Legal article

Last updated 17 November 2026

Can a Lender Sue on a Loan Without a Written Contract in Thailand, and What Happens When Interest Exceeds the Legal Rate

By Eksiam Chaisorn, Legal Consultant
Eksiam & Partners Co., Ltd.

> This article is general legal information, not a legal opinion on any specific matter. Each matter must be assessed on its own facts and evidence. The latest online version is at https://eksiamlegal.com/en/loan-without-written-contract.html

Key points

- **A loan of more than 2,000 baht can be enforced in court only with "written evidence" signed by the borrower.** Section 653 paragraph one of the Civil and Commercial Code does not require a formal contract, but without written evidence no action lies. Loans of 2,000 baht or less can be sued on without any document.
- **LINE, Facebook or email messages in which the borrower acknowledges the loan count as written evidence.** Section 8 of the Electronic Transactions Act B.E. 2544 (2001) treats accessible, retrievable electronic data as written evidence, and section 9 treats a method that identifies the sender and shows intent as a signature.
- **A bank transfer slip alone is not evidence of a loan.** It shows only that money moved from one account to another; it carries no statement that the money was a loan and no signature of the borrower. The borrower's own words are needed alongside it.

- **Interest between private parties is capped at 15 percent a year** by section 654. Where interest is agreed but no rate is fixed, section 7 as amended in 2021 supplies 3 percent a year, and default interest under section 224 is 5 percent a year.
- **Charging interest above the cap is a criminal offense for the lender.** Section 4 of the Prohibition of Excessive Interest Act B.E. 2560 (2017) carries imprisonment of up to two years, a fine of up to 200,000 baht, or both, and extends to disguised loans and to benefits other than interest that are clearly excessive.
- **England, Germany and Japan regulate interest in three different ways.** England has no cap but lets the court reopen an unfair relationship; Germany relies on the doctrine of immoral transactions; Japan sets tiered caps by principal and voids only the excess.
- **The Supreme Court, sitting as a full court, requires excessive interest already paid to be set off against the princ** Judgments 5376/2560 and 2131/2560 hold that excessive interest is void, the lender has no right to pre-default interest, and everything the borrower has paid reduces the principal. LINE messages count as written evidence under judgment 1112/2566, but their content must actually show a loan.

I. Can a lender sue when there is no written loan contract

Whether a loan made without a written contract can be enforced in a Thai court depends on the amount. A loan of 2,000 baht or less can be sued on without any document. For a loan of more than 2,000 baht, section 653 paragraph one of the Civil and Commercial Code requires "written evidence of the loan of some kind signed by the borrower" before an action can be brought. The law does not require a contract, but without written evidence the court cannot enforce the debt, even though the debt exists.

A loan of money is a loan for consumption. Thai law prescribes no form for it: the contract is complete when the lender hands over the money, whatever was or was not written down. The law separates the validity of the contract from its enforceability in court. Section 653 paragraph one

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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does not say that an undocumented loan is void. It says that, once the amount exceeds 2,000 baht, the lender must produce written evidence signed by the borrower, failing which the court cannot order payment on the claim.[1]

> **Civil and Commercial Code section 653 (unofficial translation)**, "A loan of money for **a sum exceeding two thousand baht** cannot be enforced by action unless there is **some written evidence of the loan signed by the borrower**.
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> Where a loan of money is evidenced in writing, repayment may be proved only by **some written evidence signed by the lender**, or by the **return** of the document evidencing the loan, or by a **note of cancellation** made on that document."
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> มาตรา 653 การกู้ยืมเงินกว่าสองพันบาทขึ้นไปนั้น ถ้ามิได้มีหลักฐานแห่งการกู้ยืมเป็นหนังสืออย่างใดอย่างหนึ่งลงลายมือชื่อผู้ยืมเป็นสำคัญ จะฟ้องร้องให้บังคับคดีหาได้ไม่, ในการกู้ยืมเงินมีหลักฐานเป็นหนังสือนั้น ท่านว่าจะนำสืบการใช้เงินได้ต่อเมื่อมีหลักฐานเป็นหนังสืออย่างใดอย่างหนึ่งลงลายมือชื่อผู้ให้ยืมมาแสดง หรือเอกสารอันเป็นหลักฐานแห่งการกู้ยืมนั้นได้เวนคืนแล้ว หรือได้แทงเพิกถอนลงในเอกสารนั้นแล้ว

The operative words are "written evidence of the loan", which is something less than a "loan contract". The law does not demand a document headed "contract", witnesses, stamp duty or a prescribed form. Any writing that shows a loan of money was made, signed by the borrower, is enough. The evidence need not be created on the day the money changes hands; it may be created later, as long as it exists before the action is filed. A note by the borrower acknowledging that a stated sum was borrowed and will be repaid by a stated date, signed by the borrower, is sufficient.

The consequence of having no written evidence is therefore not that the debt disappears. The debt remains. A borrower who repays voluntarily discharges a real obligation and cannot later recover the money as unjust enrichment by saying there was no contract. What the lender lacks is access to the court's coercive power if the borrower refuses to pay. The distinction matters in practice, because a lender can still negotiate for the borrower to create written evidence after the event, at any time before suit.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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The threshold of "more than two thousand baht" is measured by the principal lent, not including interest, and each separate loan is a separate contract. Several loans of 2,000 baht or less made on different occasions can each be sued on without written evidence, although the lender must then prove each loan by other means, such as witnesses or transfer records.

II. What counts as written evidence: chat messages and transfer slips

Written evidence under section 653 has two elements: a statement showing that money was lent, and the borrower's signature. Messages on LINE, Facebook or email in which the borrower types an acknowledgment of the loan qualify under sections 8 and 9 of the Electronic Transactions Act B.E. 2544 (2001). A bank transfer slip alone does not, because it contains neither a statement that the money was a loan nor the borrower's signature.

The Electronic Transactions Act was enacted to solve exactly this problem. Section 7 prohibits denying legal effect to a statement merely because it is in electronic form. Section 8 paragraph one provides that where the law requires something to be "evidenced in writing", a statement created as electronic data that can be accessed and retrieved with its meaning unchanged is deemed to satisfy that requirement.[2] Chat messages that can still be opened, screenshotted and exported as a conversation history are therefore capable of being "written evidence" within section 653.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
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> **Electronic Transactions Act B.E. 2544 section 8 paragraph one (unofficial translation)**, "Subject to section 9, where the law requires any matter to be made in writing, **evidenced in writing** or supported by a document, or prescribes legal consequences for its not being made in writing, evidenced in writing or supported by a document, if the statement has been made as **electronic data that is accessible and usable for subsequent reference without its meaning being altered**, that statement shall be deemed to have been made in writing, evidenced in writing or supported by a document as required by law."
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> มาตรา 8 วรรคหนึ่ง ภายใต้บังคับบทบัญญัติแห่งมาตรา 9 ในกรณีที่กฎหมายกำหนดให้การใดต้องทำเป็นหนังสือ มีหลักฐานเป็นหนังสือหรือมีเอกสารมาแสดง หรือกำหนดผลทางกฎหมายกรณีไม่ทำเป็นหนังสือ ไม่มีหลักฐานเป็นหนังสือหรือไม่มีเอกสารมาแสดง ถ้าได้มีการจัดทำข้อความขึ้นเป็นข้อมูลอิเล็กทรอนิกส์ที่สามารถเข้าถึงและนำกลับมาใช้ได้โดยความหมายไม่เปลี่ยนแปลง ให้ถือว่าข้อความนั้นได้ทำเป็นหนังสือ มีหลักฐานเป็นหนังสือหรือมีเอกสารมาแสดงตามที่กฎหมายกำหนด

As to the signature, section 9 paragraph one provides that where the law requires a signature, the requirement is met if a method is used that identifies the signatory and shows the signatory's intention regarding the statement, and that method is either reliable and appropriate to the purpose in all the circumstances, or is otherwise able to confirm the signatory's identity and intention by itself or together with other evidence.[3] A messaging account linked to the borrower's telephone number or email, from which the borrower personally types the message, is a method that identifies the sender and shows intent. The account name attached to the message serves as the borrower's electronic signature.

