

THE REPUBLIC OF UGANDA
IN THE HIGH COURT OF UGANDA AT KAMPALA
(COMMERCIAL DIVISION)
CIVIL SUIT NO. 490 OF 2016

**STANDARD CHARTERED BANK
UGANDA LTD:.....:PLAINTIFF**

VERSUS

BLANCHE BYARUGABA KAIRA :.....:DEFENDANT

Before: Hon. Justice Cornelia Kakooza Sabiiti

JUDGMENT

The plaintiff sued the defendant for recovery of USD 37,143 being the balance on an unsecured loan of USD 39,885 advanced by the plaintiff to the defendant, interest and costs of the suit.

The facts constituting the plaintiff's claims are that; the Defendant applied for and was granted a Personal Installment Loan/Unsecured loan of USD 39,885 (United States Dollars Thirty-Nine Thousand. Eight Hundred Eighty-Five), while she was in the employment of African Field Epidemiology Network (AFENET) and the laon had a monthly repayment installment of USD 1,086 every 25th of each month for a period of 46 months beginning with 25 October 2015. The Defendant initially serviced the said loan but later defaulted and that the outstanding as at the time of filing the present suit was USD 37,143 (United States Dollars Thirty-Seven Thousand One Hundred Forty-Three).

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The defendant denied the plaintiff's claims and stated that in June 2015 she obtained a Salary Loan from the Plaintiff of UGX 150,000,000 at an interest rate of 19% per annum. The Plaintiff used part of the Loan disbursement to buy off the Defendant's Outstanding Salary Loan with Housing Finance Bank. The Defendant serviced the loan for about two months after which the Plaintiff Bank's Agent informed the Defendant about a cheaper Salary Loan Product, disbursed in United States Dollars and in September 2015, the Defendant applied for conversion of the currency of the Salary Loan from Uganda Shillings to United States Dollars, to take advantage of the lower Interest Rate. On conversion, the Defendant's Salary Loan Balance was USD 39,885, repayable at 12% Interest in 46 (forty-six) Installments of USD 1,086 per month, over a Duration of (three) years and 8 (eight) months, with effect from October 2015.

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The Defendant duly serviced the loan until she was unfairly terminated from her employment without reason and the Defendant pursued an unfair termination claim against her former Employer in the Industrial Court. That the Defendant's Salary Loan was insured with Sanlam Insurance, against death, disability and job loss and when the Defendant lost her job, Sanlam Insurance cleared her Outstanding Loan Balance, with the effect that as at the time the Plaintiff filed this Suit, she was not indebted to the Plaintiff Bank. That when the Plaintiff had demanded for the Loan Balance, the Defendant raised the issue of insurance cover but the Plaintiff denied having insured the Salary Loan extended to the Defendant, an assertion the Defendant believes is dishonest, fraud and misrepresentation that induced the Defendant to take-on a Salary Loan from the Plaintiff and that renders the Loan Contract voidable. Further that in absence of a written Loan Contract, the Salary Loan which was well above UGX 500,000 offends the law and is unenforceable. The Defendant prayed that the Plaintiff's suit be dismissed with costs.