



When Divorce Law Does Not Apply:

Unjust Enrichment Claims for Unmarried Parties



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Family structures continue to evolve. It is now common for unmarried couples to cohabit and join their finances. These relationships often resemble a traditional marital partnership. However, when these relationships end, the same legal protections afforded to divorcing married couples are not afforded to unmarried couples wishing to separate.

Family law attorneys must find creative legal theories to achieve a fair financial separation for unmarried but financially intertwined couples. As discussed below, the Minnesota Supreme Court recently addressed this issue in *Herlache v. Rucks*, 990 N.W.2d 443 (Minn. 2023).

Facts

Herlache and Rucks met in February 2012 and began dating soon after. At the time, Rusk owned a home in Sunfish Lake. She purchased the home in February 2010 with the intention of renovating it.

Herlache moved into the Sunfish Lake home in October 2012 and began paying Rucks \$1,000 per month for rent. Over the course of their relationship, Herlache made \$282,736.02 in cash payments directly to or on behalf of Rucks to renovate the home.

However, when the pair ended their relationship in December 2018, Rucks sold the home for \$1.2 million. She did not share the proceeds with Herlache, who then sued Rucks for the money he contributed to renovate the home.

Procedural History

The district court concluded that Rucks would be unjustly enriched if she retained the benefit of Herlache's financial contributions and awarded Herlache \$282,736.02 in damages — the exact amount he financially contributed.

In a split decision, the Minnesota Court of Appeals reversed the district court. The Court held that Herlache could not recover

on his unjust enrichment claim because the claim involved "investments in real estate." The Court held that Herlache needed to prove his financial contributions resulted in the increase in value to the Sunfish Lake home.

Herlache appealed the decision to the Minnesota Supreme Court.

The Minnesota Supreme Court's Decision

The Minnesota Supreme Court began its analysis by distinguishing the facts of *Herlache* from the case law relied upon by the Court of Appeals — specifically, *Marking v. Marking*, 366 N.W.2d 386 (Minn. Appl. 1985). In *Marking*, the plaintiffs made improvements directly to the property, and the defendants received no direct payments of cash. The plaintiffs failed to show that their physical labor and improvements increased the value of the real property. As a result, their unjust enrichment claim failed.

The Minnesota Supreme Court concluded that the facts of *Marking* were materially different from the facts of *Herlache*. Unlike the plaintiffs in *Marking*, Herlache made direct cash payments to and on behalf of Rucks. Every dollar Herlache contributed to the renovations was a dollar that Rucks did not have to contribute.

According to the Court, the direct cash payments to and on behalf of Rucks resembled a classic unjust enrichment case. While measuring the increase in value of the Sunfish Lake home was *one way* of measuring the benefit Rucks received, the Court held that the district court was within its broad discretion to measure the benefit by the actual cash payments Rucks received.

Conclusion

The *Herlache* case underscores the importance of having an attorney evaluate the unique facts of your case for potential claims. For unmarried couples who fall outside of the divorce legal framework, there may be alternate equitable theories to pursue a claim or preventive measures to take to protect one's financial interests. For instance, had the parties in *Herlache* entered into a cohabitation agreement prior to moving in together, they may have avoided litigation at the time of their separation. For additional information on cohabitation agreements and related issues, please contact your Moss & Barnett family law attorney.