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> **Electronic Transactions Act B.E. 2544 section 9 paragraph one (unofficial translation)**, "Where the law requires a signature, or prescribes legal consequences for the absence of a signature, a signature shall be deemed to have been given if (1) a method is used that **can identify the signatory and can show the signatory's intention** regarding the statement in the electronic data, and (2) a method is used that is either (a) reliable and appropriate to the purpose for which the electronic data was created or sent, in the light of all the circumstances including any relevant agreement, or (b) any other method that can confirm the identity and the intention of the signatory under (1), by that method itself or together with other evidence."
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> มาตรา 9 วรรคหนึ่ง ในกรณีที่กฎหมายกำหนดให้มีการลงลายมือชื่อ หรือกำหนดผลทางกฎหมายกรณีที่ไม่มีการลงลายมือชื่อไว้ ให้ถือว่าได้มีการลงลายมือชื่อแล้ว ถ้า (1) ใช้วิธีการที่สามารถระบุตัวเจ้าของลายมือชื่อ และสามารถ แสดงเจตนา ของ เจ้าของ ลายมือชื่อ เกี่ยวกับ ข้อ ความใน ข้อมูล อิเล็กทรอนิกส์ และ (2) ใช้ วิธีการ ใน ลักษณะ อย่างใดอย่างหนึ่ง ดังต่อไปนี้ (ก) วิธีการที่เชื่อถือได้โดยเหมาะสมกับวัตถุประสงค์ของการสร้างหรือส่งข้อมูลอิเล็กทรอนิกส์ โดยคำนึงถึงพฤติการณ์แวดล้อมทั้งปวง รวมถึงข้อตกลงใด ๆ ที่เกี่ยวข้อง หรือ (ข) วิธีการอื่นใด ที่ สามารถ ยืนยัน ตัว เจ้าของ ลายมือชื่อ และ สามารถ แสดงเจตนา ของ เจ้าของ ลายมือชื่อ ตาม (1) ได้ ด้วย วิธีการนั้นเองหรือประกอบกับพยานหลักฐานอื่น

What makes chat messages usable is their content. A message typed by the borrower such as "can I borrow thirty thousand, I'll pay it back next month" or "about the fifty thousand I borrowed, can I pay ten thousand a month" states both the loan and the amount. A message from the lender alone, such as "transferred, let me know", to which the borrower never replies, is not the borrower's statement and so is not evidence signed by the borrower. A short reply such as "got it, thanks" is ambiguous between a loan, a gift and the settlement of some other debt. A careful lender therefore has the borrower type, in the borrower's own words, the word "borrow", the amount and the repayment date.

In weighing electronic data, section 11 paragraph two of the same Act directs the court to consider the reliability of the way the data was created, stored and communicated, the completeness and integrity of the statement, and the way the sender was identified.[4] Edited screenshots or screenshots with gaps carry less weight than a complete conversation history exported from the application. A lender should keep the whole conversation unaltered, together with evidence that the counterpart account belongs to the borrower, such as the linked telephone number or profile picture.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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A transfer slip or bank statement is different. These documents are issued by the bank. They show only that money moved from one account to another at a stated time. They contain no statement by the recipient that the money was received as a loan, and no signature of the recipient. On their own they are not written evidence of a loan signed by the borrower under section 653. The money could have been a gift, payment for goods, or the repayment of an earlier loan. A transfer slip is valuable corroboration when used together with the borrower's acknowledgment, but it cannot replace it.

III. Can an unpaid loan be reported to the police

Borrowing money and failing to repay is a civil matter, not a crime. The lender cannot have the police prosecute the borrower unless the borrower practised deception from the outset, for example by giving a false reason or a false identity to obtain the money, which may amount to the criminal offense of fraud under the Penal Code. Separating these two situations is the first question an investigating officer will ask.

"Can I report an undocumented loan to the police" is a common search. The answer is that non-payment of a loan is a breach of contract, for which the law gives the creditor a civil remedy, not a criminal one. A borrower who has no money, asks for more time or becomes unreachable after receiving the money remains a civil debtor. The offense of fraud requires deception by a false statement or by concealing a fact that ought to be disclosed, which induces the lender to hand over the money, and the dishonest intent must exist at the moment the money is obtained, not arise later. The elements of the offense, the limitation period for a criminal complaint and the line between breach of contract and fraud are explained on the page Fraud, embezzlement and breach of contract (Thai) on Eksiam Criminal Law.

Lenders should also be aware that if they themselves charged interest above the legal rate, it is the lender who has committed a criminal offense under the Prohibition of Excessive Interest Act B.E. 2560. Taking the matter to the police while charging twenty percent a month may amount to disclosing one's own offense. Section VI explains this.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
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IV. How much interest may be charged, and when is it excessive

Interest on a loan between private parties may not exceed 15 percent a year under section 654 of the Civil and Commercial Code. Where the parties agree that interest is payable but fix no rate, section 7 as amended in 2021 supplies 3 percent a year. Interest quoted "per month" must be multiplied by twelve for comparison: 2 percent a month is 24 percent a year, which exceeds the cap.

> **Civil and Commercial Code section 654 (unofficial translation)**, "Interest shall not be charged at a rate **exceeding fifteen percent per year**; where the contract fixes a higher rate, it shall be **reduced to fifteen percent per year**."[5]
>
> **Section 7**, "Where interest is payable and **no rate has been fixed** by juristic act or by an express provision of law, the rate shall be **three percent per year**."[6]
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> มาตรา 654 ท่านห้ามมิให้คิดดอกเบี้ยเกินร้อยละสิบห้าต่อปี ถ้าในสัญญากำหนดดอกเบี้ยเกินกว่านั้น ก็ให้ลดลงมาเป็นร้อยละสิบห้าต่อปี, มาตรา 7 ถ้าจะต้องเสียดอกเบี้ยแก่กันและมิได้กำหนดอัตราดอกเบี้ยไว้โดยนิติกรรมหรือโดยบทกฎหมายอันชัดแจ้ง ให้ใช้อัตราร้อยละสามต่อปี

Section 654 sits in the title on loans and applies directly to loans of money. The 15 percent ceiling is a ceiling on contractual interest, the consideration agreed for the use of the money. Interest charged monthly, weekly or daily must be converted to an annual rate before comparison. Interest of 1.25 percent a month is exactly 15 percent a year; anything higher is excessive. A "fee", "processing charge" or "penalty" computed on the principal over time is in substance interest; the law looks at substance, not at labels.

Section 7 applies where the parties agree that interest is payable but do not agree the rate, which is common between acquaintances who say no more than "I'll pay you something for it". The rate under section 7 was formerly 7.5 percent a year. The Emergency Decree Amending the Civil and Commercial Code B.E. 2564 (2021) reduced it to 3 percent and applied the new rate to interest falling due from the date the decree took effect, without affecting interest for earlier periods.[7] Where nothing at all was said about interest, there is no contractual interest; the lender can claim only default interest once the borrower is in default, as explained in section VII.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
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The section 654 ceiling applies to ordinary lenders, whether individuals or companies that are not financial institutions. Lending by banks and financial institutions is governed by separate legislation on interest charged by financial institutions, under which rates follow official notifications, and certain regulated products, such as supervised personal loans, have ceilings set by separate notifications. This article is confined to lending between private parties, the case most readers are searching for.

V. Civil consequences of excessive interest

When a lender that is not a financial institution charges more than 15 percent a year, the charging is a criminal offense under section 4 (1) of the Prohibition of Excessive Interest Act B.E. 2560. The interest clause therefore has an object expressly prohibited by law and is void under section 150 of the Civil and Commercial Code. The principal remains recoverable, and the lender may still claim default interest at 5 percent a year from the date of default.

Read in isolation, the words of section 654, "it shall be reduced to fifteen percent per year", might suggest that a lender who charged twenty percent still gets fifteen. Section 654 must, however, be read together with the Prohibition of Excessive Interest Act, which has existed since 1932 and whose current version is the Act of 2017. That Act makes charging excessive interest a criminal offense. A juristic act whose object is the commission of a criminal offense is "an act whose object is expressly prohibited by law" under section 150 and is void.[8] The result is that the interest clause fails entirely rather than being reduced to fifteen percent, because reducing it would let the offender keep the maximum lawful return with no risk at all.

