IN THE CHIEF MAGISTRATE COURT OF RIVERS STATE OF NIGERIA
IN THE RUMUODOMAYA MAGISTERIAL DISTRICT
HOLDEN AT RUMUODOMAYA

BEFORE HIS WORSHIP B.H. ABE (MRS) ESQ., SITTING AT THE CHIEF MAGISTRATE COURT 1 RUMUODOMAYA ON THURSDAY THE 2ND DAY OF JULY, 2026

RMC/SCC/12/2026

BETWEEN

FRANCIS WALI ***(TRADING UNDER THE NAME & STYLE OF DE-FRANKTEX INTEGRATED SERVICES)***	**CLAIMANT**

VS.

1. PROMISE AMAKIRI **2. NNAAYIE KOROKORO**	**DEFENDANTS**

Matter for Judgment.

Claimant in Court

Defendants Absent

E. U. Ikechukwu, Esq. for the claimant;

JUDGMENT

The claimant claims against the defendant as follows;

1. An order that the defendant pays the claimant the sum of ₦1,486,000 (One Million, Four Hundred and Eighty-Six Thousand Naira), being principal sums of loan and accrued interest not paid in the loan agreement of 19th September, 2024 and 12th November, 2024.

2. An order for damages of ₦500,000.00 (Five Hundred Thousand Naira).

3. ₦500,000.00 as cost of Litigation.

4. 10% annual interest of the Total Judgment sum.

Facts

Cw1, F. Wali gave evidence informing the Court as follows;

That the defendants loaned N280,000.00 from him on the 19th September, 2024 and 12th November, 2024 with interest of 30% monthly at N84,000.00, to pay back within two months from 19th September, 2024 to 18th November, 2024 and 12th November, 2024 to 11th January, 2025, which they defaulted, no payment of principal sum and accumulated interest, by the defendants.

Amount of interests owed N1,596,000.00 from 19th September, 2024 to May, 2026, defendants paid N390,000.00 only, balance of N1,206,000.00 left unpaid. Total owed N1,486,000.00 legal fees of N500,000.00 paid to the claimant's counsel.

Wherefore, he claims as stated above.

Exhibits A to H admitted in evidence.

1. Exhibit A- Bank Statement of the claimant evidencing payment of the loan sum to the 1st defendant on the 19/9/24 and 12/11/24.
2. Exhibit B- the demand letter
3. Exhibit C- Loan Request Form
4. Exhibits D and F- Letters of undertaking
5. Exhibit E- loan request form
6. Exhibit G- Certificate of registration
7. Exhibit H -Money lenders licence.

Cw1 was foreclosed from cross-examination by the defendant, hearing notice ordered to be served on the defendants.

Defendants foreclosed from entering their defence due to their absence.

Issue for determination

Whether the claimant is entitled to his claims?

COURT

Under the Rivers State Moneylenders Law, Cap. 87, Vol. IV, Laws of Rivers State, 1999, the provision regulating the interest a moneylender may charge is Sections 13, 14, 15, see also cap 83 of the said law, 1999. However, its substance is as follows:

- Loans secured by specified securities (such as a charge over freehold property, government bonds, insurance policies, company shares or debentures, bills of sale, assignments of enforceable rights, or a third-party guarantee).
- Simple interest not exceeding 15% per annum on the first prescribed amount; and
- 12½% per annum on the balance above that amount.
- Loans secured by a second charge over such property.

- Simple interest not exceeding 17½% per annum on the first prescribed amount; and
- 15% per annum on the balance.
- Unsecured loans.
- Simple interest not exceeding 48% per annum.

The Law also:

- prohibits charging unauthorised interests (Section 12); and
- prohibits compound interests, except in the limited circumstances permitted by the Law (Section 13).

Where the claimant charged an interest rate exceeding that permitted by Sections 12,13, or charged compound interest contrary to Section 13, the defendant may argue that the claimant acted in breach of the Moneylenders Law.

However, the legal consequence depends on the particular provision breached:

- a breach of Section 13 may attract the statutory consequences prescribed by those sections; while
- a breach of Section 17 has the separate consequence that a non-compliant moneylender is not entitled to enforce the affected transaction if the statutory conditions for that consequence are met.

