

Federal Court



Cour fédérale

Date: 20251215

Docket: T-3562-25

Toronto, Ontario, December 15, 2025

PRESENT: Madam Justice Go

BETWEEN:

PAUL JAMES MEDHURST

Plaintiff

and

**HIS MAJESTY THE KING IN RIGHT OF
CANADA, AS REPRESENTED BY THE
ATTORNEY GENERAL OF CANADA**

Defendant

ORDER AND REASONS

I. Overview

[1] Mr. Paul James Medhurst [Plaintiff], an undischarged bankrupt, commenced the herein action alleging that the Canada Revenue Agency [CRA] was negligent in processing his 2024 personal income tax return. Mr. Medhurst pleads that the CRA's negligence caused him to be denied eligibility for government dental benefits and caused him stress as well as deterioration of his physical and mental well-being.

[2] The Defendant brings this motion striking out the Plaintiff's Statement of Claim in its entirety because: a) Mr. Medhurst is an undischarged bankrupt and does not have legal capacity to commence this action; and b) the Statement of Claim discloses no reasonable cause of action, is frivolous, vexatious, and is otherwise an abuse of the process. Alternatively, the Defendant seeks an order extending the time for service and filing of the Defendant's Statement of Defence and an order requiring Mr. Medhurst to be represented by a solicitor pursuant to Rule 121 of the *Federal Court Rules*, SOR/98-106 [*Rules*]

[3] While the Court is sympathetic to Mr. Medhurst's circumstances, I find that his claim discloses no reasonable cause of action. I therefore grant the Defendant's motion to strike out the Plaintiff's Statement of Claim in its entirety.

II. Issues

[4] The only issue before me is whether the Court shall grant the Defendant's motion.

III. Analysis

[5] Rule 221(1) of the *Rules* reads as follows:

Motion to strike

221 (1) On motion, the Court may, at any time, order that a pleading, or anything contained therein, be struck out, with or without leave to amend, on the ground that it

(a) discloses no reasonable cause of action or defence, as the case may be,

Requête en radiation

221 (1) À tout moment, la Cour peut, sur requête, ordonner la radiation de tout ou partie d'un acte de procédure, avec ou sans autorisation de le modifier, au motif, selon le cas :

a) qu'il ne révèle aucune cause d'action ou de défense valable;

(b) is immaterial or redundant,	b) qu'il n'est pas pertinent ou qu'il est redondant;
(c) is scandalous, frivolous or vexatious,	c) qu'il est scandaleux, frivole ou vexatoire;
(d) may prejudice or delay the fair trial of the action,	d) qu'il risque de nuire à l'instruction équitable de l'action ou de la retarder;
(e) constitutes a departure from a previous pleading, or	e) qu'il diverge d'un acte de procédure antérieur;
(f) is otherwise an abuse of the process of the Court,	f) qu'il constitue autrement un abus de procédure.
and may order the action be dismissed or judgment entered accordingly.	Elle peut aussi ordonner que l'action soit rejetée ou qu'un jugement soit enregistré en conséquence.

[6] As noted above, the Defendant raises two arguments in support of their motion. The Defendant also filed an affidavit in their motion record attaching two exhibits. Exhibit "A" is a copy of the Bankruptcy and Insolvency Search result confirming that Mr. Medhurst assigned into bankruptcy on July 18, 2024 as a second time bankrupt and is not yet eligible for a discharge. Exhibit "B" is a copy of Notice of Discontinuance for the herein matter, signed by Mr. Medhurst's Trustee in Bankruptcy [Trustee] on October 13, 2025. Mr. Medhurst, who does not consent to discontinue this action, did not sign the Notice of Discontinuance.

[7] While Mr. Medhurst does not dispute his status as an undischarged bankrupt, he submits that his personal rights of action do not vest in the Trustee given that his claim is clearly personal in nature: *Biron v Canada*, 2000 CanLII 16562 (FCA) at para 4. Mr. Medhurst further submits that the Statement of Claim discloses a reasonable cause of action.

[8] I find the determinative issue is that the Plaintiff's Statement of Claim discloses no reasonable cause of action.

[9] Mr. Medhurst's statement of claim pleads that he filed a 2024 personal income tax return on April 16, 2025, through his Trustee. Mr. Medhurst further pleads that as of September 9, 2025, the CRA had not processed or completed his return. Mr. Medhurst states that this was a straightforward return, and the CRA's failure to process it within nearly five months was "unreasonable and negligent."

[10] The Defendant disputes Mr. Medhurst's claim, stating that the 2024 return was not April 2025 as he refiled the return in July 2025 due to incorrections in the initial return, and that the CRA completed processing the return sometime in September 2025, shortly after the Statement of Claim was filed.

[11] The Defendant also submits that to succeed in his claim in negligence against the CRA, the Plaintiff must first establish that CRA owes him a duty of care. The Defendant argues the case law confirms that the CRA does not owe a private law duty of care towards taxpayers. I agree.

[12] While the Defendant points to numerous decisions from various courts in support of their argument, I will focus my analysis on two decisions only.

[13] In *Grenon v Canada Revenue Agency*, 2017 ABCA 96 [*Grenon*] (leave to appeal to Supreme Court of Canada refused, 2017 CanLII 61800), the Alberta Court of Appeal [ABCA] confirmed that the CRA does not owe a private law duty of care. The ABCA specifically rejected a trial court's finding in *Leroux v Canada Revenue Agency*, 2014 BCSC 720 where the judge

found a duty of care by distinguishing prior cases on the basis that they did not involve huge penalties. The ABCA states that “creating a duty based on the size of a monetary penalty provides insufficient footing – and bad policy – upon which to ground a private law duty of care. And a duty owed to all raises the spectre of indeterminate liability and other policy considerations discussed below.” *Grenon* at para 13.