The principal is a separate matter. Section 173 provides that where part of a juristic act is void, the whole act is void unless it may be presumed from the circumstances that the parties intended the valid part to be separable from the void part.[9] The substance of a loan is the delivery and return of the money; interest is an ancillary term. It may be presumed that the parties intended the loan of the principal to stand even if the interest term fails. The lender may therefore sue for the principal, and once the borrower is in default the lender may claim default interest under section 224, which is interest given by law, not interest under the void agreement.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
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The harder question is what happens to excessive interest the borrower has already paid before the dispute: can it be recovered, or set off against the principal? Two provisions pull in different directions. Section 411 provides that a person who performs an obligation in contravention of a legal prohibition or of good morals cannot recover what was given.[10] Applied to the borrower, that would leave the excessive interest with the lender, who would then profit from the offense. The other view is that the money the borrower paid was a payment on a real debt, the principal; since the part labelled "interest" has no valid obligation behind it because the clause is void, the payment must be appropriated to the principal under the order of appropriation in section 329.[11] The author considers the second view consistent with the purpose of the 2017 Act, which is to remove the lender's incentive, and with the principle that no one should profit from his own wrong. The Supreme Court, sitting as a full court at its first plenary session of 2017, adopted the second view in judgment 5376/2560: once the interest term is void and the borrower cannot recover interest paid in breach of the prohibition, the lender equally has no right to it, and the interest paid must be set off against the principal.[12] Judgment 2131/2560 likewise held that void interest means the contract contains no agreement on interest, the lender has no right to pre-default interest, and all sums paid by the borrower go to principal.[13] (See section X.)

A side effect lenders rarely consider concerns the burden of proof. When the loan document states a rate above the legal limit, the borrower can raise the defense immediately from the lender's own document. And when the lender writes a principal higher than the amount actually delivered in order to hide interest, that is a separate offense under section 4 (2) of the 2017 Act, and the borrower may prove how much was actually received, because that is proof of the amount of the debt, not proof varying the terms of a document.

VI. Criminal penalties for excessive interest

Section 4 of the Prohibition of Excessive Interest Act B.E. 2560 (2017) punishes a lender who charges excessive interest with imprisonment of up to two years, a fine of up to 200,000 baht, or both. The offense covers three forms of conduct: charging interest above the legal rate, inserting

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Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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false statements in the loan document to conceal excessive interest, and taking benefits other than interest that are clearly excessive. Under section 5, a person who acquires the claim knowing it arose from the offense is punished in the same way.

> **Prohibition of Excessive Interest Act B.E. 2560 section 4 (unofficial translation)**, "Any person who lends money to another, or does any act in the nature of **disguising a loan of money**, in any of the following manners, shall be liable to **imprisonment for a term not exceeding two years, or a fine not exceeding two hundred thousand baht, or both**:
>
> (1) **charging interest exceeding the rate prescribed by law**;
>
> (2) **inserting a false statement as to the amount of the loan** or any other matter in the evidence of the loan or in a negotiable instrument, in order to conceal the charging of interest exceeding the rate prescribed by law; or
>
> (3) stipulating to take, or taking, **any benefit other than interest**, whether money, property or by any other means, such that the benefit received is clearly **excessive beyond what is reasonable** under the conditions of the loan."[14]
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> มาตรา 4 บุคคลใดให้บุคคลอื่นกู้ยืมเงินหรือกระทำการใด ๆ อันมีลักษณะเป็นการอำพรางการให้กู้ยืมเงิน โดยมีลักษณะอย่างใดอย่างหนึ่งดังต่อไปนี้ ต้องระวางโทษจำคุกไม่เกินสองปี หรือปรับไม่เกินสองแสนบาท หรือทั้งจำทั้งปรับ (1) เรียกดอกเบี้ยเกินอัตราที่กฎหมายกำหนดไว้ (2) กำหนดข้อความอันเป็นเท็จในเรื่องจำนวนเงินกู้หรือเรื่องอื่น ๆ ไว้ในหลักฐานการกู้ยืมหรือตราสารที่เปลี่ยนมือได้เพื่อปิดบังการเรียกดอกเบี้ยเกินอัตราที่กฎหมายกำหนด หรือ (3) กำหนดจะเอาหรือรับเอาซึ่งประโยชน์อย่างอื่นนอกจากดอกเบี้ย ไม่ว่าจะเป็นเงิน หรือสิ่งของหรือโดยวิธีการใด ๆ จนเห็นได้ชัดว่าประโยชน์ที่ได้รับนั้นมากเกินส่วนอันสมควรตามเงื่อนไขแห่งการกู้ยืมเงิน

The first element is "lends money to another, or does any act in the nature of disguising a loan of money". The second limb closes evasions that were used for decades: dressing the loan up as a sale with right of redemption, a hire-purchase, or a sale of goods at an inflated price, where the substance is a loan with the difference retained as interest. Once the court finds that the form adopted was a disguise, the interest ceiling applies to the transaction. Limb (2) covers loan documents that state a principal higher than the sum actually received. Limb (3) covers goods, charges or other advantages which, taken together, exceed what is reasonable even though they are not called interest.

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Section 5 extends liability to any person who "acquires a claim from another knowing that it is a claim arising from an offense under section 4 and exercises that claim or attempts to take the benefit of it".[15] A debt buyer or assignee of a loan contract who knows the interest is excessive and then demands payment or sues is punished as the original lender would be. Section 6 allows a court that suspends the sentence or its determination to apply the security measures in Penal Code section 39 (3) and (5) by analogy.[16]

The note at the end of the Act records its reasons: the 1932 Act had been in force so long that it no longer suited current conditions, and "lending at interest exceeding the legal rate, or taking benefits other than interest, still occurs in large numbers".[17] The heavier penalty and the new offense of disguising a loan are aimed directly at informal lenders. An ordinary individual who lends to a relative or friend at two percent a month, because that is the rate everyone quotes, falls within the section just the same; the law makes no exception for small lenders.

VII. Default interest and compound interest

Once the borrower is in default, the lender may claim default interest at 5 percent a year: the section 7 rate of 3 percent plus 2 percent under section 224 as amended in 2021. If the contract lawfully fixed a higher rate, such as 12 percent a year, that rate continues, and interest on interest is prohibited during default. Capitalising unpaid interest is allowed only when it has been in arrears for at least one year and the parties agree in writing, under section 655.

> **Civil and Commercial Code section 224 (unofficial translation)**, "A money debt bears interest during default at **the rate under section 7 plus two percent per year**. If the creditor may claim a higher rate on any other lawful ground, that rate shall continue to be paid.
>
> **Interest shall not be charged on interest during default.**
>
> Proof of further damage is admissible."[18]
>
> มาตรา 224 หนี้เงินนั้น ให้คิดดอกเบี้ยในระหว่างเวลาผิดนัดในอัตราที่กำหนดตามมาตรา 7 บวกด้วยอัตราเพิ่มร้อยละสองต่อปี ถ้าเจ้าหนี้อาจจะเรียกดอกเบี้ยได้สูงกว่านั้นโดยอาศัยเหตุอย่างอื่นอันชอบด้วยกฎหมาย ก็ให้คงส่งดอกเบี้ยต่อไปตามนั้น, ห้ามมิให้คิดดอกเบี้ยซ้อนดอกเบี้ยในระหว่างผิดนัด, การพิสูจน์ค่าเสียหายอย่างอื่นนอกจากนั้น ให้พิสูจน์ได้

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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When the borrower is "in default" is governed by section 204. If the contract fixes a repayment date by the calendar, the borrower is in default as soon as that date passes, without any demand. If no date was fixed, the lender must first give a warning, and the borrower is in default from the time the warning is given and payment is not made.[19] For a loan on terms of "pay me back when you can", which has no fixed date, the lender should send a letter or message calling for repayment within a reasonable time, so that there is a clear date of default from which default interest runs. A message sent through a chat application that the borrower has opened is sufficient, but the lender should keep evidence of sending and reading.

