12. Economic Loss, the Liability of Professional Advisors, and Psychiatric Injury

This chapter continues on from the previous chapter in discussing liability in negligence for physical damage and considers the potential liability that businesses and individuals may face when they provide advice in the nature of their business, when they cause economic losses not associated with physical damage, and where the claimant suffers a psychiatric injury or nervous shock due to the acts of the tortfeasor. Recently, there has been an increase in instances of imposing liability on employers for the stress and associated health problems suffered by their employees. In the absence of physical damage, restrictions are placed on the imposition of liability for pure economic loss, although such loss has been widened to include damages for negligent misstatements. Of crucial importance is that businesses are aware of the implications of providing information in the course of their professional activities that may cause an investor or client loss through negligence.