EUROPEAN COURT OF HUMAN RIGHTS
COUR EUROPÉENNE DES DROITS DE L'HOMME

SECOND SECTION

DECISION

Application no. 2677/22
Rima SKOPIENĖ and Mindaugas AMBRASAS
against Lithuania

The European Court of Human Rights (Second Section), sitting on 1 July 2025 as a Committee composed of:

Jovan Ilievski*, President*,
Péter Paczolay,
Juha Lavapuro*, judges*,

and Dorothee von Arnim, *Deputy Section Registrar,*

Having regard to:

the application (no. 2677/22) against the Republic of Lithuania lodged with the Court under Article 34 of the Convention for the Protection of Human Rights and Fundamental Freedoms ("the Convention") on 13 December 2021 by two Lithuanian nationals, Ms Rima Skopienė ("the first applicant"), who was born in 1964 and lives in Marijampolė, and Mr Mindaugas Ambrasas ("the second applicant"), who was born in 1985 and lived in Marijampolė (together "the applicants"), both of whom were represented by Mr M. Antanaitis, a lawyer practising in Kaunas;

the decision to give notice of the application to the Lithuanian Government ("the Government"), represented by their Agent, Mr R. Dzikovič;

the parties' observations;

the withdrawal of Mr G. Sagatys, the judge elected in respect of Lithuania, from sitting in the case (Rule 28 § 3 of the Rules of Court);

Having deliberated, decides as follows:

SUBJECT MATTER OF THE CASE

1. The case concerns the applicants' complaint that property which they had been deceived into selling was returned to them with additional restrictions.

2. The applicants were siblings. On 7 November 2011 they inherited, as co-owners in equal parts, 0.1131 hectares of land in Marijampolė along with several buildings thereon.

A. Sale of the applicants' property

3. On 11 November 2011 the applicants sold the land and the buildings to the V.B. company. The sale and purchase agreement was certified by a notary. The agreement stated, *inter alia*, that it had been explained to the parties that the buyer would acquire ownership rights to the property at issue from the moment of its transfer, that the applicants had transferred the land and the buildings to the company, and that the latter had paid them the agreed price – 233,893 Lithuanian litai (LTL – approximately 67,740 euros (EUR)) – in cash. On the same day the V.B. company was registered as the owner of the property in the public real-estate register.

4. On 17 January 2012 the company sold the land and the buildings to its director, G.S., and his wife, V.S. In order to buy the property, G.S. had taken out a loan of LTL 238,000 (approximately EUR 68,930) from a credit union and mortgaged the property as collateral. G.S. and V.S.'s ownership of the property and the mortgage were registered in the real-estate register in January 2012.

5. In January 2013 G.S. and V.S. sold part of the land (approximately 0.07 hectares) to a certain S.P. On later dates that part of the land was registered as a separate plot and sold to other individuals.

B. Annulment of the sale and purchase agreements

6. In October 2016 the applicants brought a civil claim in the Kaunas Regional Court, seeking the annulment of the above-mentioned transactions (see paragraphs 3-5 above) and the return of their property on the grounds that they had been deceived and that the initial sale had been fictitious. The applicants submitted that they had never intended to sell the entire plot of land or the buildings. They had only intended to sell part of the land, amounting to approximately 0.07 hectares. However, the second applicant's son, who had previously been the director of the V.B. company, acting together with the then director of the company, had convinced them to sell the entire property to the company, claiming that that would make it easier to divide it into two separate plots. The applicants contended that they had not received any money from the V.B. company, that the property had not been transferred to the company, and that the applicants and their families had continued to live there. They further submitted that they had not been aware that the company had sold the property to other people, and that none of the subsequent buyers had ever taken care of the property or requested that the applicants vacate it.

7. On 8 September 2017 the Kaunas Regional Court allowed the applicants' claim in part. It considered that the available evidence confirmed that the applicants had sold the property as a result of deception. It further held that G.S. and V.S. could not be considered bona fide purchasers because G.S. worked at the V.B. company and ought to have been aware of the circumstances of the sale (see paragraph 3 above). The court noted that it would not assess the circumstances relating to the mortgage agreement between G.S. and the credit union (see paragraph 3 above) because the applicants had not asked for that agreement to be annulled and it did not therefore form part of the subject matter of the case.