[14] The ABCA in *Grenon* listed several policy considerations for not imposing a duty of care on the CRA. These include, among others, that the income tax system relies on self-reporting by taxpayers and that the *Income Tax Act* (R.S.C., 1985, c.1 (5th Supp.)) [*ITA*] gives the Minister of National Revenue and his delegates broad powers in supervising the scheme of assessing and auditing taxpayers. Further, the ABCA also considered that the CRA and taxpayers have opposing interests, and that the relationship is not one where CRA auditors should be responsible for protecting taxpayers from losses arising from their assessments, citing *Leighton v Canada (AG)*, 2012 BCSC 961 at para 54): *Grenon* at para 18.

[15] While *Grenon* dealt with the duty of care arising from the CRA’s audit function, I find many of the ABCA’s policy considerations for rejecting a private law duty of care equally applicable to the case at hand.

[16] I also find support for my conclusion from *Oddi v Canada (Revenue Agency)* 2022 FC 1313 [*Oddi*], a decision from this Court. In *Oddi*, Justice Ahmed applied the “*Anns/Cooper*” framework to determine whether the cause of action of negligence against the CRA should be dismissed. He noted that the first element of the “*Anns/Cooper*” framework is to determine

whether the defendant owes a duty of care to the plaintiff. He further noted that, in determining the first element, “the Court begins by assessing whether a *prima facie* duty of care in the particular circumstances has already been established by the courts, or if it is analogous to findings made in previous cases. If so, there is no need to engage in the full *Anns/Cooper* analysis.” *Oddi* at para 71. Justice Ahmed concluded at para 77 that as the jurisprudence supports the finding that the CRA does not owe a duty of care to taxpayers, the Court is not required to go through the *Anns/Cooper* test. However, for the sake of clarity, Justice Ahmed decided to apply the framework to the matter at issue to demonstrate that the application of the *Anns/Cooper* test did not establish a duty of care in that case.

[17] Rather than duplicating Justice Ahmed’s thoughtful and detailed analysis, I will simply reiterate some of the reasons he cited for finding that the CRA does not owe a private law duty of care to individual taxpayers. Justice Ahmed noted that the statutory framework in the *ITA* does not impose a duty of care. Furthermore, Canadian courts have repeatedly held that there is insufficient proximity to ground a duty of care between CRA officers performing their administrative functions and taxpayers: *Oddi* at para 79. In addition, Justice Ahmed found at para 84 that even if there were a *prima facie* duty of care, recognizing a duty of care in the context of the administration of the *ITA* would impede the CRA from fulfilling its duty, namely to ensure that all taxes are lawfully owing and correctly assessed and collected. Justice Ahmed also found that imposing a private law duty of care of the CRA towards taxpayers risks leading to a chilling effect on the CRA’s auditors and collections officers: *Oddi* at para 84.

[18] Mr. Medhurst argues that the standard of care is reasonableness. He contends that a straightforward return filed in April should have been processed by May or June at the latest. Mr. Medhurst further submits that waiting until September to process a two-slip return is *prima facie* unreasonable, and that the Defendant has provided no justification for the five-month delay.

[19] Mr. Medhurst's submission, while well-articulated, does not overcome the key stumbling block that prohibits his claim from proceeding, namely, that the CRA does not owe him a private law duty of care. In the absence of such a duty, his claim of negligence against the CRA simply cannot succeed.

[20] For these reasons, I find the Plaintiff's Statement of Claim discloses no reasonable cause of action, and on that basis, I order the Statement of Claim to be struck in its entirety.

[21] The Defendant asks for an order requiring the Plaintiff to pay costs associated with this motion. While I appreciate that Mr. Medhurst has refused to sign the Notice of Discontinuance which necessitates the filing of this motion, he is an undischarged bankrupt who is already facing much financial stress. Indeed, Mr. Medhurst did not even have the fund to pay a notary to commission his affidavit as part of his motion record, and I allowed him to refile the materials as his written representation. In my view, ordering an indigent party to pay costs under these circumstances serves no purpose.

IV. Conclusion

[22] The Defendant's motion is granted. There will be no costs.

ORDER in T-3562-25

THIS COURT ORDERS that:

1. The Defendant's motion is granted.
2. The Plaintiff's Statement of Claim is struck in its entirety, without leave to amend, and the action is dismissed.
3. There will be no order as to costs in the matter.

"Avvy Yao-Yao Go"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-3562-25

STYLE OF CAUSE: PAUL JAMES MEDHURST v HIS MAJESTY THE KING IN RIGHT OF CANADA, AS REPRESENTED BY THE ATTORNEY GENERAL OF CANADA

PLACE OF HEARING: HELD VIA VIDEOCONFERENCE

DATE OF HEARING: DECEMBER 8, 2025

ORDER AND REASONS: GO J.

DATED: DECEMBER 15, 2024

APPEARANCES:

Paul James Medhurst

FOR THE PLAINTIFF
(ON HIS OWN BEHALF)

Ramneek Kaur Sidhu

FOR THE DEFENDANT

SOLICITORS OF RECORD:

Attorney General of Canada
Edmonton, Alberta

FOR THE DEFENDANT