OUBAS EPISODE 4

WHAT DOES A CERTIFICATE OF BALANCE PROVE?

The Certificate Clause, Evidential Weight and the Records Behind the Figure

CAN A CERTIFICATE OF BALANCE STAND ON ITS OWN? SOMETIMES IT MAY CARRY PRIMA FACIE EVIDENTIAL WEIGHT. BUT IT DOES NOT AUTOMATICALLY ESTABLISH LIABILITY, CURE A DEFECTIVE CLAIM OR END A PROPERLY RAISED DISPUTE. READ THE CLAUSE. CHECK THE CERTIFICATE. TEST THE RECORD.

Estimated Reading Time: 8-9 minutes

Introduction

In Episode 3, we introduced the Certificate of Balance Challenge and examined the Pretoria Full Court decision in FirstRand Bank Ltd v Reineke and Another.

Episode 4 asks the next question: what does a Certificate of Balance actually prove?

The legally accurate answer is not simply yes or no. The answer depends on the contractual certificate clause, the contents and validity of the certificate, the evidence establishing liability, and whether the certified amount has been properly put in dispute.

1. A Certificate Is an Evidentiary Tool

A Certificate of Balance is usually produced under a clause in a credit agreement, suretyship or related contract. The clause is designed to make it easier to prove the amount claimed without calling every person who processed the account.

The authorities describe such a certificate as an evidentiary tool. It may facilitate proof of the amount of indebtedness. It does not, by itself, create the debt or establish the underlying contractual liability.

The claimant must still have a valid cause of action. The certificate cannot replace the agreement, prove a breach that never occurred, correct an unlawful calculation, or cure non-compliance with a statutory prerequisite.

2. Read the Certificate Clause First

Before deciding what weight to give a certificate, read the exact contractual clause. Ask:

- Who is authorised to sign the certificate?
- Must the signatory hold a particular office or qualification?
- Does the clause describe the certificate as prima facie proof or use stronger language?
- Which facts may be certified - capital, interest, rate, dates, charges or the total balance?
- Does the certificate identify the correct debtor, agreement, account and calculation date?
- Has every contractual condition for issuing the certificate been satisfied?

A certificate that does not comply with its own enabling clause may carry less or no evidential weight. A certificate that complies may constitute prima facie evidence, but its effect still depends on the litigation context and the evidence placed before the court.

3. Prima Facie Does Not Mean Automatically Conclusive

Prima facie proof means evidence sufficient on its face unless it is effectively answered. It does not mean that the figure is immune from challenge.

A bare statement that the amount is wrong may not always be enough. A meaningful dispute should identify the issue as clearly as the available information permits.

- statements that were not received or supplied;
- payments or credits that appear to be missing;
- inconsistent arrears or balance figures;
- an incorrect interest rate or calculation period;
- fees, charges or capitalisation requiring contractual or legal justification;
- a signatory or certificate that does not comply with the clause;
- the absence of a transaction-level reconciliation.

The objective is not to require a debtor without the records to calculate the bank's case for it. The objective is to place the certified amount genuinely in issue and explain why the available information does not permit it to be admitted.

4. What the Pretoria Full Court Decided

In FirstRand Bank Ltd v Reineke and Another (A103/2024) [2025] ZAGPPHC 57, delivered on 21 January 2025, the borrowers disputed the amount claimed, stated that 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 question. It relied on authority explaining that a certificate clause facilitates proof of the amount of liability but that the certificate does not itself establish liability.

The case also involved materially inconsistent arrears figures and non-compliance with the National Credit Act's section 129 notice requirements. The Court held that the notice had to reflect the correct arrears amount together with a breakdown, and it dismissed FirstRand's appeal with costs.

The decision should not be overstated as a universal rule that every certificate must always be accompanied by every underlying document. Its more precise lesson is that a certificate is not automatically conclusive and may not answer a properly raised, evidence-based dispute about the amount.

5. The Supporting-Record Checklist

Where the amount is important or disputed, the following records may be necessary to understand and test the certified figure:

- the executed credit agreement, amendments and certificate clause;
- complete transactional statements from first drawdown to the certificate date;
- a schedule separating principal, interest, fees, charges and credits;
- the contractual interest rate and every rate change;
- payment records and the allocation of each payment;
- property-sale proceeds, dividends, recoveries or other credits;
- capitalisation entries, reversals and manual adjustments;
- the arrears calculation and any section 129 notice where the NCA applies;
- a reconciliation from the opening balance to the certified amount.

