



**Muamba v ABSA Bank Kenya PLC (Cause E201 of 2025)  
[2025] KEELRC 1295 (KLR) (8 May 2025) (Ruling)**

Neutral citation: [2025] KEELRC 1295 (KLR)

**REPUBLIC OF KENYA  
IN THE EMPLOYMENT AND LABOUR RELATIONS COURT AT NAIROBI  
CAUSE E201 OF 2025**

**S RADIDO, J  
MAY 8, 2025**

**BETWEEN**

**GRACE MUAMBA ..... CLAIMANT**

**AND**

**ABSA BANK KENYA PLC ..... RESPONDENT**

**RULING**

1. For determination is a Motion dated 12 March 2025 by Grace Muamba (the Claimant) seeking orders:
  - i. ...
  - ii. ...
  - iii. Upon inter-partes hearing of the application but pending hearing and determination of the Claim herein, an interim order of injunction be issued restraining the Respondent from applying commercial rates of interest on the loans that were advanced to the applicant by the Respondent and from reporting the applicant to the Credit Referencing Bureau.
  - iv. Costs of the application be provided for.
2. The primary grounds in support of the Motion were that the Respondent had advanced to the Claimant loans at staff interest rates of 6%; that upon the termination of the Claimant's employment, the Respondent increased the loan interest rate to a commercial rate of 18%; that the Respondent wrote to the Claimant to repay the outstanding loans on or before 14 March 2024, and the Claimant had challenged the fairness of the termination of employment.
3. The Claimant filed her submissions on 18 March 2025, and in the submissions, the Claimant urged the Court to follow the footsteps of the Courts in *Eliud Kimaile v Cooperative Bank of Kenya Ltd* (2017) eKLR and *Banking Insurance and Finance Union Kenya v Consolidated Bank of Kenya Ltd* (2018) eKLR and grant the orders prayed for.



4. The Respondent filed a replying affidavit on 1 April 2025.
5. In the affidavit, the Respondent's Head of Employment Relations and Wellness Function deponed that the loans advanced to the Claimant were (a) fringe benefit subject to the existence of an employment relationship; that the contract provided that upon the end of the employment relationship, the preferential rate of interest would convert to commercial rates; the Claimant was informed upon termination of employment of the contractual position; the loans were recalled pursuant to clause 8 of the Staff Loan Terms and Conditions; the Claimant requested for the restructuring of the loan in October 2024 and the Respondent agreed to the request around 24 October 2024; the Claimant had failed to meet the new terms on monthly repayments; the Respondent had a statutory obligation under section 31(5) of the Banking Act and Regulation 20 of the Banking (Credit Reference Bureau) Regulations 2020 to report the default; the mere challenge of the termination of employment did not change the tenor of the contractual terms in place and that the Motion was not meritorious.
6. The Respondent filed its submissions on 2 April 2025, and it cited a passage from the Court of Appeal decision in *Erick V Makokha & 4 Ors v Lawrence Sagini & 2 Ors* (1994) eKLR that:  
we hold that in the event of the applicants being successful in their suit for wrongful termination of their appointments, their proper legal remedy is damages and declaration. That being so, the contract of employment having gone, the fringe benefit of subsidised housing went with it  
to submit that the Claimant had not met the threshold for the grant of the orders sought.
7. The Court has considered the Motion, affidavits and submissions.
8. The Claimant's contract with the Respondent ended on or around 15 July 2024. Whether the termination of the contract was fair or not is yet to be determined.
9. The Claimant and the Respondent had voluntarily entered into a contract setting out loan terms.
10. In the letter informing the Claimant of the termination of her employment, the Respondent stated:  
You have the following loans/outstanding with the Bank as of 12 July 2024, which now become payable on leaving the services of the Bank:  
.....  
Note further that upon your ceasing to be an employee of the Bank, you will not be eligible to enjoy the preferential rate available to the Bank staff for loans, accounts and cards. Your staff current accounts will be converted to Absa One Account. Accordingly, you are hereby notified that the interest rate on your loan will be adjusted to the prevailing commercial rates after 30 days from your last working day at the Bank as follows:  
.....
11. The Respondent's Staff Loan Terms and Conditions stipulated at clause 2(c) that:  
The Bank may charge of preferential rate of interest on the Borrower's Loan while the Borrower remains in the employment of the Bank, but such preferential rate shall cease to apply immediately the Borrower's employment with the Bank is terminated for whatever reason, unless the Bank otherwise agrees in writing.
12. The contract between the parties is clear on what the Claimant was to expect upon separation. The Respondent had the option of withdrawing the preferential rates of interest. The Respondent exercised that option.



13. Apart from exercising the option, the Respondent agreed to restructure the Claimant's loan. Evidence on record suggests that the Claimant has not kept her part of the bargain.
14. The Respondent's decision was based on a contractual provision.
15. The Claimant has not demonstrated that in taking the decision it took, the Respondent breached any term of the contract or the Claimant's legal rights to establish a prima facie case.

**Orders.**

16. Flowing from the above, the Motion dated 12 March 2025 is dismissed with costs in the cause.

**DELIVERED VIRTUALLY, DATED AND SIGNED IN NAIROBI ON THIS 8<sup>TH</sup> DAY OF MAY 2025.**

**RADIDO STEPHEN, MCIARB**

**JUDGE**