8. On those grounds, the court declared the sale and purchase agreements of 11 November 2011 and 17 January 2012 null and void (see paragraphs 3 and 4 above). However, it dismissed the applicants' claim regarding the subsequent transactions (see paragraph 5 above), finding that it had not been demonstrated that those buyers had also acted in bad faith. The court ordered G.S. and V.S. to pay the applicants monetary compensation in respect of the 0.07 hectares of land which had been resold (see paragraph 5 above) and to return the rest of the property to them.

9. On 25 September 2018 the Court of Appeal dismissed an appeal lodged by G.S. and V.S. and upheld the lower court's decision.

C. Proceedings concerning the mortgage agreement

10. In April 2019 the applicants brought a new civil claim in the Kaunas Regional Court, seeking the annulment of the mortgage agreement between G.S. and the credit union (see paragraph 4 above). They submitted that, as the sale of their property had been declared null and void (see paragraphs 7-9 above), the mortgage agreement regarding that property, which had been concluded following its unlawful transfer, had to be declared null and void as well.

11. The credit union disputed the claim and submitted, *inter alia*, that the applicants' rights had to be defended not at the expense of the bona fide mortgage holder but by seeking compensation from those individuals who had acted unlawfully.

12. On 22 June 2020 the Kaunas Regional Court allowed the applicants' claim in part. It held that, since the sale and purchase agreements of 11 November 2011 and 17 January 2012 had been declared null and void *ab initio* (see paragraphs 7-9 above), this meant that G.S. had mortgaged the property without being its lawful owner, which was contrary to imperative legal norms. Thus, the court declared the mortgage agreement null and void.

13. At the same time, it noted that, in accordance with Article 4.197 § 6 of the Civil Code, a mortgage holder which had acted in good faith retained its rights to the mortgaged property even when the mortgage agreement had been annulled for reasons for which it was not responsible. According to the

Supreme Court's case-law, a mortgage holder which sought to rely on that legal provision had to demonstrate that it had not known and could not have known of the legal shortcomings of the mortgage agreement which had led to its annulment. In the case at hand, the court found that, before granting a loan to G.S., the credit union had acted with due diligence: it had complied with the relevant rules and procedures and had verified G.S. and V.S.'s financial situation and the circumstances in which they had acquired the property at issue. The court further noted that the credit union had not been a party to the transactions which had subsequently been declared null and void. The mortgage agreement had been signed in January 2012 and the sale of the applicants' property had been annulled in September 2017; thus, when signing the mortgage agreement, the credit union could not have known that the property at issue had not been transferred to G.S. and V.S. of the applicants' own free will.

14. On those grounds, the court considered that the credit union had acted in good faith and that its rights had to be protected. It held that, despite the mortgage agreement being null and void, the credit union should retain the mortgage rights to the applicants' property.

15. The applicants lodged an appeal against that decision, in which they contended that the credit union had failed to comply with the relevant regulations when granting the loan to G.S. and had therefore acted in bad faith.

16. On 18 March 2021 the Court of Appeal dismissed the appeal and upheld the lower court's decision. It held that, even assuming that the credit union had breached some procedural rules when granting the loan to G.S., that would not constitute grounds to find that it had acted in bad faith within the meaning of Article 4.197 § 6 of the Civil Code when signing the mortgage agreement (see paragraph 13 above). It also noted that the loan agreement between G.S. and the credit union had not formed part of the subject matter of the case.

17. The applicants lodged an appeal on points of law, in which they repeated their argument that the credit union had acted in bad faith. On 12 May 2021 the Supreme Court refused to accept it for examination on the grounds that it did not raise any important legal issues.