Default interest under section 224 is the minimum damages the law allows without proof of loss, and is distinct from contractual interest under section 654. In a loan with no contractual interest, the lender still receives five percent a year from the date of default. In a loan with interest agreed at twelve percent a year, the closing words of paragraph one keep the twelve percent running during default, because it is a rate the creditor may claim on a lawful ground, namely the contract. Where the contract fixes a default rate higher than the ordinary rate, the increase is in the nature of a penalty which the court may reduce under section 383 if it is excessive.[20]

> **Civil and Commercial Code section 655 (unofficial translation), "Interest shall not be charged on interest in arrears.** However, when interest has been in arrears for **not less than one year**, the parties to the loan may agree that the interest be added to the principal and that interest be charged on the combined sum, but such agreement **must be made in writing**.
>
> Commercial usages for the calculation of compound interest in current accounts, and in similar commercial dealings, are not subject to the preceding paragraph."[21]
>
> มาตรา 655 ท่านห้ามมิให้คิดดอกเบี้ยในดอกเบี้ยที่ค้างชำระ แต่ทว่าเมื่อดอกเบี้ยค้างชำระไม่น้อยกว่าปีหนึ่ง คู่สัญญากู้ยืมจะตกลงกันให้เอาดอกเบี้ยนั้นทบเข้ากับต้นเงินแล้วให้คิดดอกเบี้ยในจำนวนเงินที่ทบเข้ากันนั้นก็ได้ แต่การตกลงเช่นนั้นต้องทำเป็นหนังสือ, ส่วนประเพณีการค้าขายที่คำนวณดอกทบต้นในบัญชีเดินสะพัดก็ดี ในการค้าขายอย่างอื่นทำนองเช่นว่านี้ก็ดี หาอยู่ในบังคับแห่งบทบัญญัติซึ่งกล่าวมาในวรรคก่อนนั้นไม่

Section 655 paragraph one prohibits compound interest as a rule, with one exception requiring two conditions: the interest must already have been in arrears for at least one year, and the parties must then agree in writing to capitalise it. An advance clause in the loan contract that

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300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
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"unpaid interest shall be added to the principal every month" is unenforceable, because it capitalises before a year has passed. An informal lender who compounds monthly therefore breaches section 655 and, almost always, section 654 as well, because the true annual rate after compounding far exceeds the quoted rate.

VIII. How a borrower proves repayment

Where the loan is evidenced in writing, section 653 paragraph two allows the borrower to prove repayment only by written evidence signed by the lender, by the return of the loan document, or by a note of cancellation on it. A bank transfer in repayment should therefore be accompanied by a message from the lender confirming receipt, which under the Electronic Transactions Act can serve as written evidence signed by the lender in the same way.

Paragraph two of section 653 is where borrowers most often go wrong. Once the loan is evidenced in writing, "repayment" means return of the principal, and the borrower cannot assert repayment without the evidence the law requires. The law offers three routes. First, written evidence signed by the lender, such as a receipt or a message typed by the lender confirming that the money has been repaid in full. Second, return of the loan document to the borrower. Third, a note of cancellation, that is, the lender writing on the loan document that it has been paid.

A bank transfer to which the lender never responds is evidence issued by the bank, not signed by the lender, and does not fall squarely within paragraph two. A borrower repaying by app should therefore send a message such as "transferred the third instalment of the loan, ten thousand baht" and ask the lender to confirm. The lender's reply "received", together with the borrower's message identifying the payment as a loan repayment, is electronic data that identifies the lender and shows an intention to accept payment, and so constitutes written evidence signed by the lender under section 653 paragraph two read with sections 8 and 9 of the Electronic Transactions Act.

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300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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The restriction in paragraph two applies to proof of "repayment", meaning payment of the principal. Proof that interest was paid, or that the debt was extinguished in some other way, such as set-off or release by the creditor, is not subject to it. Nor does paragraph two apply where the loan was never evidenced in writing, since its opening words are "where a loan of money is evidenced in writing": an undocumented loan of more than 2,000 baht cannot be sued on at all, so the question of proving repayment never arises.

IX. Prescription periods for loan debts

The claim for the principal of a loan prescribes in 10 years under section 193/30, counted from the date the lender could first enforce it, that is, the repayment date or the date of default after a warning. Interest in arrears and instalments of principal prescribe in 5 years under section 193/33. Prescription is interrupted when the borrower pays part of the debt, pays interest or acknowledges the debt in writing under section 193/14.

Section 193/30 sets a general prescription period of ten years for claims for which the law fixes no specific period.[22] A claim for the principal of a loan has no specific period and so prescribes in ten years. Section 193/33, however, fixes five years for "interest in arrears" and for "sums payable to repay the principal in instalments".[23] Where the loan is repayable in monthly instalments of principal, each overdue instalment prescribes in five years from its own due date, not ten. A loan repayable in a single sum on a single date keeps the ten-year period.

Prescription is interrupted under section 193/14 (1) when the debtor acknowledges the debt to the creditor by a written acknowledgment, by part payment, by payment of interest, by giving security, or by any act which unequivocally shows that the debtor accepts the obligation.[24] A message in which the borrower asks for more time and accepts the amount owed therefore has two effects at once: it is written evidence under section 653, and it is an acknowledgment that restarts the prescription period. A lender who stays in contact and keeps the messages rarely has a prescription problem; the problem arises for the lender who lets the matter lie silent for more than ten years.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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A debt that has prescribed does not disappear; the debtor acquires a right to refuse payment, and the court cannot raise prescription of its own motion if the debtor does not plead it. A borrower who pays a prescribed debt cannot recover the payment under section 408 (2).[25] Prescription is a tool for the debtor to use. The rules of prescription are explained in detail in a separate article on this site.

X. Supreme Court case law

The Supreme Court of Thailand has ruled on every main question in this article. Chat messages on LINE or Facebook are electronic data that can serve as written evidence, but their content must actually show a loan. Interest above the ceiling is void as to the interest only, the lender has no right to pre-default interest, and excessive interest already paid must be set off against the principal under a full-court decision. To prove repayment, a document signed by the lender need not use the words "repayment of the loan". The author opened and read every judgment in this section on the Supreme Court's judgment search system on 17 November 2026.

Written evidence from electronic messages

Supreme Court Judgment No. 8089/2556 (2013) was the first to apply the Electronic Transactions Act squarely to evidence of a loan. The debtor used a cash card to draw on a cash-advance facility, entering a personal code and confirming the transaction. The court held that entering the personal code was comparable to signing one's own name; the withdrawal and the slip therefore constituted evidence of the loan under sections 7, 8 and 9 of the Act, and together with a signed request for more time to pay in which the debtor acknowledged the debt, the lender had standing to sue.[26] The principle is that a signature under section 653 paragraph one is not confined to a name written in ink: an electronic method that identifies the person and shows acceptance of the message suffices.

Supreme Court Judgment No. 1112/2566 (2023) shows the other side of the same rule. The plaintiff drew a cheque for 7,800,000 baht into the account of the second defendant and claimed it was a loan, relying only on LINE conversations with the first defendant. The court accepted that LINE messages are electronic data under the Electronic Transactions Act and

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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amount to written evidence signed by the first defendant, but held that the content proved by the plaintiff did not carry enough weight to show that the money was a loan; the messages therefore could not be evidence of a loan or an acknowledgment of debt under section 653 paragraph one, and the claim was dismissed.[27] This judgment answers the question readers ask most often. LINE messages pass the test of form; the test that loses cases is substance. Messages that do not show the word borrow, the amount and an acknowledgment that the money will be returned cannot prove a loan even if the money was actually transferred.

Supreme Court Judgment No. 6757/2560 (2017) shows that electronic messages bind the lender as well. The defendant borrowed 595,500 baht, paid interest four times and then stopped. The plaintiff later sent the defendant a Facebook message saying that none of the money had to be returned, that it was a gift and no interest need be sent. The court held that the message was electronic data to which sections 7 to 9 of the Electronic Transactions Act applied; although it bore no signature, a Facebook message shows the sender's name and the plaintiff admitted sending it. It was therefore a release of the debt supported by written evidence under section 340, the loan debt was extinguished and the plaintiff had no standing to sue.[28] The lesson for lenders is that words typed on social media carry the same legal weight as a signed letter: the word "gift" typed in a moment of emotion can extinguish the whole claim.

