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Supreme Court creates new bright line when relationship property includes a trust



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In *Lassnig v Zhou* [2025] NZSC 116 the Supreme Court has ruled on the extent to which a trust settled by a couple in a short-term relationship should be modified under s 182 of the Family Proceedings 1980 Act when their relationship ended.

There were no children of the marriage but each party had a child from an earlier relationship.

The Supreme Court has wanted litigants in s 182 claims to calculate the extent to which a trust should be modified by reference to a diagrammatic formula involving factors "A", "B" and "C". But the application of that model has been unpredictable, as is evident from *Lassnig* itself, where the Family Court, High Court and

Court of Appeal differed dramatically in their views of what the financial outcome should be.

Practitioners – and clients – want bright lines so parties can avoid the risks and expense of litigation.

New bright lines?

The Supreme Court's decision appears to have created bright lines in some limited circumstances. These are:

- There is a marriage of "mature" people;
- There are no children of the union; and
- The marriage is of short duration.

In these limited circumstances, the court has suggested that each party should recover the extent of his or her financial contributions to a trust that they established during their marriage.

In this way, Bartholomaeus Roland Lassnig (the appellant), who contributed a 18.75% of the assets to the trust was awarded 20% and Qian Zhou (the first respondent), who contributed 81.25%, received 80%.

The rationale for the court's decision was expressed in this way:

"Relationships embarked on at a later stage in life involve very different expectations from those associated with what used to be the norm of marriage at a young age when neither party had children [and] there was often little financial disparity between them ..." [32]

And again: the court "rightly places some weight on the fact this was a marriage between individuals of mature age. Reasonable expectations have to be viewed in that context". [45]

Likely to be of most interest to readers is the court's explanation that trusts created by people "of mature age" are to be treated differently to trusts that are created by parties of "a young age". It said that the "reasonable expectations" of the mature are quite different to the "reasonable expectations" of the young.

'A bag of snakes'

No empirical evidence is given to show that the expectations of the two groups are so divergent,

and I doubt that they are. I think it likely that all young people know that marriage has a high risk of failure and that it has always been so. I have in mind Leonardo da Vinci's statement that "Marriage is like putting your hand into a bag of snakes in the hope of pulling out an eel"!

The court's formulation for marriages of short duration involving "mature" people appears to have displaced the "A, B and C" formulation and replaced it with some bright lines.

In such cases, the parties need only add up the amount of money they each contributed to a trust and should expect to receive its proportionate value.

If a formula as simple as that could be applied to all cases under s 182, there would be no need for litigation.

Debatable proposition

Because the same principle does not apply to trusts created by "young" people in their first marriage, based on the court's conjecture that their expectations of the duration of marriage are completely different to the expectations that

“mature” people have of a marriage later in life, the matter seems debatable.

One wonder what Leonardo would say about it.

[Lassnig v Zhou \[2025\] NZSC 116](#)

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