18. The applicants lodged a new appeal on points of law. In addition to repeating their earlier arguments (see paragraphs 15 and 17 above), they submitted that although Article 4.197 § 6 of the Civil Code (see paragraph 13 above) provided for the possibility, in situations such as the one at hand, of defending the rights of a mortgage holder which had acted in good faith, it did not provide for any possibility of defending the rights of owners of a mortgaged property who had also acted in good faith, thus failing to strike a fair balance between the rights of the two parties. The applicants contended that that situation amounted to a legislative omission and asked the Supreme Court to refer directly to the Constitution (including Article 23 thereof, which

provides for the protection of property rights) in order to defend their rights against unjustified restrictions on their property.

19. On 23 June 2021 the Supreme Court refused to accept the appeal on points of law for examination on the grounds that it did not raise any important legal issues.

D. Subsequent developments

20. In November 2019 G.S. and V.S. started undergoing personal bankruptcy proceedings. In February 2022 the bailiff announced that the applicants' property would be sold at a public auction to cover G.S.'s debts. In March 2022 the applicants agreed to pay G.S.'s creditor EUR 66,000 to cover the part of G.S.'s debt which had been secured against their property. Consequently, the public auction was cancelled and the mortgage on the property was lifted.

21. The applicants were included in the list of G.S. and V.S.'s creditors in the personal bankruptcy proceedings. Their claim amounted to approximately EUR 76,850 and included the amount which they had paid to cover G.S.'s debt in respect of their property (see paragraph 20 above). In April 2023 the personal bankruptcy proceedings were concluded. The applicants received approximately EUR 1,270 from G.S. and V.S., whereas the remainder of the debt was written off.

E. The applicants' complaint

22. The applicants complained that by maintaining the credit union's mortgage rights, the courts had failed to ensure practical and effective protection of their property rights. They relied on Article 6 § 1 of the Convention.

THE COURT'S ASSESSMENT

23. The Court notes that the second applicant died after the present application had been lodged. The first applicant, who is his sister and legal heir, expressed the wish to continue the proceedings before the Court on her late brother's behalf. The Government have not disputed that the first applicant is entitled to pursue the application on behalf of the second applicant. In view of her position as an heir and close relative, and of its case-law on the matter (see, for example, *López Ribalda and Others v. Spain* [*GC*], nos. 1874/13 and 8567/13, §§ 71-73, 17 October 2019), the Court finds that the first applicant has standing to continue the proceedings before the Court in the second applicant's stead.

24. The Court, being the master of the characterisation to be given in law to the facts of the case (see *Radomilja and Others v. Croatia* [GC],

nos. 37685/10 and 22768/12, §§ 114 and 126, 20 March 2018), considers that the applicants' complaint, which concerns an alleged lack of protection of their property rights, falls to be examined under Article 1 of Protocol No. 1 to the Convention.

25. The domestic proceedings which are at the centre of the present case concerned a civil-law dispute between private parties. Accordingly, the Court's task is to assess whether the State discharged its positive obligations under Article 1 of Protocol No. 1.

26. The relevant general principles regarding the State's positive obligations to take the necessary measures to protect property rights have been summarised in *Kotov v. Russia* ([GC], no. 54522/00, §§ 109-15, 3 April 2012, and the cases cited therein). In particular, regard must be had to the fair balance to be struck between the competing interests of the individual and of the community as a whole (ibid., § 110). In cases involving litigation between private individuals, a positive obligation arises for the State to ensure in its domestic legal system that property rights are sufficiently protected by law and that adequate remedies are provided whereby the victim of an interference can seek to vindicate his or her rights, including, where appropriate, by claiming damages in respect of any loss sustained (ibid., § 113). States are furthermore under a procedural positive obligation to afford judicial procedures that offer the necessary procedural guarantees and therefore enable the domestic courts and tribunals to adjudicate effectively and fairly any disputes between private persons (ibid., § 114).

