

**CAP. 175**  
**LOANS RECOVERY ACT, 1918**

ARRANGEMENT OF SECTIONS

1. Re-opening a money-lending transaction.
2. Interpretation.

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**CAP. 175**  
**LOANS RECOVERY ACT, 1918(1)**

**AN ACT to amend the law with respect to the recovery of moneys lent and to provide for related matters.**

**1. Re-opening a money-lending transaction**

(1) The Court may re-open a transaction where the transaction is harsh and unconscionable or is otherwise a transaction in respect of which a court of equity would give relief.

(2) The Court in re-opening a transaction under subsection (1) may take an account between the lender and the person sued, and may, despite

- (a) a statement or settlement of the account, or
- (b) an agreement purporting to close previous dealings and create a new obligation,

re-open an account already taken between them, and relieve the person sued from payment of a sum of money in excess of the sum adjudged by the Court to be fairly due in respect of the principal, interest and charges as the Court having regard to the risk and the circumstances, may adjudge to be reasonable.

(3) Proceedings may be taken in a Court for

- (a) the recovery of money lent, and
- (b) the enforcement of an agreement or security made or taken after the commencement of this Act, in respect of money lent before or after the commencement of this Act.

(4) A person who initiates proceedings under subsection (1) shall satisfy the Court that

- (a) the interest charged in respect of the sum of money actually lent is excessive, or
- (b) the amount charged for expenses, enquiries, fines, bonuses, premium renewals or any other charges are excessive.

(5) Where excess of money has been paid, or allowed in account by the debtor, the Court may order the creditor to repay the excess amount.

(6) The Court may set aside, wholly or in part, or revise or alter a security given or an agreement made in respect of money lent by the lender.

(7) Where the lender has parted with the security, the Court may order the lender to indemnify the borrower or any other person sued.

(8) A Court in which proceedings might be taken for the recovery of money lent by a lender may, at the instance of the borrower or surety or any other person liable, exercise the powers which may be exercised under this section where proceedings are taken for the recovery of money lent.

(9) The Court may, despite a provision or an agreement to the contrary, entertain an application under this Act by the borrower or surety, or any other person liable, although the time for repayment of the loan, or the instalments, may not have arrived.

(10) This section applies to a transaction which in its form may be, or is, substantially one of money-lending.

(11) This section does not affect the rights of a bona fide assignee or holder for value without notice.

(12) This section shall not be construed as derogating from the existing powers or jurisdiction of a Court.

## **2. Interpretation**

For the purposes of this Act, “**Court**” means the High Court, a Regional Tribunal or a District Court.

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## Endnotes

### 1 (Popup - Footnote)

1. The Act came into force on 14th March, 1918. [Cap. 175](#) of the 1951 Edition.