

Supreme Court of Appeal of South Africa

MEDIA SUMMARY– JUDGMENT DELIVERED IN THE SUPREME COURT OF APPEAL

From: The Registrar, Supreme Court of Appeal

Date: 24 March 2014

Status: Immediate

Please note that the media summary is intended for the benefit of the media and does not form part of the judgment of the Supreme Court of Appeal.

Paulsen v Slip Knot Investments

The SCA today dismissed an appeal by Mr and Mrs Paulsen against a judgment of the Western Cape High Court in which they had been ordered as sureties to pay Slip Knot Investments the sum of R12 million, together with interest and costs. The Paulsens had argued that although the loan agreement under which the claim was made was not one to which the National Credit Act (NCA) applied, it was nonetheless invalid because Slip Knot Investments was not registered as a credit provider in terms of the NCA. However, the court held that the provisions of s 89(2)(d) of the NCA on which the sureties relied did not apply to this credit agreement and it was therefore not invalid because of Slip Knot's non-registration as a credit provider.

Slip Knot lodged a cross-appeal in relation to the quantification of the interest to which it was entitled. Before proceedings commenced the accrued interest on the outstanding amount of the loan equalled the amount of the loan. The court held that as a result the interest it could recover up to the date of institution of proceedings was limited to the

capital sum. However, once proceedings commenced interest would again commence to run and after judgment it would run on the cumulative judgment debt until it again reached the amount of the judgment debt.