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Interest rates

England and Wales

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European Judicial Network
(in civil and commercial
matters)

1 Is "statutory interest" provided for in the Member State? If so, how is "statutory interest" defined in this Member State?

Statutory interest is the interest rate that the law prescribes can be applied to an outstanding claim for a sum of money. The law of England and Wales does provide for statutory interest to be applied in appropriate cases.

2 If yes, what is the amount/rate and legal basis for it? If different rates of statutory interest are provided for, what circumstances and conditions apply?

<i>Amount/rate of the statutory interest</i>	<i>Criteria for the application of the statutory interest (if necessary, for example delay, consumer contract, etc.)</i>	<i>Legal basis</i>
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Section 17 of the Judgments Act 1838
 S 35A of the Senior (fmr Supreme) Court Act 1981 in the High Court ("s 35A")...*simple interest at such rate as the court thinks fit or as rules of court may provide on all or any part of the debt for all or any part of the period between the date when the cause of action arose and the date of the payment...*"

S 69 of the County Courts Act 1984 in the county court ("s 69")
...in proceedings (whenever instituted) before a county court for the recovery of a debt or damages there may be included in any sum for which judgment is given simple interest, at such rate as the court thinks fit or as may be prescribed, on all or any part of the debt or damages in respect of which judgment is given, or payment is made before judgment, for all or any part of the period between the date when the cause of action arose..."

S 3 of the Law Reform (Miscellaneous Provisions) Act 1934 for courts of record other than the High Court and the county court, eg the Court of Appeal (Civil Division) when it gives judgment.
"In any proceedings tried in any court of record for the recovery of any debt or damages, the court may, if it thinks fit, order that there shall be included in the sum for which judgment is given interest at such rate as it thinks fit on the whole or any part of the debt or damages for the whole or any part of the period between the date when the cause of action arose and the date of the judgment..."

S 57(1)(b) of the Bills of Exchange Act 1882 on dishonoured bills of exchange from presentment if bill is payable on demand and, otherwise, on maturity.

SS 86 to 92 of the Taxes Management Act 1970 on overdue taxes

Art 14 of the Solicitors (Non Contentious Business) Remuneration Order 1994 on unpaid solicitors' bills for non-contentious work, including paid disbursements and VAT, but the rate cannot exceed the judgment debt rate, ie 8% per annum.

S 49 of the Arbitration Act 1996, which gives the tribunal power to award simple or compound interest "from such dates, at such rates and with such rests as it considers meets the justice of the case".

Late Payment of Commercial Debts (Interest) Act 1998 ("the 1998 Act").

And consider further the CPR rule 16.4(1)(b) and (2) require the claimant to state in the particulars of claim (or counterclaim) that he is seeking interest and to state whether he is claiming it under a contract an enactment and if so which or some other basis and if so which.

If the claim is for a specified amount of money, the claimant must state:
 the percentage rate at which interest is claimed
 the date from which it is claimed
 the date to which it is calculated, not later than the date of issue of the claim form
 total amount of interest claimed to the date of calculation
 the daily rate of interest at which interest accrues after the date of calculation

Where no other statutory interest rate or contractual interest rate applies a creditor can claim interest at an annual rate of 8%.

8%

8% above the Bank of England base rate. The reference rate for the Bank is set once every six months on 30 June and 31 December.	Businesses and public sector bodies have a statutory right to claim interest on late payment of commercial debts arising from contracts agreed on or after 7 August 2002.	Late Payments of Commercial Debt (Interest) Act 1998
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3 If necessary, is there further information available on how to calculate statutory interest?

Interest may be claimed from the date when the sum became due to the date a claim is issued and also at the same rate up to the date of judgment. Interest can also be claimed from the date of judgment at the same rate for High Court judgments of any value and for county court judgments over the value of £5000. Only simple interest applies. CPR 44 2 (6)(g) gives the court the power to order interest on cost incurred before judgment.

4 Is there free online access available to the legal basis mentioned above?

The relevant legislation can be found at the following links:

[Judgments Act 1838](#)

[Supreme Court Act \(renamed as the Senior Courts Act\) 1981](#)

[County Courts Act 1984](#)

[Late Payments of Commercial Debt \(Interest\) Act 1998](#)

[The County Courts \(Interest on Judgment Debts\) Order 1991](#) amended by [the County Courts \(Interest on Judgment Debts\) \(Amendment\) Order 1996](#)

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