



**Jeruto v Stanbic Bank Kenya Limited & another (Civil Appeal
E211 of 2024) [2025] KEHC 9064 (KLR) (Civ) (26 June 2025) (Judgment)**

Neutral citation: [2025] KEHC 9064 (KLR)

**REPUBLIC OF KENYA
IN THE HIGH COURT AT NAIROBI (MILIMANI LAW COURTS)**

CIVIL

CIVIL APPEAL E211 OF 2024

AN ONGERI, J

JUNE 26, 2025

BETWEEN

GLADYS JERUTO APPELLANT

AND

STANBIC BANK KENYA LIMITED 1ST RESPONDENT

GILBERT RONO 2ND RESPONDENT

*(Being an appeal from the Judgment of Hon. Grace Mutemi (RM/Adjudicator) in
Milimani Small Claims Court Case No. E4202 of 2023 delivered on 1st February 2024)*

JUDGMENT

1. The Appellant was the 2nd Respondent in Milimani Small Claims Court Case No. E4202 of 2023 where the Respondent in this appeal Stanbic Bank Kenya Ltd was the Claimant (hereafter referred to as the Bank).
2. The claim was in respect of a sum of Kshs. 342,837.92 against one Gilbert Rono who was the 1st Respondent in the claim.
3. The Bank's case was that it entered into a hire purchase agreement with Gilbert Rono for the purchase of motor vehicle registration number KCR 759G and the vehicle was to remain in the Bank's ownership until full payment.
4. The 1st Respondent in the claim, Gilbert Rono, continued servicing the loan. When the loan fell into arrears, the Bank instructor Westminster Auctioneers repossessed the motor vehicle.



5. On 31st May 2023, the Bank came across a notice indicating that the motor vehicle could be sold by a public auction on 30th May 2023 pursuant to a court order from Ngong Magistrate's Court in Criminal Misc. Case No. E139 of 2023.
6. When the Bank conducted a search at NTSA platform, it found out that the motor vehicle was registered in the name of the Appellant, Gladys Jeruto.
7. In his response to the claim, the 1st Respondent in the primary suit, Gilbert Rono admitted owing the Bank Kshs. 342,837.92 and the same was to be paid by the 3rd Party in the claim Wimos Travelling & Car Hire Services.
8. The 3rd Party's defence was that the motor vehicle was hired out to one James Gichuhi Macharia on 21st February 2022 to be returned on 24th February 2022 but the said James Gichuhi Macharia failed to return the vehicle and he was subsequently charged in court.
9. The 2nd Respondent's Advocate stated in the 2nd and 3rd Respondent's statement of defence in the trial court that the 2nd Respondent was a bonafide purchaser of the unclaimed motor vehicle.
10. The trial court found that the motor vehicle was irregularly sold as an unclaimed asset.
11. The trial court entered judgment in favour of the Bank against the 1st Respondent Gilbert Rono and ordered that the motor vehicle be restored to Gilbert Rono.
12. The Appellant who was the 2nd Respondent in the trial court has now appealed to this court on the following grounds:-
 - i. The learned Adjudicator erred in fact by declaring that the 2nd Respondent knew that motor vehicle registration number KCR 759R was in dispute and proceeded to purchase the same.
 - ii. The learned Adjudicator erred in fact by declaring that the 2nd Respondent knew that motor vehicle registration number KCR 759R was in dispute and proceeded to purchase the same.
 - iii. That the learned Judge erred in fact and by law by failing to consider the 2nd Respondent is a Bonafide Purchaser for value for motor vehicle registration number KCR 759R.
 - iv. The learned Adjudicator erred in fact when misdirected herself when she made a declaration that the 2nd Respondent purchased motor vehicle registration number KCR 759R was an exhibit in a criminal case.
 - v. The learned Adjudicator failed to realize that the Appellant legally purchased the motor vehicle registration number KCR 759R through the Auction.
13. The parties filed written submissions as follows:-
14. The appellant, dissatisfied with the judgment and decree delivered on 1st February 2024, has appealed on several grounds.
15. The key contention is that the learned adjudicator erred in declaring that Motor Vehicle Registration Number KCR 759R be reinstated to the 1st respondent, misdirected herself in finding that the 2nd respondent knew the vehicle was disputed, and failed to recognize the appellant as a bona fide purchaser.
16. The appellant argued that she legally acquired the vehicle through an auction, unaware of any prior claims or ongoing criminal proceedings involving the 1st respondent.



