



**Banking, Insurance and Finance Union (Kenya) v Murata Sacco Society Ltd  
(Cause 616 of 2010) [2026] KEELRC 940 (KLR) (17 April 2026) (Ruling)**

Neutral citation: [2026] KEELRC 940 (KLR)

**REPUBLIC OF KENYA  
IN THE EMPLOYMENT AND LABOUR RELATIONS COURT AT NAIROBI  
CAUSE 616 OF 2010  
DKN MARETE, J  
APRIL 17, 2026**

**BETWEEN  
BANKING, INSURANCE AND FINANCE UNION (KENYA) ..... CLAIMANT  
AND  
MURATA SACCO SOCIETY LTD ..... RESPONDENT**

**RULING**

1. This matter is borne out of the parties' deliberations on a report by the County Labour Officer Murangá in which a computation of amounts payable to the ninety-three (93) grievant's was made. The parties agreed on this but differed on the rate of interest on both damages and gratuity as awarded in the judgment of court dated 7th October, 2014 2014 and further pursuant to the Court of Appeal judgment on 7th February, 2025.
2. The differential by the parties is that the grievant's preferred a computation of interest by way of compound interest whereas the Respondent called for a simple interest rate at court rates or 12% per annum. It is upon such determination that the Labour Officer, Murangá would be ordered to proceed and compute the interest payable to the grievants by the Respondent.
3. The Judgment of court delivered on 7th October, 2014 granted order inter alia that;
  - a. The termination of the grievants was wrongful.
  - b. Each grievant to receive three (3) months gross salary in damages.
  - c. Each grievant to receive two (2) months basic salary for each full year worked.
  - d. The claimant is awarded costs of the suit.
  - e. Monies payable under (c) to be paid with interest, and



- f. Dues arising under (b) and (c) to be computed by the area Labour Officer where the Respondents situate (Murang'a County) within the next 14 days and the court shall mention the matter on 28<sup>th</sup> October, 2014 to confirm and give directions on modalities of payments.
  - g. The Respondent to grant the Labour Officer access to the grievants work records in compliance with (f) orders above.
4. Essentially, this means that the issue of interest payable is only applicable to the award at paragraph (c) of the judgment above said.
  5. The parties appeared in court on 17th February, 2026 and reported their satisfaction with the computation of amounts payable and sought this court's direction on the way forward on the issue of rate of computation of interest payable. The court directed that they file their respective submissions on this and therefore this ruling of court.
  6. The Claimant/Applicant in their written submissions dated 26th June, 2025 submits that in their deliberations before the Labour Officer, Murangá they failed to agree on the following items;
    - a. Whether the applicable interest is simple interest (Respondent-Employer) or compound interest (Applicant-Union)
    - b. Whether the awarded sum of three (3) months gross salary damages shall attract interest from the date of judgment on 7th October, 2014.
  7. This is the point of departure and what prompted this court to order the parties to submit on the subject matter.
  8. The Claimant/Applicant submits a case of compound interest in that the Respondent is a financial institution that offers loans to its members and charges interest on a compound basis in the case of default. This is their routine, trade usage and custom and therefore this should apply to the grievants who have all this time been denied an opportunity to invest their money. They have also been deprived of their right of use by the Respondent. They seek to buttress their case by relying on the authority of *Velos (K) Limited v Barclays Bank of Kenya Ltd (2013) eKLR* where the court held for a case of compound interest in such circumstances. This was also upheld in the authority of *Housing Finance Company of Kenya v Sharok Kher Mohamed Ali Hirji & Another (2019) eKLR*.
  9. On the 2nd issue as to when the interest should start accruing, the Applicant submits that had the Respondent paid out the awarded sum, it would not have attracted interest. After judgment, the Respondent by law became a judgment debtor and therefore cannot run away from paying interest as from the date of judgment. This is coupled by the need to compensate for value of money as the grievants have been denied the fruits of their judgment since 7th October, 2014 as the Respondent continued trading with the monies.
  10. The Respondent on the other hand submits that the area of dispute arises from the interest component on the three months gross salary in damages effective 7th October, 2014 and also the issue of simple versus compound interest applicable annually on the sums payable.
  11. The Respondent further submits that the Labour Officer, Murangá is wrong in purporting to amend the court's judgment and award interest on prayer (b) of the said judgment which comes out as follows;
 

"Each grievant to receive three (3) months gross salary in damages."
  12. It is their firm issue that the only issue in dispute is the rate of interest payable on two months basic salary for each year worked as per paragraphs (b) and (e) of the explicit judgment of court.