27. The Court observes at the outset that the applicants admitted that they had sought to conclude a fictitious transaction and had never intended to sell their entire property (see paragraph 6 above). It also observes that the sale and purchase agreement which they signed explicitly indicated the legal consequences of that transaction (see paragraph 3 above). It therefore considers that by signing that agreement the applicants assumed certain risks, including the risk that the property's new owner, whose rights were promptly registered in a public register (see paragraph 3 above), would transfer those rights further. It emphasises that it was not for the State to bear civil liability for the unlawful actions committed by third parties (see, *mutatis mutandis*, *Gherardi Martiri v. San Marino*, no. 35511/20, § 109, 15 December 2022). Nevertheless, the State had a duty to ensure that the applicants' property rights were duly protected by law and that adequate remedies were available to them (ibid.).

28. In determining whether the State complied with this duty, the Court observes that the applicants were able to successfully challenge the relevant sale and purchase agreements and the agreement by which their property had been mortgaged (see paragraphs 7-9 and 12 above). They did not complain about the overall fairness of the two sets of domestic proceedings and the Court has no reason to question it either.

29. In the proceedings concerning the mortgage agreement, the courts found that the credit union had acted with due diligence when granting the loan to G.S. and that it could not have been aware of the reasons why the sale of the applicants' property would eventually be declared null and void; it was therefore a bona fide mortgage holder, whose rights had to be protected (see paragraphs 13, 14 and 16 above). The applicants did not allege that that conclusion was arbitrary or manifestly unreasonable, nor does the Court consider it to be such.

30. In that context, the domestic courts were called upon to strike a fair balance between, on the one hand, the applicants' property rights and, on the other hand, the rights of the credit union, which was the bona fide mortgage holder.

31. In their submissions to the Supreme Court (see paragraph 18 above) and to the Court, the applicants contended that Article 4.197 § 6 of the Civil Code, which had been applied in their case, did not ensure the requisite fair balance. In this connection, the Court reiterates that its task is not normally to review the relevant law and practice *in abstracto* but to determine whether the manner in which they were applied to, or affected, the applicants gave rise to a violation of the Convention (see, among many other authorities, *Bernotas v. Lithuania*, no. 59065/21, § 103, 30 January 2024, and the cases cited therein). As it reiterated above, what needs to be assessed in the present case is whether the domestic legal system provided for adequate remedies whereby the applicants could seek to vindicate their rights, including by claiming damages in respect of any loss.

32. In addition to the remedies described above, which led to the return of the applicants' property and an award in respect of monetary compensation (see paragraphs 7-9 above), the domestic law provided the applicants with several possibilities for seeking compensation from the individuals whose unlawful actions had led to them having their property rights restricted. Firstly, they were recognised as G.S. and V.S.'s creditors in the personal bankruptcy proceedings with respect to, *inter alia*, the amount which they had had to pay in order to avoid their property being sold at a public auction due to the mortgage (see paragraphs 20 and 21 above). Although their claim could not be satisfied because G.S. and V.S. were insolvent, the Court notes that the State cannot be held responsible for the insolvency of private debtors (see, *mutatis mutandis*, *Kotov*, cited above, § 116). Secondly, as submitted by the Government and not disputed by the applicants, they had the possibility of claiming compensation from those individuals who had deceived them into selling their property in the first place (see paragraph 6 above); however, there is no indication that they availed themselves of it.

33. Accordingly, in view of the fact that the applicants were not left without any avenues of redress, the Court cannot accept their argument that the domestic courts ought to have protected their rights at the expense of the

credit union, which had acted in good faith (see also the credit union's arguments in the domestic proceedings in paragraph 11 above).

34. In the light of the foregoing, having regard to the circumstances in which the applicants lost their property, the reasons provided by the domestic courts regarding the good faith of the credit union, and the avenues of redress available to the applicants under domestic law, the Court is satisfied that the State discharged its positive obligations under Article 1 of Protocol No. 1 to the Convention.

35. Accordingly, the present application is manifestly ill-founded and it must be declared inadmissible in line with Article 35 §§ 3 (a) and 4 of the Convention.

For these reasons, the Court, unanimously,

Holds that the first applicant has standing to pursue the present proceedings in the second applicant's stead;

Declares the application inadmissible.

Done in English and notified in writing on 28 August 2025.

Dorothee von Arnim Deputy Registrar	Jovan Ilievski President