2024 BCCRT 32

**B E T W E E N :**

STEPHEN GARY HAHN

**APPLICANT**

**A N D :**

ROYAL CITY JEWELLERS & LOANS LTD.

**RESPONDENT**

---

## REASONS FOR DECISION

---

Tribunal Member:

Kristin Gardner

## INTRODUCTION

1. Stephen Gary Hahn hired Royal City Jewellers & Loans Ltd. (Royal City) to make him a custom ring. Mr. Hahn says that Royal City did not make the ring with the design the parties had discussed and agreed to. Mr. Hahn says Royal City refused to re-make the ring with the correct design, and so he had to take the ring to another jeweler

to have it re-made. Mr. Hahn claims \$1,886.41 as a partial refund of what he paid Royal City for the custom ring.

2. Royal City says that it made the ring as the parties agreed, and that Mr. Hahn was happy with the ring when he picked it up. Royal City says Mr. Hahn was only upset that the ring's appraisal was not ready at the same time as the ring. It also says that Mr. Hahn's claim is excessive to repair the stone settings that Mr. Hahn alleges were done incorrectly.
3. Mr. Hahn is self-represented. Royal City is represented by its owner, Michael Isman.

## **JURISDICTION AND PROCEDURE**

4. These are the formal written reasons of the Civil Resolution Tribunal (CRT). The CRT has jurisdiction over small claims brought under section 118 of the *Civil Resolution Tribunal Act* (CRTA). Section 2 of the CRTA states that the CRT's mandate is to provide dispute resolution services accessibly, quickly, economically, informally, and flexibly. In resolving disputes, the CRT must apply principles of law and fairness.
5. Section 39 of the CRTA says the CRT has discretion to decide the format of the hearing, including by writing, telephone, videoconferencing, email, or a combination of these. In some respects, both parties to this dispute question the credibility, or truthfulness, of the other. Here, I find that I can properly assess and weigh the documentary evidence and submissions before me. Further, bearing in mind the CRT's mandate to provide proportional and speedy dispute resolution, I find an oral hearing is not necessary in the interests of justice.
6. Section 42 of the CRTA says the CRT may accept as evidence information that it considers relevant, necessary and appropriate, whether or not the information would be admissible in a court of law.
7. Mr. Hahn provided late evidence with his final reply submissions. Royal City was given the opportunity to respond to the late evidence and provided its own late evidence with that response. Mr. Hahn was then given the opportunity to reply to

Royal City's late evidence. As each party reviewed and commented on the other's late material, I find there is no actual prejudice in allowing it. Consistent with the CRT's flexible mandate, I have admitted and considered the late evidence and submissions.

8. I note that the parties provided evidence and submissions about Mr. Hahn's pocket watch and alleged damage to it. However, I find the pocket watch was the subject of a separate contract between the parties, unrelated to the custom ring, which is the subject of this dispute. Further, Mr. Hahn does not request any remedies relating to the pocket watch. For these reasons, I make no findings on the parties' allegations about the pocket watch in this decision.

## **ISSUE**

9. The issue in this dispute is whether Mr. Hahn is entitled to the claimed \$1,886.41 as a partial refund for the custom ring he purchased from Royal City.

## **EVIDENCE AND ANALYSIS**

10. In a civil proceeding like this one, Mr. Hahn must prove his claims on a balance of probabilities (meaning "more likely than not"). I have read all the parties' submissions and evidence but refer only to what I find is necessary to explain my decision.
11. On September 7, 2022, Mr. Hahn went to Royal City and asked about making custom jewelry. Mr. Hahn had an existing 14-carat gold ring with a diamond that he wanted to convert into a new custom ring. He discussed the proposed ring with Royal City's goldsmith, PT, who agreed to prepare some designs for Mr. Hahn's approval.
12. Mr. Hahn returned to Royal City on September 14, 2022, to further discuss the proposed custom ring. The parties undisputedly agreed the ring's design would be an ancient Egyptian "Eye of Horus" symbol. Mr. Hahn purchased a 1.29 carat blue sapphire from Royal City for \$738.08, to be used for the center of the eye. The ring's design also incorporated the diamond from Mr. Hahn's existing ring in a curl under

the eye. The agreement was that Royal City would use the gold from Mr. Hahn's existing ring and supply any additional gold required to complete the design.

