



The Legal Consequences of a Negative Credit Rating

A credit rating is a formal assessment of a borrower's ability to meet financial obligations and is a key factor in the approval and pricing of credit facilities. Financial institutions rely on credit ratings to assess risk, making it essential for borrowers to maintain a positive credit profile through timely repayment of debts.



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In Kenya, an estimated 21-25 million individuals are negatively listed with Credit Reference Bureaus (CRBs), many of them youths. This trend reflects increased access to credit from banks, SACCOs, mobile lenders, and informal financiers, but also highlights widespread non-compliance with repayment obligations.

CRBs are licensed institutions established under the Banking Act to collect and share credit information among lenders. Introduced in 2010, the credit information sharing framework promotes transparency and risk management within the financial system.

Legally, a borrower who defaults on a credit agreement is in breach of contract and is exposed to lawful recovery measures, including negative listing with CRBs and enforcement proceedings. Such listing is not punitive but a lawful consequence of default and a risk-mitigation mechanism for lenders.

A negative credit rating has far-reaching effects. It restricts access to future credit and may adversely affect employment prospects, tenancy applications, and other financial engagements. With mandatory credit information sharing, borrowers with poor credit histories are unlikely to qualify for further lending.

Borrowers are therefore urged to uphold financial discipline by honoring repayment obligations promptly. Failure to do so only worsens liability and undermines future financial standing, as negative credit ratings carry lasting legal and financial consequences.

Our Debt Recoveries Department

Recover what is rightfully yours with our expertise

Our debt collection portfolio consists of Secured debts, Unsecured debts and Credit Cards.

Our debt collection unit has a collection management software which has made it easier and convenient to make calls, manage delinquent accounts outsourced to us, formulate & generate reports to our clients, as well as write to debtors through e-mails and SMS's. Additionally, we have also invested in a state-of-the-art call center which is integrated to the management system and that enables us to contact debtors seamlessly and enhance our collections capacity and capability.

We have licensed private investigators with whom we collaborate to help us with investigations and skip tracing.

The debt collection unit has recovered hundreds of millions of shillings owed to our various clientele by successfully employing various skills and strategies such as negotiations, constant communication, follow up and frequent bring ups with litigation as a last option.