Fire Insurance

The Case:
A buyer gives a seller money for an article which is not real estate but does not physically take it into his possession. One of the parties subsequently wishes to back out of the deal.

The Rule:
Although it is improper to do so either party has the legal right to renege and cannot be compelled by the court to complete the deal. Since formal acquisition which makes a sale irrevocable can only be achieved by physically taking it the giving of money alone is not sufficient to achieve this purpose.

The Reason:
Torah Law, says Rabbi Yochanan, recognizes the transfer of money from buyer to seller as sufficient to make a sale final and irrevocable. Our Sages saw a need to insist on the physical transfer of the goods as the point of no return. Otherwise, they feared, a seller who received money but still had the goods in his warehouse might be indifferent about saving these goods from a fire which might break out in this warehouse since the threatened wares no longer belonged to him. They therefore decreed that as long as the goods had not been physically removed they still belonged to the seller even if he had received money for them.

Bava Metzia 47b

Your Word Is Your Honor

Although either party may back out if only money has been given but no physical transfer has taken place our Sages have expressed their disapproval of such faithlessness in the following imprecation:

"He Who punished the Generation of the Flood, the Generation of the Tower of Babel Dispersion, the people of Sodom and Amorrah and the Egyptians in the Sea, will also punish the man who does not keep his word."

Bava Metzia 44a and 48a

Faithlessness was the common denominator of all the wicked people listed while faithfulness is considered to be a basic Jewish characteristic.

Maharsha