Excessive interest and set-off against principal

Supreme Court Judgment No. 2131/2560 (2017) sets out the civil consequences in full. The lender charged 1.3 percent a month, or 15.6 percent a year, above the statutory ceiling. The court held the interest void under the Prohibition of Excessive Interest Act read with section 654; the borrower's payments could not be treated as deliberate performance in breach of a legal prohibition that would bar recovery under section 407. Because the interest was void, the contract was treated as containing no agreement on interest at all: the lender had no right to interest before default and could not apply the borrower's payments to interest it was not entitled to charge, so every baht paid went to principal. On a loan of 2,000,000 baht the borrower had paid 1,816,580 baht in total, leaving only 183,420 baht of principal, with default interest under section 224 paragraph one from the expiry of the demand letter.[13] Readers should note

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300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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that the default rate in that case was 7.5 percent a year under the law then in force; for defaults from 11 April 2021 the rate is 5 percent a year under sections 7 and 224 as amended, as explained in section VII.

Supreme Court Judgment No. 5376/2560 (2017), decided by the full court at its first plenary session of 2017, answers the question left open in section V. The lender charged 5 percent a month and the borrower had paid 7,500 baht in interest. The court accepted that paying excessive interest is performance in breach of a legal prohibition under section 411, so the borrower could not recover it; but the full court held that the lender was the party who demanded the unlawful interest, and once the interest term was void and the borrower could not recover, the lender equally had no right to keep it. The 7,500 baht was therefore set off against the 50,000 baht principal, leaving 42,500 baht. The court raised the point of its own motion, no party having appealed on it, because it concerns public order under section 142 (5) of the Civil Procedure Code.[12] This plenary decision makes the second view in section V the operative rule. Whether explained through section 411 or section 329, the result is that excessive interest already paid does not belong to the lender but reduces the principal the borrower must repay.

Compound interest

Supreme Court Judgment No. 1301/2566 (2023) explains the limits of section 655 paragraph one in a private loan. The parties agreed in writing that interest in arrears for at least one year could be added to the principal and interest charged on the combined sum. The court held that such an agreement is valid under section 655 paragraph one and is not caught by the prohibition on interest upon interest during default in section 224 paragraph two; the law does not require the agreement to be made only after a year's arrears has accrued, so the lender may compound each time arrears reach one year even after default. But the clause operates as compensation fixed in advance in the form of compound interest and is therefore a penalty under section 379, which the court may reduce under section 383 paragraph one if excessive. In that case the court allowed compounding once only.[29]

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Proving repayment

Supreme Court Judgment No. 22631/2555 (2012) relaxes the strictness of section 653 paragraph two. The borrowers proved daily repayment with a collection book in which the lender had signed the box for every day on which payment was collected, although the book did not say what the money was for. The court held that written evidence under section 653 paragraph two is not so strict as to require the words "repayment of the loan". Where the document showed that the creditor collected money daily, the amounts collected, and the months in which interest remained outstanding, the book was evidence of repayment that the borrowers could rely on.[30] This is consistent with the advice in section VIII: a lender's reply confirming the amount and date is enough; no formula is needed.

Supreme Court Judgment No. 3096/2565 (2022) narrows the prohibition further. The court held that section 653 paragraph two and section 94 of the Civil Procedure Code bar oral evidence only of payment in money; they do not bar evidence of performance by some other means accepted in place of the agreed performance under section 321 paragraph one. Where the borrower transferred money to a third party's account from which it was passed in full to the lender with the lender's consent, and to the account of a person authorised to receive payment on the lender's behalf under section 315, the borrower was treated as having paid those sums even without written evidence signed by the lender.[31] The judgment matters in the age of app transfers, because a traceable money trail in the banking system carries more evidential weight than the words of section 653 paragraph two suggest. Borrowers should still ask the lender for a confirming message, because a transfer made directly into the lender's own account remains "payment in money" for which written evidence is required.

Prescription of instalment loans

Supreme Court Judgment No. 5300/2563 (2020) confirms how the five-year period under section 193/33 (2) is counted. The borrower agreed to repay principal and interest in 36 monthly instalments. The court held that this is a debt payable by instalments to return capital, so the claim prescribes in five years from default. The borrower last paid on 15 October 2012 and was therefore in default on all remaining instalments; the period ran from 16 October 2012 and

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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expired on 16 October 2017.[32] A lender who agrees to instalments therefore has markedly less time to sue than under a single-repayment loan governed by the ten-year period in section 193/30, and the clock starts on the day after the missed instalment, not on the due date of the last one.

XI. Comparative law: England, Germany and Japan

Three jurisdictions regulate loan interest in three ways. England abolished interest ceilings long ago and uses section 140A of the Consumer Credit Act 1974 to let the court reopen an unfair relationship between creditor and debtor. Germany has no numerical ceiling but voids immoral and usurious transactions under § 138 BGB. Japan sets tiered ceilings by principal in its Interest Rate Restriction Act and voids only the excess. Thailand's approach, a fixed 15 percent ceiling backed by criminal sanctions, is closest to Japan.

1. England: no interest ceiling, but a judicial power to reopen unfair relationships

English law has no general ceiling on loan interest. The principal tool for protecting debtors is section 140A of the Consumer Credit Act 1974, inserted by the Consumer Credit Act 2006 and in force since 6 April 2007. It empowers the court to make an order under section 140B if it determines that the relationship between the creditor and the debtor arising out of a credit agreement is unfair to the debtor, whether because of the terms of the agreement, the way the creditor has exercised or enforced his rights, or anything else done or not done by or on behalf of the creditor, and the court must have regard to all matters it thinks relevant, including matters relating to the debtor.[33] The test does not turn on a number; it turns on the relationship as a whole.

The United Kingdom Supreme Court explained the scope of the section in Plevin v Paragon Personal Finance Ltd [2014] UKSC 61, decided on 12 November 2014, in a judgment by Lord Sumption with which the other Justices agreed. The borrower had bought payment protection insurance with her loan without knowing that most of the premium was commission paid to the lender and the intermediary. The court held: "First, what must be unfair is the relationship between the debtor and the creditor." What must be unfair is the relationship, not any single

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300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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term in isolation. It concluded that leaving the borrower in ignorance of the commission made the relationship unfair: "The fact that she was left in ignorance in my opinion made the relationship unfair." The lender's appeal was dismissed and the case remitted to the lower court to decide the relief under section 140B.[34]

Compared with Thailand, the English system gives the court broad and flexible discretion, but the debtor must litigate to obtain relief. The Thai system gives certainty in advance about which rates are unlawful, which works well for small loans where no one wants to go to court, but has the weakness that a fixed ceiling does not move with market conditions.

2. Germany: immoral transactions and usury under § 138 BGB

The German Civil Code (Bürgerliches Gesetzbuch) fixes no numerical ceiling on interest. § 138 paragraph 1 provides that a juristic act which offends good morals (gegen die guten Sitten) is void, and paragraph 2 deals specifically with usury (Wucher): a juristic act is void where a person, by exploiting the predicament, inexperience, lack of judgment or considerable weakness of will of another, obtains for himself or a third party, in return for a performance, pecuniary advantages which are "in einem auffälligen Missverhältnis zu der Leistung", that is, conspicuously disproportionate to the performance.[35] The wording is close to section 4 (3) of the Thai Act, which speaks of benefits "excessive beyond what is reasonable", but the German rule operates mainly in civil law and leaves the court to compare the rate with the market at the relevant time.

