OUBAS EPISODE 3

THE CERTIFICATE OF BALANCE CHALLENGE

A CERTIFICATE OF BALANCE MAY STATE A SINGLE FIGURE, BUT WHAT RECORDS SUPPORT IT? IS THE AMOUNT CONSISTENT WITH THE AGREEMENT, STATEMENTS, PAYMENTS, INTEREST, CHARGES AND ADJUSTMENTS? A PRETORIA HIGH COURT DECISION CONFIRMS WHY A CERTIFICATE SHOULD BE TESTED AGAINST THE UNDERLYING RECORD. CHECK THE DOCUMENT. CHECK THE CALCULATION.

Understanding Certificates of Balance and Why Supporting Records Matter

Estimated Reading Time: 6–7 minutes

Introduction

In **Episode 2**, we explored the **Statutory In Duplum Rule** and invited you to examine the **Interest Claim Challenge**.

Many readers shared thoughtful observations.

The purpose of that challenge was **not** to reach conclusions.

It was to encourage critical thinking about debt, interest and financial records.

Now we turn to another important financial document:

The Certificate of Balance.

Understanding a Certificate of Balance

Many people have never heard of a Certificate of Balance.

Yet it can play an important role in financial and commercial matters.

Generally, a Certificate of Balance is a document issued under a contractual certificate clause, stating the amount that the issuer says is owing at a particular date.

A certificate clause is generally intended to facilitate proof of the amount claimed. The legal effect of a particular certificate depends on the agreement, the evidence and whether the amount is properly disputed.

However, an important question remains:

What records support the certificate, and does the certificate accurately reflect them?

Pretoria High Court guidance

In FirstRand Bank Ltd v Reineke and Another (A103/2024) [2025] ZAGPPHC 57, delivered on 21 January 2025, a Full Court of the Gauteng Division, Pretoria considered a disputed Certificate of Balance and inconsistent arrears figures.

The Court cited authority explaining that a certificate is an evidentiary tool used to facilitate proof of the amount of indebtedness; it does not, by itself, establish liability.

The borrowers had expressly disputed the amount, said they had not received statements since 2019, referred to payments, and requested a full breakdown. The Court held that the amount had been put in issue and that merely saying statements were sent monthly was not enough.

The Court also found that the section 129 notice did not state the correct arrears amount with a breakdown and dismissed FirstRand's appeal with costs.

The lesson is precise: a CoB is not automatically worthless, and it is not automatically conclusive. Its weight must be assessed under the agreement and against a properly raised dispute and the supporting account records.

The Case Study

Imagine you receive a document stating that a substantial amount is owing.

The figure is clear.

The conclusion appears simple.

But how was that figure calculated?

What information lies behind it?

A Certificate of Balance presents a certified figure, but it does not reproduce the complete account history.

The supporting records—such as statements, payment histories, charges and adjustments—help explain how that summary was reached.

Understanding both the summary and the underlying records is an important financial skill.

The Certificate of Balance Challenge

This episode invites you to become an investigator.

Examine a Certificate of Balance carefully and ask yourself:

- What information does it contain?
- What information does it not contain?
- What does the agreement say about its evidential effect, and has the amount been properly disputed?
- What records would you expect to see behind it?
- How would you verify the figures?

The purpose is not to speculate.

The purpose is to learn how to evaluate financial information critically.

Why This Matters

Certificates of Balance are only one example of summary documents.

Throughout life, we encounter summaries:

- financial statements;
- insurance schedules;
- tax assessments;
- municipal accounts;

- business reports.

Understanding the relationship between a summary and the records that support it helps people make more informed decisions.

OUBAS Analysis

OUBAS believes that financial literacy is about more than understanding numbers.

It is about understanding **how those numbers are produced**.

A summary document provides an overview.

Supporting records provide the explanation.

When people understand both, they are better equipped to ask informed questions and participate confidently in financial discussions.

Verification strengthens understanding.

Understanding strengthens confidence.

OUBAS Reform Proposal

OUBAS encourages:

- greater public education on financial documents;
- clearer explanations of summary records;
- improved access to supporting information where appropriate;
- continuous improvement in financial communication.