For a loan of ₦280,000, the Rivers State Moneylenders Law prescribes different maximum simple interest rates depending on the nature of the security:

- If the loan is unsecured: the maximum interest is 48% per annum (simple interest).
- If the loan is secured by the types of security specified in the law (such as a charge over property, government bonds, insurance policies, company shares, a bill of sale, an assignment of rights, or a third-party guarantee), the applicable rates are:
  - 15% per annum on the first statutory threshold amount; and
  - 12½% per annum on the balance above that threshold.
- If the loan is secured by a second charge over such property, the maximum rates are:
  - 17½% per annum on the first statutory threshold amount; and
  - 15% per annum on the balance.

Applying this to this case

If the ₦280,000 loan was not backed by any of the securities mentioned in Section 13, then the maximum interest permitted under the Law would be 48% per annum simple interest. That equates to:

- 12% for 3 months,
- 24% for 6 months, or

- 48% for a full year, assuming simple interest and no other unlawful charges.

If, however, the loan was secured, then the permissible rate would be substantially lower.

1. Was the ₦280,000 loan secured or unsecured?
2. If secured, what security was provided (e.g., land, vehicle, guarantor, post-dated cheque, or something else)?

    - Principal: ₦280,000 unsecured loan
    - Interest rate: 48% per annum (simple interest)
    - Loan date: 19 September 2024
    - Calculation date: 19 June 2026(the initial date for judgement adjourned due to an official judiciary programme.)
    - No repayments and simple (not compound) interest

The period is 1 year and 9 months, which is 21 months.

The calculation is:

- Annual interest = 48% × ₦280,000 = ₦134,400
- Interests = ₦134,400 for 1year, 9months = ₦235,200

Therefore:

- Principal: ₦280,000
- Accrued interest: ₦235,200
- Total amount due as at 19 June 2026: ₦515,200

This calculation is based on simple interest at 48% per annum.

30% interest is illegal as seen in sections 13, 14 of the Money Lenders Law of Rivers State cap 83, 1999.

Section of 14 of cap 83 forbids lenders from charging compound interests or increment in the interest rate as a penalty for default.

Seeking contractual default damages usually violates this section.

Therefore, damages will not be awarded to the claimant against the defendant.

Section 14 gives the Court the power to strip away the illegal interest rate or void the contract entirely if found to be predatory as the instance case of 30% monthly interest provides in the contract.

Hearing notice served on the defendant, see affidavit of service yet the defendants failed to appear before this Court, this is deemed an admission of the claimant's claims, see the Small Claims Court Practice Direction.

I have warned the claimant not to impose 30% interest on the loan sum monthly on his clients, the interest should be reasonable so that the defendant can pay within the time allowed for the payment. The Court has frowned at the exorbitant interests and will not allow the claimant to impose such interests on his client the defendant.

The claimant in proof of his claims tendered Exhibits A to H in compliance with section 131 to 134 of the Evidence Act, he who asserts must prove, civil cases are proved on the preponderance of evidence and balance of probabilities, the unchallenged evidenced of the claimant remains credible for the Court to rely on, see Nwabuoky vs. Ottih (1961) 2 SCNLR 232, the law is that documentary evidence not challenged can be relied on by the Court.

Accordingly, judgment is entered in favour of the claimant against the defendants as follows:

1. That the principal sum of N280,000.00 (Two Hundred and Eighty Thousand Naira) only, be paid to the claimant by the defendant.

2. That the accumulated interests at 48% of N280,000.00 will be N28,000.00 (Twenty-Eight Thousand Naira) only, monthly from 19th September, 2024 to 19th June 2026 that will be for 21 months, total will be N235,200.00, total due N515,200.00, less 390,000.00 already paid by the defendants.

3. That the claim of 500,000.00 for damages be and is hereby dismissed.

4. That legal fees assessed at N300,000.00 (Three Hundred Thousand Naira) only be paid by the defendants to the claimant.

5. That 10% post judgment sum till liquidation of the principal judgment sum plus accrued interests be paid to the claimant by the defendant.

This is the judgment of the Court.

MRS. BARIYAAH. H. ABE
Chief Magistrate
2nd July, 2026.

RIVERS STATE JUDICIARY
CASH OFFICE RECEIVED
SIGN:
DATE: 2/7/26
SMALL CLAIMS COURT REGISTRY, RUMUODUMAYA