The structure of § 138 paragraph 2 requires two elements together: an objective element, the conspicuous disproportion of the advantage, and a subjective element, the exploitation of the other party's weakness. Paragraph 1 serves as the general provision where the subjective element of paragraph 2 cannot be fully proved. The consequence under both paragraphs is nullity, which in a loan means the interest term fails while the lender may recover the principal under the German law of unjust enrichment. The logic matches the civil consequences in Thailand described in section V.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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3. Japan: tiered ceilings by principal, and a judgment that opened the way to refunds of excess interest

Japan's method is the closest to Thailand's. The Interest Rate Restriction Act (**利息制限法**) of 1954, last amended by Act No. 115 of 2006, provides in Article 1 that an agreement on interest in a loan of money is void as to the excess over the following rates: 20 percent a year where the principal is less than 100,000 yen; 18 percent a year where the principal is 100,000 yen or more but less than 1,000,000 yen; and 15 percent a year where the principal is 1,000,000 yen or more. Article 4 limits liquidated damages for default to 1.46 times the Article 1 rate.[36] Two differences from Thailand stand out. Japan voids "only the excess", so the lender still receives interest up to the ceiling, whereas in Thailand the whole interest term fails once the charging is a criminal offense. And Japan's ceilings fall as the loan grows, reflecting the higher per-unit cost of small loans.

The judgment of the Second Petty Bench of the Supreme Court of Japan of 13 January 2006 (Heisei 18), case **平成**16(**受**)1518, a claim for repayment of a loan, changed the Japanese consumer credit market. The court held that a clause under which the borrower forfeits the benefit of the instalment term as soon as he fails to pay interest exceeding the statutory ceiling is of no effect; a borrower who pays the principal and interest within the ceiling does not lose the benefit of the term. It further held that where the borrower paid excess interest under such a clause, the payment could not, absent special circumstances, be treated as a "voluntary" payment of interest under Article 43 of the Money Lending Business Act, so that the lender could not rely on the exception that treated voluntarily paid excess interest as valid payment. The lower court's judgment was quashed and the case remanded.[37] The consequence was that large numbers of borrowers recovered excess interest already paid, and the Money Lending Business Act was amended the same year to abolish the exception.

The lesson from Japan for Thai readers is that once the law voids an excessive interest term, the next question cannot be avoided: what becomes of the money the borrower has already paid? The Japanese court answered that the lender may not keep it, which is the same direction the author considers consistent with the purpose of the 2017 Act in section V.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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XII. Law and economics and cross-disciplinary perspectives

The two rules in this article, the formality of written evidence and the interest ceiling, rest on different economic reasoning. The formality lowers the cost of proving facts in court and warns the parties before they commit. The ceiling trades protection of borrowers who cannot bargain against the risk of pushing the riskiest borrowers out of the formal market into the informal one.

Lon L. Fuller explained in "Consideration and Form", published in the Columbia Law Review in 1941, that legal formalities serve three functions: an evidentiary function, leaving a trace that proves the transaction happened and what it contained; a cautionary function, making the party pause before committing; and a channeling function, giving the party a definite way of expressing an intention the law will recognise.[38] Section 653 of the Thai Code performs all three in the lightest possible form: it does not prescribe a form for the contract, but requires a written trace signed by the borrower, so that the court need not decide between two contradictory accounts, and so that the borrower knows he is binding himself. The cost of the formality is that a trusting lender who takes no evidence loses the right to sue, a cost the law accepts in exchange for fewer cases that are hard to prove.

Interest ceilings are more contested among economists. Edward L. Glaeser and José Scheinkman examined usury laws in "Neither a Borrower nor a Lender Be: An Economic Analysis of Interest Restrictions and Usury Laws", published in The Journal of Law and Economics in 1998, asking what economic function a rule found in nearly every society since antiquity performs.[39] The basic framework for the question is that an interest rate is the price of money and includes a premium for the risk of non-repayment. A high-risk borrower obtains formal credit only if the rate is high enough to cover that risk. When the law sets a ceiling below the price a lender will accept, formal lenders decline that group of borrowers, who turn to informal lenders who ignore the ceiling anyway. The ceiling protects borrowers who remain in the market but pushes the riskiest borrowers out to face even higher rates.

This observation explains why Thai law operates on two levels at once. The first level is the 15 percent ceiling for ordinary lenders. The second level lets financial institutions and regulated credit charge rates set by official notification, which for some retail products exceed 15 percent.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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The aim is to keep high-risk borrowers inside a regulated system rather than leave the informal market as their only option, and the criminal penalties of the 2017 Act are a tool for reducing the supply of informal credit, not the demand for it.

Behavioral economics adds a further justification for a ceiling: retail borrowers tend to overestimate their future ability to repay and to perceive daily or monthly interest as a small figure without converting it to an annual rate. Twenty percent a month does not sound like much, but it is 240 percent a year. A ceiling expressed as an annual rate acts as a common standard that forces comparison in one unit, and a rule that voids the whole excessive interest term places the risk of overpricing on the lender rather than on the borrower, who has less information.

XIII. Practical guidance for lenders and borrowers

A lender should have the borrower type or write, in the borrower's own words, the word "borrow", the amount and the repayment date before transferring the money, keep the whole conversation history, and charge no more than 15 percent a year. A borrower should repay in a way that produces a confirmation from the lender every time, and, when charged excessive interest, should know that the interest term is unenforceable and that the lender has committed an offense.

For the lender, five minutes before the transfer eliminate most of the problems. Have the borrower send a message in the borrower's own words: "I would like to borrow (amount) baht and will repay by (date)." Then transfer to an account in the borrower's name, and keep the message and the slip together. For larger sums or instalment repayment, prepare a written loan agreement stating the principal, interest not exceeding 15 percent a year, each instalment date fixed by the calendar, and the borrower's signature. When repayment falls due, demand it in a message that states the due date and the time allowed for payment, so that there is a clear date of default under section 204 from which default interest runs.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
Online version https://eksiamlegal.com/en/loan-without-written-contract.html

For the borrower, every repayment should be accompanied by a message stating which instalment it is, with a request for the lender to confirm. On full repayment, ask for the loan document back or for a message confirming that nothing remains owing, as section 653 paragraph two requires. A borrower charged more than 15 percent a year, or asked to sign a document stating a principal higher than the sum received, should keep evidence of the amount actually received and of the lender's demand for interest, because the interest term is unenforceable and that evidence proves the lender's offense under the 2017 Act. The borrower nevertheless remains bound to repay the principal actually received, with statutory default interest. Withholding the principal on the ground that the lender broke the law is not a course the law recognises.

Revision note: the first version of this article (14 November 2026) cited no Supreme Court judgments, because the Supreme Court's judgment search system was unavailable throughout the research and the firm's standard requires the original text to be opened each time before citation. When the system became available on 17 November 2026 the author opened and read all nine judgments and added section X with footnotes on the same day.

XIV. Frequently asked questions

Common questions about undocumented loans and excessive interest are whether the loan can be enforced, whether chat messages count, whether a transfer slip is enough, whether the police can be involved, whether two percent a month is lawful, whether the borrower must still repay when interest is excessive, and how long the claim lasts. Each answer refers to sections 7, 193/30, 224, 653, 654 and 655 of the Civil and Commercial Code, the Prohibition of Excessive Interest Act B.E. 2560 and the Electronic Transactions Act B.E. 2544.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
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Can a lender sue on a loan made without a written loan contract?

Yes, if the amount is 2,000 baht or less. If it exceeds 2,000 baht, section 653 paragraph one of the Civil and Commercial Code requires some written evidence of the loan signed by the borrower before an action can be brought. The evidence need not be a contract and may be created after the loan, as long as it exists before suit. Without any written evidence the debt still exists but cannot be enforced through the court.

Do LINE or Facebook messages count as evidence of a loan?

Yes, where the borrower typed the message from the borrower's own account and the content shows a loan of money, such as the word borrow, the amount or the repayment date. Section 8 of the Electronic Transactions Act B.E. 2544 treats accessible and retrievable electronic data as written evidence, and section 9 treats a method that identifies the sender and shows intent as a signature. Keep the whole conversation history and evidence that the account belongs to the borrower.

I only have a transfer slip and no messages. Can I sue?

A transfer slip or bank statement on its own is not written evidence of a loan signed by the borrower under section 653, because it is issued by the bank, shows only that money was transferred, and contains neither a statement that the money was a loan nor the recipient's signature. A loan over 2,000 baht supported only by a slip cannot be sued on. The remedy is to obtain a message from the borrower acknowledging the debt, or a written acknowledgment of debt, before filing.

Can an unpaid loan be reported to the police?