13. A September 14, 2022 receipt included a rough sketch of the ring design, showing where the sapphire and diamond would be located. There is no indication that PT prepared any other drawings of the ring design, and Mr. Hahn says the design process was entirely oral. The receipt stated the cost for the custom ring, excluding the sapphire, was \$2,621.92. Mr. Hahn paid half (\$1,310.96) up front, and the remaining \$1,310.96 was due upon completion.
14. Mr. Hahn picked up the completed ring, signed the receipt, and made the final payment on September 29, 2022. Mr. Hahn says he did not realize until after he left that the gemstones had not been set according to the parties' agreement. He says he specifically requested that PT set the stones into and below the gold ring top design, so that any bumps or impact to the ring would be on the gold, rather than the gemstones. I find the photos in evidence show the sapphire and diamond are set up above the surrounding gold design, as Mr. Hahn describes.
15. Royal City did not specifically respond to Mr. Hahn's allegation that PT agreed to set the gemstones below the gold ring top design. It says only that the ring was made according to the parties' agreement. Notably, Royal City did not provide a statement from PT for the purpose of this dispute. However, it did provide a statement PT prepared for the purpose of a Better Business Bureau (BBB) complaint Mr. Hahn brought against Royal City. In that undated statement, PT said all details for the design were included on the receipt referenced above. As noted, the receipt included only a rough sketch of the ring. It did not set out any dimensions, nor did it state how the gemstones would be set.
16. As noted, Royal City says that Mr. Hahn was happy with the ring when he picked it up, given he signed the receipt and left with the ring. However, it is undisputed that Mr. Hahn was upset that Royal City did not have the appraisal ready when he picked up the ring. Royal City alleges that Mr. Hahn made a "scene" about the appraisal, though Mr. Hahn denies that. In any event, I find from the parties' evidence that Mr.

Hahn was likely sufficiently distracted that he did not thoroughly inspect the ring when he picked it up. So, I accept that Mr. Hahn only discovered the alleged deficiencies with the gemstone settings after he left.

17. It is also undisputed that Mr. Hahn returned to Royal City the next day to raise the setting issue. I find it is unproven that Royal City refused to fix the ring to Mr. Hahn's specifications. Rather, it is Mr. Hahn's own evidence that he told Royal City's owner, Mr. Isman, that he was going to have another jeweler re-make the ring. Mr. Hahn also says that Mr. Isman agreed to reimburse him "some of the cost" if he brought in a receipt. In a statement Mr. Isman made for the BBB complaint, he admitted he told Mr. Hahn he would "do something" for him if Mr. Hahn wanted to have another goldsmith work on the ring. However, Mr. Isman undisputedly later withdrew that offer because he felt Mr. Hahn had been dishonest about the unrelated pocket watch matter and the BBB complaint.
18. As there is no evidence contradicting Mr. Hahn's allegation that the parties agreed to set the gemstones down below the gold ring top design, I accept that is what the parties agreed to. Because I find Royal City placed the gemstones sticking up above the gold design, I find that Royal City breached the parties' contract.
19. So, what is the appropriate remedy?
20. Mr. Hahn's claim is for damages resulting from Royal City's breach of the parties' contract. Damages for breach of contract are generally meant to put the innocent party in the same position as if the contract had been performed as agreed (see *Water's Edge Resort v. Canada (Attorney General)*, 2015 BCCA 319). I find the appropriate measure of damages is the cost to re-set the gemstones down below the gold ring top design.
21. Mr. Hahn says his \$1,886.41 claim is based on what he calculates he paid Royal City for its labour to make the ring. He says he is entitled to a full refund for the labour because he had to pay another jeweler to have the ring top entirely re-made.

However, as explained below, I find the evidence is insufficient to establish it was necessary to completely re-make the ring top.