17. The criminal case against the 1st respondent was later withdrawn, and the vehicle was lawfully advertised for auction by the police.
18. The appellant, as the highest bidder, registered the vehicle in her name, relying on Section 8 of the [Traffic Act](#), which deems the registered person as the owner unless proven otherwise.
19. She asserted that she conducted due diligence and acquired a clean title, entitling her to the vehicle's ownership.
20. The appellant seeks to have the appeal allowed, the judgment set aside, and the vehicle restored to her.
21. She further requests costs, citing the discretionary principle that costs follow the event, as upheld in judicial precedents.
22. The appellant emphasizes that she is a bona fide purchaser for value without notice of any defects or prior claims, having acted in good faith and paid valuable consideration.
23. The submissions urged the court to reevaluate the evidence independently, as required in a first appeal, and conclude that the appellant's ownership of the vehicle is legitimate and should be upheld.
24. The 1st Respondent opposed the Appellant's appeal, which seeks to set aside part of the Small Claims Court judgment in *Stanbic Bank Kenya Limited vs Gilbert Rono & 3 Others*.
25. The appeal challenged the lower court's decision to reinstate motor vehicle KCR 759R to the 1st Respondent, arguing that the Appellant was a bona fide purchaser at auction.
26. However, the 1st Respondent contended that the sale was illegal because the vehicle was an active exhibit in a criminal investigation, and the auction was conducted unprocedurally by the OCS of Rongai Police Station despite objections from the investigating officer.
27. Additionally, the auctioneer failed to comply with the Auctioneers Rules, particularly regarding proclamation and valuation, resulting in the vehicle being sold at a gross undervalue (KES 100,000 compared to its actual value of KES 750,000).
28. The 1st Respondent further argued that the Appellant cannot claim bona fide purchaser status because the doctrine requires lawful acquisition, which was absent here. Citing *Katende vs Haridat & Company Limited (2008)*, they emphasize that a bona fide purchaser must prove good faith, lack of knowledge of fraud, and valuable consideration—criteria the Appellant fails to meet.
29. They also rely on the Supreme Court's ruling in *Dina Management vs County Government of Mombasa (2021)*, which held that illegally acquired property cannot be protected under Article 40 of [the Constitution](#).
30. The 1st Respondent urged the court to dismiss the appeal but, if unsuccessful, to uphold the award of KES 342,837 in damages payable by the 2nd Respondent. Costs are also sought.
31. This being an appeal from the Small Claims Court, the same can only be entertained on a point of law.
32. The issues for determination in this appeal are as follows:-
 - i. Whether the trial court was right in ordering that the motor vehicle be returned to the 1st Respondent.
 - ii. Whether the Appellant is a Bonafide Purchaser for value of motor vehicle registration number KCR 759R.



- iii. Whether the motor vehicle should be registered to the Appellant.
33. The appeal arises from Milimani Small Claims Court Case No. E4202 of 2023 delivered on 1st February 2024, wherein the court ordered the return of motor vehicle registration number KCR 759R to the 1st Respondent, Gilbert Rono, and held that the Appellant, Gladys Jeruto, was not a bona fide purchaser for value.
 34. The Appellant challenged this decision, contending that she acquired the vehicle lawfully through a public auction and is entitled to ownership under Section 8 of the *Traffic Act*, which presumes the registered person as the owner unless proved otherwise.
 35. The central issue is whether the Appellant qualifies as a bona fide purchaser for value.
 36. The doctrine of bona fide purchaser for value without notice is well-established in Kenyan jurisprudence.
 37. In *Katende v Haridar & Company Limited* [2008] 2 EA 173, the court outlined the essential elements: the purchaser must act in good faith, pay valuable consideration, and have no notice of any prior adverse claims.
 38. The Appellant asserted that she fulfilled these criteria, having purchased the vehicle at an auction advertised by the police after the criminal case against the 1st Respondent was withdrawn.
 39. However, the 1st Respondent counters that the sale was illegal, as the vehicle was an exhibit in a criminal case, and the auction was conducted unprocedurally, with the vehicle sold at a gross undervalue (KES 100,000 against an actual value of KES 750,000).
 40. The trial court found that the Appellant was aware of the dispute surrounding the vehicle, given its status as an exhibit in a criminal case and the Bank's prior interest under a hire purchase agreement.
 41. This finding aligns with the principle in *Dina Management Limited v County Government of Mombasa & Others* [2021] eKLR, where the Supreme Court held that illegally acquired property cannot be protected under Article 40 of *the Constitution*.
 42. The Appellant's claim of bona fide purchaser status is further undermined by the failure of the auctioneer to comply with the Auctioneers Rules, particularly regarding proclamation and valuation, as required under the *Auctioneers Act*.
 43. The Appellant's reliance on Section 8 of the *Traffic Act* is misplaced. While registration creates a presumption of ownership, it is rebuttable.
 44. In *Njenga v Mwangi* [1985] KLR 852, the Court of Appeal held that registration does not confer absolute ownership where the acquisition is tainted by illegality or fraud.
 45. In this case, the vehicle was sold while subject to a hire purchase agreement, and the Bank's proprietary interest was never extinguished.
 46. The Appellant's failure to conduct due diligence on the vehicle's history further negates her claim of good faith.
 47. The trial court correctly ordered the return of the vehicle to the 1st Respondent, Gilbert Rono, as the lawful owner under the hire purchase agreement.
 48. The Bank's right to repossess the vehicle upon default was never lawfully defeated, and the subsequent sale to the Appellant was irregular.



- 49. The appeal lacks merit, as the Appellant has not demonstrated any error of law in the trial court’s decision.
- 50. In the result, the appeal is dismissed with costs to the 1st Respondent.
- 51. The judgment of the Small Claims Court is upheld, and motor vehicle registration number KCR 759R shall be restored to the 1st Respondent, Gilbert Rono, subject to the Bank’s rights under the hire purchase agreement.
- 52. The appeal is dismissed and the judgment of the Small Claims Court in Milimani SCC Case No. E4202 of 2023 is upheld.
- 53. The Appellant shall bear the costs of this appeal.

DATED, SIGNED AND DELIVERED THIS 26TH DAY OF JUNE 2025 VIRTUALLY VIA MT AT VOI HIGH COURT.

ASENATH ONGERI

JUDGE

In the presence of:-

Court Assistant: Millicent

.....for Appellant

.....for Respondent

