

March 2, 1977

1976 Law and Justice Act of Parliament

Des. 60-1119 Act of December 17, 1976

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relating to Interest on Overdue Payments, etc.

Section 1. Coverage of the Act

This Act shall apply to money claims in the area covered by the law of property insofar as nothing else has been established by agreement or stipulated by or pursuant to law.

Section 2. Conditions for interest on overdue payments

Pursuant to this Act, the creditor may demand interest payments whenever the claim has not been paid when due. The interest shall accrue as from the due date when such date has been stipulated in advance, otherwise as from one month after the date on which the creditor in writing has requested payment from the debtor.

No interest shall be paid on overdue payments if the reason for the delay may be traced to the creditor.

Section 3. Rate of interest - charges over and above that rate

The rate of interest on overdue payments shall be stipulated by the King, having regard to the general interest rate level.

Should creditor on any other grounds be entitled to charge interest at a higher rate, he shall retain such right.

Circumstances caused by the parties themselves and any other relevant circumstances shall be duly taken into consideration when compensation for loss of interest, etc., not covered by the interest on overdue payments is determined.

Section 4. Special rules applying to consumers

If the debtor has incurred the debt in his capacity as consumer, the following special rules shall apply:

- a) The rate of interest on overdue payments shall be 2 per cent higher than the general interest paid on savings deposits with banks. If interest accrued before the debt fell due for payment, a 1 per cent higher rate of interest shall be charged on overdue payments.
- b) More lenient interest terms may be applied if the debtor has had reasonable grounds for refusing to pay.
- c) The creditor may not charge any fees or any other commissions in addition to the interest on overdue payments, except collection commissions and fees for recovery through the courts when creditor had reasonable

grounds for instituting such proceedings, provided that debtor was informed that recovery proceedings would be instituted.

- d) The provisions of this section may not be set aside to the detriment of debtor.

Section 5. Interest on overdue payments outside the law of property

When passing judgment ordering payment of a money claim not falling under the law of property, the court may, if so requested, award interest on overdue payments as from the date of the legal proceedings or, if the claims falls due at a later date, from the due date.

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