Borrowing and failing to repay is a civil matter and cannot be prosecuted, unless the borrower deceived the lender with false statements at the time of obtaining the money, which may be fraud. The dishonest intent must exist when the money is obtained, not arise later. And if the lender charged interest above the legal rate, it is the lender who has committed an offense under the Prohibition of Excessive Interest Act B.E. 2560.

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Is interest of 2 percent a month unlawful?

Yes. Two percent a month is 24 percent a year, above the 15 percent ceiling in section 654 for lenders that are not financial institutions. Charging excessive interest is an offense under section 4 (1) of the Prohibition of Excessive Interest Act B.E. 2560, punishable by imprisonment of up to two years, a fine of up to 200,000 baht, or both. The highest lawful monthly rate is 1.25 percent.

If the interest is excessive, must the borrower still repay?

The borrower must still repay the principal actually received. The excessive interest term is void under section 150 because its object is a criminal offense, but the term as to the principal is separable under section 173, so the lender may recover the principal together with default interest at 5 percent a year under section 224 from the date of default, not interest at the agreed rate.

If nothing was said about interest, can the lender claim any?

There is no contractual interest, because none was agreed. Once the borrower is in default, however, the lender may claim default interest at 5 percent a year under section 224 read with section 7 from the date of default. If interest was agreed but no rate fixed, section 7 as amended in 2021 supplies 3 percent a year. Where no repayment date was fixed, the lender must first give a warning before the borrower is in default.

How long does a loan debt last before it prescribes?

The principal prescribes in 10 years under section 193/30 from the date the claim could first be enforced. Interest in arrears and instalments of principal prescribe in 5 years under section 193/33. Prescription is interrupted when the borrower pays part of the debt, pays interest or acknowledges the debt in writing under section 193/14, so a message in which the borrower accepts the amount owed and asks for more time restarts the period.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
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XV. Related pages in the Eksiam network

Loans connect with prescription, suretyship, enforcement of judgments and the criminal offense of fraud, which are covered on other pages of the Eksiam network. The following pages build directly on the material above.

- Fraud, embezzlement and breach of contract (Thai), the line between a civil debt and a criminal offense, and the limitation period for a complaint (Eksiam Criminal Law)
- Good faith and contract interpretation (Thai), interpreting loan terms that were not clearly drafted
- Corporate and commercial contract services, drafting loan agreements between a company and its directors or shareholders (Eksiam Corporate Law)
- Tax on loan interest, interest received by a lender is taxable income (Eksiam Tax)
- All legal consulting services in the Eksiam network

> **Scope of this article**, The material above explains the general law on loans between private parties and excessive interest. It is not legal advice on any particular matter. Lending by financial institutions and regulated credit is governed by separate legislation not covered here. Foreign law is stated as at the date this page was last updated.

Notes

1. Civil and Commercial Code section 653 (paragraph one as amended by the Act Amending the Civil and Commercial Code (No. 14) B.E. 2548). Thai text and unofficial translation set out in the text. Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version, checked 15 October 2026 (copy held by the firm) and 14 November 2026.
2. Electronic Transactions Act B.E. 2544 section 7, Thai text "ห้ามมิให้ปฏิเสธความมีผลผูกพันและการบังคับใช้ทางกฎหมายของข้อความใด เพียงเพราะเหตุที่ข้อความนั้นอยู่ในรูปของข้อมูลอิเล็กทรอนิกส์" (unofficial translation: legal effect and enforceability shall not be denied to a statement solely on the ground that it is in the form of electronic data), and section 8 paragraph one set out in the text. Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version, checked 14 November 2026.

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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3. Electronic Transactions Act B.E. 2544 section 9 paragraph one, set out in the text. Paragraph two lists the factors for assessing reliability of the method, including the security of the identification method, the nature, type, size and value of the transaction and the security of the communication system. Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version, checked 14 November 2026.

4. Electronic Transactions Act B.E. 2544 section 11 paragraph one, Thai text "ห้ามมิให้ปฏิเสธการรับฟังข้อมูลอิเล็กทรอนิกส์เป็นพยานหลักฐานในกระบวนการพิจารณาตามกฎหมาย ทั้งในคดีแพ่ง คดีอาญา หรือคดีอื่นใด เพียงเพราะเหตุว่าเป็นข้อมูลอิเล็กทรอนิกส์"; paragraph two "ในการชั่งน้ำหนักพยานหลักฐานว่าข้อมูลอิเล็กทรอนิกส์จะเชื่อถือได้หรือไม่เพียงใดนั้นให้พิเคราะห์ถึงความน่าเชื่อถือของลักษณะหรือวิธีการที่ใช้สร้าง เก็บรักษา หรือสื่อสารข้อมูลอิเล็กทรอนิกส์ ลักษณะหรือวิธีการเก็บรักษา ความครบถ้วน และไม่มีการเปลี่ยนแปลงของข้อความลักษณะ หรือวิธีการที่ใช้ในการระบุหรือแสดงตัวผู้ส่งข้อมูล รวมทั้งพฤติการณ์ที่เกี่ยวข้องทั้งปวง" (unofficial translation: electronic data shall not be refused admission as evidence in civil, criminal or other proceedings solely because it is electronic data; in weighing it the court shall consider the reliability of the manner of creation, storage and communication, the completeness and integrity of the statement, the manner of identifying the sender and all relevant circumstances). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

5. Civil and Commercial Code section 654, Thai text "ท่านห้ามมิให้คิดดอกเบี้ยเกินร้อยละสิบห้าต่อปี ถ้าในสัญญากำหนดดอกเบี้ยเกินกว่านั้น ก็ให้ลดลงมาเป็นร้อยละสิบห้าต่อปี", in Book III Title IX (Loan) Chapter II (Loan for consumption); to be read with the Prohibition of Excessive Interest Act B.E. 2560. Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

6. Civil and Commercial Code section 7, Thai text "ถ้าจะต้องเสียดอกเบี้ยแก่กันและมิได้กำหนดอัตราดอกเบี้ยไว้โดยนิติกรรมหรือโดยบทกฎหมายอันชัดแจ้ง ให้ใช้อัตราร้อยละสามต่อปี", as amended by the Emergency Decree Amending the Civil and Commercial Code B.E. 2564 (2021); the former rate was 7.5 percent a year. Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

7. Emergency Decree Amending the Civil and Commercial Code B.E. 2564 section 6, Thai text "บทบัญญัติตามมาตรา 7 แห่งประมวลกฎหมายแพ่งและพาณิชย์ซึ่งแก้ไขเพิ่มเติมโดยพระราชกำหนดนี้ ให้ใช้แก่การคิดดอกเบี้ยที่ถึงกำหนดเวลาชำระตั้งแต่วันที่พระราชกำหนดนี้ใช้บังคับ แต่ไม่กระทบกระเทือนถึงการคิดดอกเบี้ยในระหว่างช่วงเวลาก่อนที่พระราชกำหนดนี้ใช้บังคับ" (unofficial translation: section 7 as amended applies to interest falling due from the date this decree takes effect, without affecting interest for the period before that date), and section 7 to the same effect for section 224 (transitional provisions appended to the consolidated Code). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

8. Civil and Commercial Code section 150, Thai text "การใดมีวัตถุประสงค์เป็นการต้องห้ามชัดแจ้งโดยกฎหมายเป็นการพ้นวิสัยหรือเป็นการขัดต่อความสงบเรียบร้อยหรือศีลธรรมอันดีของประชาชน การนั้นเป็นโมฆะ" (unofficial translation: an act whose object is expressly prohibited by law, is impossible, or is contrary to public order or good morals is void). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

9. Civil and Commercial Code section 173, Thai text "ถ้าส่วนหนึ่งส่วนใดของนิติกรรมเป็นโมฆะ นิติกรรมนั้นย่อมตกเป็นโมฆะทั้งสิ้น เว้นแต่จะพึงสันนิษฐานได้โดยพฤติการณ์แห่งกรณีว่า คู่กรณีเจตนาจะให้ส่วนที่ไม่เป็นโมฆะนั้นแยกออกจากส่วนที่เป็นโมฆะได้" (unofficial translation: if any part of a juristic act is void, the whole act is void, unless it may be presumed from the circumstances that the parties intended the valid part to be separable from the void part). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
Online version https://eksiamlegal.com/en/loan-without-written-contract.html

