# Court blocks sale of Cedric Babu's home

The court issued a temporary injunction restraining KCB Bank Uganda, its agents and auctioneers from selling the property.

BY JULIET KIGONGO

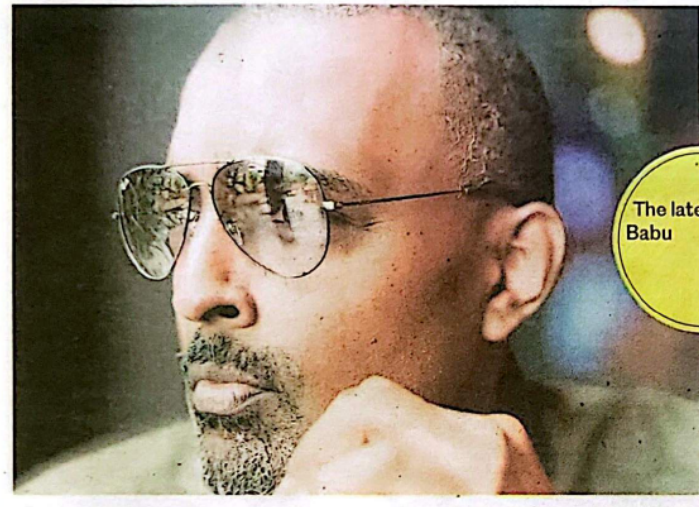
The High Court Commercial Division has granted a temporary injunction restraining KCB Bank (Uganda) Ltd from selling or otherwise dealing with the Kololo home of the late Cedric Ndilima Babu, pending determination of a substantive suit over a disputed mortgage protection insurance policy.

In her ruling delivered yesterday, Assistant Registrar Mulondo Mastula held that the administrators of Babu's estate had raised triable issues regarding the bank's contractual obligations to ensure renewal of insurance linked to the mortgage facility.

The application was filed by Olive Zaitun Kigongo, Babu's mother, and Alison Gallagher, his widow, who are co-administrators of his estate. They sought to block KCB from foreclosing on Condominium Unit No. 2 at Plot 1, Fumu Lane, Kololo, which served as the family's residence.

Court records show that Babu obtained a mortgage facility from KCB in July 2023, secured by the Kololo property. Following his death in May 2025, the bank issued demand and default notices, indicating its intention to foreclose after the outstanding loan balance stood at about $182,710 (Shs652.93m).

The applicants argue that under Clause 7.17 of the facility agreement, the bank was contractually obliged to ensure continuous renewal of a group mortgage protection insurance policy through its bancassurance arrangement.



The late Cedric Babu

They contend that had the policy been renewed, the insurer would have cleared the outstanding loan upon Babu's death.

KCB, however, said that responsibility for renewing the policy rested with the borrower and that the insurance had lapsed in August 2024 after Babu allegedly failed to provide funds for renewal.

In resolving whether the applicants had established a prima facie case, the court emphasised that it was not required at this stage to determine the parties' final rights, but only whether there was a serious question to be tried.

"The mortgage facility agreement in issue is unambiguous on two points," the court stated, "that is, the loan was secured by the dispute property, and the parties agreed that the borrower would insure the property."

However, the court noted that Clause 7.17 expressly provided that all insurance renewals shall be placed through the KCB Bancassurance" and further stated that where the borrower failed to renew, the bank shall automatically renew the insurance policies at the borrower's cost.

"Plainly read, this clause mandates that the bank ensure continuous cover, albeit charging the cost to the borrower," the registrar ruled.

She found that the competing interpretations advanced by the parties raised issues of contract interpretation that could only be conclusively resolved at trial.

"At this stage, it is sufficient that the evidence placed before the court discloses a matter that warrants examination at trial," she held.

On the question of irreparable injury, the court rejected KCB's argument that any loss could be compensated by damages, noting that the property in dispute was the family home occupied by the widow and three children.

"It is not in dispute that there is an impending threat in form of the 2nd Applicant and her children losing their family's shelter permanently," the court observed.

### No eviction

Citing earlier authorities, the registrar held that eviction from a matrimonial home constitutes irreparable harm because financial compensation would not adequately address the disruption and distress caused.

### CLAUSE CLARITY

**The court noted that Clause 7.17 expressly provided that all insurance renewals shall be placed through the KCB Bancassurance" and further stated that where the borrower failed to renew, the bank shall automatically renew the insurance policies at the borrower's cost.**

"The potential eviction of a spouse along with three dependent children constitutes a material injury that goes beyond the measurable market value of the property," the registrar held.

The court further found that the balance of convenience favoured maintaining the status quo, noting that the applicants remain in possession of the property and that the bank would not suffer undue prejudice if sale was delayed pending trial.

"If it proceeds with sale now and later the suit succeeds, equity would be ill-served," the registrar ruled, adding that KCB could still enforce its security if it ultimately prevailed.

KCB had argued that the application was incompetent because the applicants failed to deposit 30 percent of the outstanding loan amount as required under the Mortgage Regulations when seeking to halt a sale.

The court disagreed, finding that the main suit and injunction application had already been filed before the bank issued its notice of sale in February 2026. It further held that Regulation 13 grants the court discretion where the applicant is a spouse of the mortgagor.

"In the exercise of the discretion granted under Regulation 13(6), the court is not persuaded that this is a proper case in which the spouse of the mortgagor should be compelled to deposit 30 percent," the registrar held.

The court consequently issued a temporary injunction restraining KCB, its agents and auctioneers from advertising, selling, evicting, or otherwise dealing with the Kololo property pending determination of the main suit.

The applicants were ordered to preserve the property, with costs to abide the outcome of the case.

The main suit, in which the estate accuses KCB of breach of contract and negligence over the alleged failure to renew mortgage protection insurance, remains pending before the Commercial Division.

CamScanner