THE DECEASED PAID ALL HIS MONTHLY PAYMENTS UNTIL DEATH

KCB THREATENS TO SELL LATE BABU'S PRIME PROPERTY OVER 655M DEBT

By Umaru Kashaka

Kenya Commercial Bank (KCB) Uganda has threatened to sell the late Cedric Babu's prime property in Kampala unless $182,709 (about sh655m) is cleared within 21 days.

This is according to a notice of sale of the property comprised in LRV KCCA 119/19 Unit No.2, condominium plan No. 00193 at Plot 1, Fumu Lane, Kololo in Kampala.

The notice, dated February 6, 2026, was signed by Brian Kalule, a partner at AF Mpanga Advocates, a law firm representing the bank.

The notice was received by the administrators of Babu's estate in protest on February 9, through their lawyer, Justinian Kateera.

"Received in protest; sale intended to defeat late Babu's rights as pending suit disputes basis of debt," Kateera wrote, while acknowledging receipt of the notice on February 9.

Babu's family is seeking to restrain the bank from selling the property and has petitioned it in the Commercial Division of the High Court in Kampala.

The case awaits an injunction hearing whose ruling is set to be delivered on Monday.

Babu, the son of former Kampala Central MP Francis Babu, and the president of the Uganda Chamber of Commerce and Industry, Olive Kigongo, died on May 31, last year, after a heart complication.

In August, KCB contacted the administrators of Cedric Babu's estate.

WHAT FAMILY SAYS

Babu's family said initially, the bank agreed to offer a mortgage loan of $200,000 (about sh717m) to facilitate the purchase of his above-mentioned home property and that the deceased paid $125,000 (sh448m) towards the full purchase price.

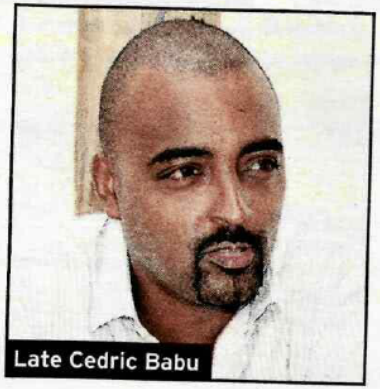
The family says the deceased made all his monthly payments until May 2025, when he passed on.

In October last year, KCB issued a default notice to the administrators within a week of obtaining letters of administration, with the threat of foreclosing.

In response, the family lawyer, Kateera, inquired from KCB about the life insurance policy which should have extinguished the loan and provided other benefits upon death.

In response, KCB sought an ex-gratia payment under the policy from the insurance company (Jubilee Insurance) to reduce or clear the outstanding loan in consideration of the lack of a renewed mortgage protection policy due to a misunderstanding over renewal.

It also said when the insurance company rejected the claim, KCB issued another default notice seeking a repayment of the mortgage loan. The administrators, through their lawyer, sued KCB for breach of contract and negligence in not renewing the insurance policy.



Late Cedric Babu

GENESIS OF THE PROBLEM

According to the Kenya Commercial Bank's (KCB) submissions in reply to the suit, on July 14, 2023, Babu obtained a mortgage facility of $200,000 (about sh717m) from it. Under clause 7.17 of the facility letter, it was a condition precedent that the late Cedric Babu maintain a group mortgage protection policy at his own cost.

"The deceased failed to fund the insurance renewal premiums, causing the policy to lapse on August 16, 2024. Subsequently, the deceased passed away in May 2025. Because the policy had lapsed due to the deceased's own default, the insurer rejected the claim," the bank wrote.

It stated that the loan is currently in default with an outstanding balance of $182,710 (sh654m).

"The respondent (KCB Uganda) initiated the foreclosure process by issuing the first demand notice on October 22, 2025, and a formal notice of default on October 30, 2025. The applicants (Olive and Alison) then filed the High Court Civil Suit No. 1470 of 2025 alleging negligence on the part of the bank for the lapse of the insurance policy, followed by this application," the bank said.

"The respondent opposes this application on the grounds that it is legally untenable, fails to satisfy the mandatory requirements for the grant of a temporary injunction, and is a blatant attempt by the applicants to benefit from their and the deceased's own breach of contract," it added.