

How does the in duplum rule limit interest?

In terms of this rule the interest accruing on an outstanding debt may never exceed the capital amount. Interest therefore stops running as soon as it is equal to the capital.

For example Mr X borrows R5 000 from ABC-Bank. The interest will immediately stop running as soon as it amounts to R5 000. Should the debtor however make a payment to reduce the interest, it will once again start running until it reaches R5 000 again.