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INTEREST ACT

(633/1982; amendments up to 340/2002 included)

Section 1—*Scope of application*

- (1) This Act lays down provisions on the interest for monetary debts.
- (2) This Act shall not apply to:
 - (1) a debt subject to public law;
 - (2) motor liability insurance, patient insurance, employers' liability insurance or statutory pension insurance nor employees' group life insurance or comparable benefit granted by a municipal pension institution; (974/1993)
 - (3) a regularly paid maintenance allowance which has been confirmed by virtue of the Marriage Act (234/1929) nor to a claim under the right of recourse of a municipality based on maintenance support paid to a child by virtue of the Maintenance Security Act (671/1998); nor to (675/1998)
 - (4) an obligation to refund a received compensation or benefit when a contract is annulled or when a benefit proves to be unfounded, in so far as paying interest prior to the due date of the debt is concerned. (943/1983)

Section 2—*Freedom of contract* (340/2002)

- (1) The obligation to pay interest is determined under this Act unless otherwise provided by an obligation of the debtor or business practice or unless otherwise provided by law.
- (2) If the debtor's obligation is related to a contract concerning consumer credit or another consumer good or service between a business and a consumer or a contract according to which the debtor acquires, by purchasing or renting, accommodation for himself/herself or the members of his/her family, the obligation shall be invalid in so far as the debtor would be liable to pay higher interest for late payment than laid down in sections 4—11. In such cases, if the debtor has undertaken to pay a commission, fee or other comparable recurrent payment in lieu of or in addition to interest for late payment, the obligation shall be invalid in so far as the combined amount of interest for late payment and said payment exceeds the interest calculated under sections 4—11.

Section 3—*Interest for debt (340/2002)*

- (1) The debtor is not liable to pay interest for the period prior to the due date of the debt.
- (2) If interest for the debt is fixed without the interest rate being determined, the debtor shall pay annual interest according to the reference rate referred to in section 12 in force at the time in question.

Section 4—*Amount of interest for late payment (340/2002)*

- (1) In case the payment of debt is delayed, the debtor shall pay annual interest for late payment for the delayed payment which is seven percentage points higher than the reference rate referred to in section 12 in force at the time in question.
- (2) If the interest for late payment determined under subsection 1 is lower than the interest paid for the debt prior to the due date, interest for late payment shall be paid according to the same grounds than prior to the due date.

Section 5—*Interest for late payment for debt with a due date*

- (1) If the due date of a debt has been fixed in advance in a manner binding on the debtor, interest for late payment shall be paid from the due date onwards.
- (2) Interest for a debt of an agent or other person based on accountability shall be paid from the date the accounts are presented. If the accounts have not been presented on time, interest for late payment shall be paid from the date on which the accounts were, at the latest, to be presented.

Section 6—*Interest for late payment for debt without a due date (340/2002)*

- (1) If the due date has not been fixed in advance in a manner binding on the debtor, interest for late payment shall be paid when 30 days have passed since the date on which a creditor sent an invoice to the debtor or otherwise requested payment of a fixed amount of money. The debtor shall not, however, be liable to pay interest for late payment for the period before he/she received the invoice or request.
- (2) If the matter concerns a debt referred to in section 2(2), the invoice or other request for payment shall include the amount of interest for late payment in force at the time in question and the date from which interest for late payment shall be paid. The debtor shall not be liable to pay interest for late payment for the period that has passed before he/she received information concerning interest for late payment from the creditor.

Section 7—*Interest for late payment for compensation of damages (340/2002)*

- (1) Interest for late payment for compensation of damages or corresponding debt, the grounds for and the amount of which requires a specific investigation, shall be paid when 30 days have passed since the date on which a creditor presented his/her claim and provided information concerning the grounds for and the amount of such compensation that can reasonably be required of him/her, taking the means available to the debtor to obtain such information also into consideration. If the information is found insufficient only with regard to the amount of debt, interest for late payment shall, nevertheless, be paid for the part of the debt that can reasonably be found to be established.
- (2) Provisions on the time limit of an insurer for fulfilling a payment obligation are laid down in section 70 of the Insurance Contracts Act (534/1994).

Section 8—*Interest for late payment for compensation of damages for a wilful offence*

Interest for late payment for compensation of damages caused by a wilful offence shall be paid from the date the damages occurred.

Section 9—*Commencement of the obligation to pay interest for late payment in certain cases (340/2002)*

In the cases referred to above in sections 6 and 7, interest for late payment shall, however, be paid, at the latest, from the date on which a summons concerning the payment of debt was served on the debtor or, if the claim is presented during court proceedings, from the date on which the claim was presented.

Section 10—*Grounds for release from liability*

- (1) If it has been impossible to pay the debt on time due to a reason attributable to a creditor, the debtor is liable to pay interest after the due date only from the date when the debtor became aware the hindrance had ceased.
- (2) If payment is delayed due to a provision laid down in law or an interruption in public transport or payment transactions or other similar case of force majeure, the debtor is liable to pay interest for the duration of the delay caused by such hindrance only to the extent he/she was liable to pay prior to the due date of the payment.

Section 11—*Adjustment of interest for late payment (340/2002)*

- (1) Interest for late payment may be adjusted if the debtor is a natural person and

the debt is not related to a pursuit of a business. The requirements for adjustment are that:

- (1) the delay of payment is due to financial difficulties the debtor has suffered because of illness, unemployment or other specific reason which is primarily not attributable to the debtor himself/herself;
 - (2) there are persuasive reasons for the adjustment when the amount of interest for late payment in relation to the financial status of the debtor is taken into consideration and the delay of payment is not attributable to a manifestly frivolous attitude towards incurring or payment of debt on the part of the debtor; or
 - (3) the debtor is found to have had a justified reason to refuse to pay his/her debt.
- (2) Interest for late payment may also be adjusted under subsection 1(2) for the part of the debt that has previously been confirmed by a legally valid judgement.

Section 12—*Reference rate (340/2002)*

The reference rate referred to in this Act shall be the interest rate applied by the European Central Bank to its most recent main refinancing operation carried out before the first calendar day of each half-year rounded up to the nearest half-percentage point. The reference rate in force on the first calendar day of the half-year in question shall apply for the following six months.

Section 12 a—*Notice of confirmation of the reference rate (340/2002)*

The Bank of Finland shall without delay publish a notification concerning the reference rate referred to in section 12 and its period of validity in the Statute Book of Finland. The notification shall also include the amount of interest for late payment referred to in section 4(1).