Not every case requires every item. The relevant records depend on the agreement, the claim and the precise dispute. But the larger the consequence, the stronger the need for a transparent and reproducible calculation.

The Verification Challenge

Examine the Mystery Certificate of Balance used for Episode 4. Do not assume that it is correct or incorrect. Ask:

- What clause authorises it?
- Who signed it and in what capacity?
- What amount, date, interest rate and account does it identify?
- What does it omit?
- Which records would reproduce the certified amount?
- Is there a specific inconsistency or missing credit that should be raised?

The purpose is disciplined verification, not speculation.

Why This Matters

A certified figure can lead to judgment, execution, the sale of property, insolvency consequences or liability under a suretyship. That is why both sides need precision.

A credit provider should be able to explain and reproduce the amount claimed. A debtor who disputes it should identify the basis of the dispute and preserve the supporting evidence. Courts require a properly framed case, not assumption from either side.

OUBAS Principle

THE GREATER THE CONSEQUENCE, THE GREATER THE NEED TO VERIFY.

Verification does not mean that every certificate is invalid. It means understanding what the certificate proves, what it does not prove, and what evidence is needed when the figure is genuinely disputed.

OUBAS Reform Proposal

OUBAS encourages:

- plain-language certificate clauses;
- certificates that identify the agreement, account, date, rate and components of the balance;
- accessible transaction-level statements and reconciliation schedules;
- clear procedures for requesting and disputing account information;
- financial education on evidential documents used in debt enforcement.

Key Lessons

- A Certificate of Balance is an evidentiary tool; it does not itself establish liability.
- Its weight depends on the contractual clause, compliance with that clause and the evidence.
- Prima facie proof is not automatically conclusive proof.
- A meaningful dispute should identify missing records, payments, inconsistencies or calculation issues.
- The Reineke judgment must be applied to its facts and not reduced to an absolute slogan.

OUBAS Knowledge Check

1. What is the primary function of a Certificate of Balance?

[ ] To facilitate proof of the amount claimed.

[ ] To create a debt that did not exist.

[ ] To replace the credit agreement.

[ ] To prevent any dispute.

2. Does a certificate, by itself, establish the underlying liability?

[ ] Not necessarily; liability must arise from the agreement and evidence.

[ ] Always.

[ ] Only if the figure is large.

[ ] Only if no statements exist.

3. What should be examined first?

[ ] The contractual certificate clause.

[ ] The colour of the certificate.

[ ] Social-media commentary.

[ ] The debtor's occupation.

4. What makes a dispute more meaningful?

[ ] Identifying missing statements, payments, inconsistencies or calculation issues.

[ ] Saying only that banks are wrong.

[ ] Ignoring the agreement.

[ ] Refusing to read the claim.

5. What is the precise lesson from Reineke?

[ ] A certificate is not automatically conclusive and may not answer a properly raised dispute.

[ ] Every CoB is invalid.

[ ] No bank may use a CoB.

[ ] Underlying records are legally irrelevant.

OUBAS Public Sentiment Survey

Help OUBAS understand public experiences.

1. Before this episode, did you know that a CoB may be prima facie rather than automatically conclusive proof?

[ ] Yes

[ ] No

2. Have you ever received a debt claim without a transaction-level breakdown?

[ ] Yes

[ ] No

3. Which record would help you most?

[ ] Complete statements

[ ] Payment allocation schedule

[ ] Interest calculation

[ ] All of the above

4. Should certificates identify the principal, interest, fees and credits separately?

[ ] Strongly Agree

[ ] Agree

[ ] Neutral

[ ] Disagree

[ ] Strongly Disagree

5. What improvement would make Certificates of Balance easier to understand and verify?

OUBAS Innovation Challenge

Design a modern Certificate of Balance that allows an ordinary reader to trace the figure. What fields, links or schedules would you include?

Outstanding proposals may be developed into future OUBAS Reform Papers and discussed by the AAP professional community.

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).
- Nedbank Ltd v Abstein Distributors (Pty) Ltd and Others 1989 (3) SA 750 (T).
- Bank of Lisbon International Ltd v Venter en 'n Ander 1990 (4) SA 463 (A).

Next Episode

EPISODE 5 - WHERE DID THE RECORDS GO?

What happens when important financial records cannot be found? How do missing records affect verification, and how can a financial history be reconstructed without inventing facts?

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

Knowledge grows when it is shared. Institutions improve when people participate.

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