22. Mr. Hahn relies on a September 24, 2023 statement from Karlheinz Jahnke of Karlheinz Jahnke Goldsmiths Inc., the jeweler and certified goldsmith who re-made the ring. Mr. Jahnke stated that Mr. Hahn asked him about altering the ring Royal City made, so the gemstones would be set below the ring top's height. Mr. Jahnke stated that he advised Mr. Hahn that the ring top outline and dimensions of the 2 gems did not constitute a "balanced" Eye of Horus ring design. So, Mr. Jahnke stated that after detailed consultations, Mr. Hahn agreed to have Mr. Jahnke re-make the ring top, using 10.5 grams of additional gold.
23. The photos of the ring Mr. Jahnke made show the eye shape and eyebrow have a slightly different shape and curvature from Royal City's design, the curl under the eye holding the diamond is longer and starts further towards the inside of the eye, and the line extending straight below the eye is also significantly longer and placed further towards the inside of the eye. Also, the gold for the entire ring top design appears thicker than Royal City's design. Based on the ring's weight noted in the appraisal for Royal City's ring (14.5 grams) and the weight in the appraisal for Mr. Jahnke's ring (25 grams), I find Mr. Jahnke approximately doubled the amount of gold used for the ring top.
24. Given the differences between the 2 rings, I find Mr. Jahnke essentially completely re-designed the ring that Royal City made, rather than simply re-setting the gemstones so they sat below the gold ring top design. I find that Mr. Jahnke's statement that Royal City's design was not "balanced" was his subjective opinion and insufficient to find that Royal City's ring was not made to a competent or professional standard. I also find Mr. Jahnke's statement is insufficient to establish that he could not have simply re-set the gemstones without completely re-making the ring top.
25. Overall, I find that Royal City's ring substantially met the parties' agreed design, other than the gemstone settings. However, Mr. Hahn decided to alter the ring design after consulting with Mr. Jahnke, and I find there is insufficient evidence the changes were

all related to the gemstone settings. In other words, I find Mr. Hahn has not proven it was necessary to re-make the entire ring top to re-set the gemstones down below the gold design. As Royal City's design otherwise met the parties' agreed design, I find Mr. Hahn is not entitled to payment for the changes Mr. Jahnke made to the ring that were unrelated to the gemstones' settings.

26. Mr. Hahn paid Mr. Jahnke \$3,360 to re-make the ring, including the extra 10.5 grams of 14-carat gold used. As noted, he paid Royal City \$2,621.92, which included an unspecified amount of 14-carat gold. There is no evidence before me about how much it would have cost Mr. Hahn to have Mr. Jahnke simply re-set the gemstones in the ring Royal City made, other than Royal City's submission that it would have cost, at most, \$400. On a judgment basis, I find that \$400 is a reasonable amount for that service. So, I order Royal City to pay Mr. Hahn \$400.
27. The *Court Order Interest Act* applies to the CRT. Mr. Hahn is entitled to pre-judgment interest on the \$400 from September 29, 2022, the date he paid the final balance to Royal City, to the date of this decision. This equals \$21.24.
28. Under section 49 of the CRTA and CRT rules, the CRT will generally order an unsuccessful party to reimburse a successful party for CRT fees and reasonable dispute-related expenses. While I did not award Mr. Hahn the full amount of his claimed damages, I find he was successful on the main issue that Royal City breached the parties' contract. So, I find Mr. Hahn is entitled to full reimbursement of the \$150 he paid for CRT fees. Neither party claimed dispute-related expenses.

## **ORDERS**

29. Within 21 days of the date of this decision, I order Royal City to pay Mr. Hahn a total of \$571.24, broken down as follows:
  - a. \$400 in damages for breach of contract,
  - b. \$21.24 in pre-judgment interest under the *Court Order Interest Act*, and

c. \$150 in CRT fees.

30. Mr. Hahn is entitled to post-judgment interest, as applicable.

31. Under section 58.1 of the CRTA, a validated copy of the CRT's order can be enforced through the Provincial Court of British Columbia. Once filed, a CRT order has the same force and effect as an order of the Provincial Court of British Columbia.

---

Kristin Gardner, Tribunal Member