13. The Respondent in further buttressing their case sought to rely on the authority of Section 26 of the *Civil Procedure Act* that provides for interest payable at 6% besides Practice Note No. 1 of 1982 which elevated interest payable to 12%. This is supported by the authorities of *Akanga vs Capital Markets Authority* (Employment and Labour Relations Court Cause No. 1187 of 2014) (2025) KEELRC 1359 (KLR) (8 May 2025) (Ruling) and *Kipchumba vs BOG Tambach Teachers Training College* (Civil Appeal 100 of 2019) (2023) KECA 802 (KLR) (30 June 2023) (Judgement) where the Court of Appeal upheld the same.
14. The case for an award of simple interest in the circumstances overwhelms the one of the competing compound interest submitted by the Claimant union/Applicant.
15. Section 26 of the *Civil Procedure Act* (Cap 21, Laws of Kenya) governs the power of courts to award interest on monetary decrees. It operates in two parts:

Sub-section (1) provides that where a decree involves payment of money, the court has discretion to order interest at whatever rate it deems reasonable, running from the date of filing suit to the date of decree, and further from the date of decree until payment in full. This sub-section gives the court wide latitude to determine an appropriate rate based on the circumstances of each case.

Sub-section (2) operates as a default provision. Where a decree is silent on the question of further interest — that is, interest running from the date of decree to the date of actual payment — the court is deemed to have ordered interest at 6% per annum. However, this default rate was revised upward by Practice Note No. 1 of 1982, issued by Simpson AG CJ on 16th March 1982, which directed that in the absence of any valid reason for ordering a higher or lower rate, the applicable rate of interest should be 12% per annum.
16. In the present matter, the judgment delivered on 7th October 2014 was silent on the rate of interest applicable to the gratuity award. This silence triggers the operation of Section 26(2) as amended by the 1982 Practice Note, making simple interest at 12% per annum the applicable rate. This position has been affirmed by the Court of Appeal in *Kipchumba v BOG Tambach Teachers Training College* [2023] KECA 802 (KLR) and by this court in *Akanga v Capital Markets Authority* [2025] KEELRC 1359 (KLR) supra, both of which confirm 12% per annum simple interest as the standard rate absent special or exceptional circumstances.
17. The Applicant’s argument for compound interest, while grounded in the Respondent’s nature as a financial institution, does not displace the clear statutory default. Employment disputes are not commercial transactions and there is no express provision in the original decree authorizing compound interest. The applicable rate therefore remains simple interest at 12% per annum.
18. I am therefore inclined to order and direct as follows;
  - i. That the interest payable shall be by way of simple interest at court rate, that is 12% per annum.
  - ii. That this interest shall only be payable in respect of the award at paragraph (c) of the judgment of court, to wit, each grievant receive 2 months basic salary for each full year worked.
  - iii. The County Labour Officer, Murangá be and is hereby ordered to, in thirty (30) days, compute all interest payable to the grievant as ordered by this ruling of court
  - iv. Mention on 18th May, 2026 for a report on computation and directions of court.

**DELIVERED, DATED AND SIGNED THIS 17<sup>TH</sup> DAY OF APRIL 2026.**

**D. K. NJAGI MARETE**



## **JUDGE**

Appearances:

Mr. Munoru and Jesse Kariuki for the Claimant Union/Applicant

Mr. Munyori instructed by Kamau Kuria & Co. Advocates for the Respondent