Financial literacy grows when people understand both the result and the process.

Key Lessons

After reading this episode you should understand that:

- a Certificate of Balance is an evidentiary tool whose effect depends on the agreement and evidence;
- a certificate does not, by itself, establish the underlying liability;
- financial literacy includes understanding both summaries and detailed records;
- asking informed questions promotes better decision-making;
- a clear dispute should identify the missing statements, payments, inconsistencies or calculation issues requiring explanation.

OUBAS Knowledge Check

1. What is a Certificate of Balance generally intended to show?

☐ The amount that a financial institution says is owing on an account at a particular date.

☐ Every transaction ever made.

☐ A tax return.

☐ A loan agreement.

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2. Does a Certificate of Balance, by itself, establish the underlying liability?

☐ Not necessarily

☐ Its effect depends on the agreement, evidence and dispute

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3. Which records help explain how the balance was reached?

☐ Statements.

☐ Payment records.

☐ Charges and adjustments.

☐ All of the above.

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4. According to OUBAS, why is it useful to ask what records support a Certificate of Balance?

☐ To better understand how the amount was calculated.

☐ To avoid reading documents.

☐ To replace financial records.

☐ To eliminate disputes.

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5. What is one of the main lessons of this episode?

☐ Learn to evaluate financial information critically.

☐ Accept every document without question.

☐ Ignore supporting records.

☐ Focus only on the final figure.

OUBAS Public Sentiment Survey

Help OUBAS understand public experiences.

1. Before reading this episode, had you heard of a Certificate of Balance?

○ Yes

○ No

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2. Do you believe important financial summaries should be supported by understandable records?

○ Strongly Agree

○ Agree

○ Neutral

○ Disagree

○ Strongly Disagree

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3. Which aspect of a Certificate of Balance would you most like to understand?

□ How it is prepared

□ Supporting records

□ Legal significance

□ All of the above

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4. Have you ever received a financial document that you found difficult to understand?

○ Yes

○ No

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5. What financial topic would you most like OUBAS to explain next?

💡 **OUBAS Innovation Challenge**

Imagine you have been asked to redesign the modern **Certificate of Balance**.

What one innovation would make it easier for ordinary people to understand how the amount shown was calculated and what records support it?

Share your proposal with OUBAS.

Outstanding ideas may be featured in future **OUBAS Reform Papers** and discussed by the AAP professional community.

Share Your Experience

The original OUBAS episode invited readers to think about:

- what information a Certificate of Balance contains;
- what it does not contain;
- whether it is sufficient by itself; and
- what records they would expect to see behind it.

Have you ever had to rely on a summary financial document?

What additional information helped you understand it?

Your experience contributes to the **OUBAS People's Index**, helping improve financial literacy across Africa.

Sources and further reading

FirstRand Bank Ltd v Reineke and Another (A103/2024) [2025] ZAGPPHC 57 (21 January 2025), especially paragraphs 11-17 and 22-24.

Thrupp Investment Holdings (Pty) Ltd v Goldrick (A5027/2005) [2007] ZAGPHC 23; 2008 (2) SA 253 (W).

Amardien and Others v Registrar of Deeds and Others 2019 (3) SA 341 (CC), [2018] ZACC 47.

Continue Your Learning

📚 Visit the **OUBAS Bookstore** for books covering banking, financial records, Certificates of Balance, governance, accountability and financial literacy.

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Follow OUBAS

Follow OUBAS for future educational episodes, books, research findings and public surveys.

Every contribution helps build the **OUBAS People's Index**, measuring public understanding, institutional confidence and ideas for improving governance.

Next Episode

Episode 4

What Records Should Support a Debt Claim?

A certified figure is only part of the evidential picture.

Which statements, payment records and calculations should be available to test it?

Join us as we explore the relationship between summary documents and the evidence that supports them.

OUBAS exists to educate, stimulate informed discussion and inspire practical solutions.

Knowledge grows when it is shared.

Institutions improve when people participate.

The only constant in every successful institution should be innovation and continuous improvement.

Join the conversation. Join AAP. Help build a better Africa.