10. Civil and Commercial Code section 411, Thai text "บุคคลใดได้กระทำการเพื่อชำระหนี้ เป็นการอันฝ่าฝืนข้อห้ามตามกฎหมาย หรือ ศีลธรรม อันดี ท่านว่า บุคคล นั้น หา อาจจะ เรียกร้อง คืน ทรัพย์ ได้ ไม่" (unofficial translation: a person who has made a performance in contravention of a legal prohibition or of good morals cannot recover the property). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

11. Civil and Commercial Code section 329 paragraph one, Thai text "ถ้านอกจากการชำระหนี้อันเป็นประธาน ลูกหนี้ยังจะต้อง ชำระ ดอกเบี้ย และ เสีย ค่า ฤชา ธรรมเนียม อีก ด้วย ไซร้ หาก การ ชำระหนี้ ใน ครั้ง หนึ่ง ๆ ไม่ ได้ ราคา เพียง พอ จะ เปลื้อง หนี้ สิน ได้ ทั้งหมด ท่าน ให้ เอา จัด ใช้ เป็น ค่า ฤชา ธรรมเนียม เสีย ก่อน แล้ว จึง ใช้ ดอกเบี้ย และ ใน ที่สุด จึง ให้ ใช้ ใน การ ชำระหนี้ อัน เป็น ประธาน" (unofficial translation: where the debtor owes interest and costs in addition to the principal obligation and a payment is insufficient to discharge the whole, it is appropriated first to costs, then to interest, and lastly to the principal obligation). Where no lawful interest obligation exists, the payment falls to the principal. Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

12. Supreme Court Judgment No. 5376/2560 (2017) (full court, plenary session 1/2560; CCC ss. 224 para. 1, 411, 654; Civil Procedure Code s. 142 (5)): "The defendant's payment of interest above the statutory rate to the plaintiff is performance in breach of a legal prohibition under section 411 of the Civil and Commercial Code, and the defendant cannot demand its return. But on this point the Supreme Court, by resolution of the full court, holds that the plaintiff as lender was the party demanding interest above the statutory rate; once the interest term is void and the defendant cannot recover the interest paid in breach of the prohibition, the plaintiff equally has no right to that interest. The 7,500 baht of interest paid by the defendant must be set off against the principal under the first loan agreement." Opened and read on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026. Quotations are the firm's unofficial translation; the Thai text prevails.

13. Supreme Court Judgment No. 2131/2560 (2017) (CCC ss. 407, 654; Prohibition of Excessive Interest Act B.E. 2475 s. 3): "Since the plaintiff's interest is void, it is as if the loan contract contained no agreement on interest. The plaintiff has no right to interest before default and cannot apply the sums already paid by the defendant to interest the plaintiff was not entitled to charge; the sums paid must therefore all be applied to the principal." (The facts predate the 2017 Act, so the court applied the 1932 Act; the civil consequences are unchanged.) Opened and read on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026. Quotations are the firm's unofficial translation; the Thai text prevails.

14. Prohibition of Excessive Interest Act B.E. 2560 section 4, Thai text and unofficial translation set out in the text. Published in the Government Gazette vol. 134 part 5 Kor p. 12, 15 January 2017; section 2 brings the Act into force on the day after publication; section 3 repeals the Prohibition of Excessive Interest Act B.E. 2475 (1932). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version, checked 14 November 2026.

15. Prohibition of Excessive Interest Act B.E. 2560 section 5, Thai text "บุคคลใดได้มาซึ่งสิทธิเรียกร้องจากบุคคลอื่นโดยรู้ว่าเป็นสิทธิที่ได้มาจากการกระทำความผิดตามมาตรา 4 และใช้สิทธินั้นหรือพยายามถือเอาประโยชน์แห่งสิทธินั้น ต้องระวางโทษดังที่บัญญัติไว้ในมาตรา 4" (unofficial translation in the text). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

16. Prohibition of Excessive Interest Act B.E. 2560 section 6, Thai text "เมื่อศาลพิพากษาว่าจำเลยมีความผิดแต่รอการกำหนดโทษหรือรอการลงโทษไว้ไม่ว่าจะมีคำขอหรือไม่ ศาลอาจนำวิธีการเพื่อความปลอดภัยตามมาตรา 39 (3) และ (5) แห่งประมวลกฎหมายอาญามาใช้บังคับโดยอนุโลม" (unofficial translation: where the court finds the defendant guilty but suspends the determination or execution of the sentence, it may, whether or not requested, apply the security measures in Penal Code section 39 (3) and (5) by analogy). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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17. Note appended to the Prohibition of Excessive Interest Act B.E. 2560, Thai text "... ประกอบกับการให้กู้ยืมเงินที่มีการเรียกดอกเบี้ยเกินอัตราหรือการเรียกเอาประโยชน์อย่างอื่นนอกจากดอกเบี้ยยังเกิดขึ้นเป็นจำนวนมาก สมควรปรับปรุงกฎหมายว่าด้วยการห้ามเรียกดอกเบี้ยเกินอัตราให้เหมาะสมยิ่งขึ้น ..." (unofficial translation in the text). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

18. Civil and Commercial Code section 224, Thai text and unofficial translation set out in the text, as amended by the Emergency Decree Amending the Civil and Commercial Code B.E. 2564, which replaced the former fixed rate of 7.5 percent a year with a floating rate of section 7 plus 2 percent. Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

19. Civil and Commercial Code section 204, Thai text "ถ้าหนี้ถึงกำหนดชำระแล้ว และภายหลังแต่นั้นเจ้าหนี้ได้ให้คำเตือนลูกหนี้แล้ว ลูกหนี้ยังไม่ชำระหนี้ไซร้ ลูกหนี้ได้ชื่อว่าผิดนัดเพราะเขาเตือนแล้ว ถ้าได้กำหนดเวลาชำระหนี้ไว้ตามวันแห่งปฏิทิน และลูกหนี้มิได้ชำระหนี้ตามกำหนดไซร้ ท่านว่าลูกหนี้ตกเป็นผู้ผิดนัดโดยมิพักต้องเตือนเลย ..." (unofficial translation: if the debt is due and the creditor has warned the debtor and the debtor still does not perform, the debtor is in default by reason of the warning; if a time for performance is fixed by the calendar and the debtor does not perform at that time, the debtor is in default without any warning). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

20. Civil and Commercial Code section 383 paragraph one, Thai text "ถ้าเบี้ยปรับที่ริบนั้นสูงเกินส่วน ศาลจะลดลงเป็นจำนวนพอสมควรก็ได้ ในการที่จะวินิจฉัยว่าสมควรเพียงใดนั้น ท่านให้พิเคราะห์ถึงทางได้เสียของเจ้าหนี้ทุกอย่างอันชอบด้วยกฎหมาย ไม่ใช่แต่เพียงทางได้เสียในเชิงทรัพย์สิน เมื่อได้ใช้เงินตามเบี้ยปรับแล้ว สิทธิเรียกร้องขอลดก็เป็นอันขาดไป" (unofficial translation: if a forfeited penalty is disproportionately high the court may reduce it to a reasonable amount, having regard to every legitimate interest of the creditor and not merely his pecuniary interest; once the penalty has been paid the claim for reduction is barred). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

21. Civil and Commercial Code section 655, Thai text and unofficial translation set out in the text. Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

22. Civil and Commercial Code section 193/30, Thai text "อายุความนั้น ถ้าประมวลกฎหมายนี้หรือกฎหมายอื่นมิได้บัญญัติไว้โดยเฉพาะ ให้ มี กำหนด สิบ ปี" (unofficial translation: unless this Code or another law provides otherwise, the period of prescription is ten years). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

23. Civil and Commercial Code section 193/33, Thai text "สิทธิเรียกร้องดังต่อไปนี้ให้มีกำหนดอายุความห้าปี (1) ดอกเบี้ยค้างชำระ (2) เงินที่ต้องชำระเพื่อผ่อนทุนคืนเป็นงวด ๆ ..." (unofficial translation: the following claims prescribe in five years: (1) interest in arrears; (2) sums payable to repay the principal in instalments ...; opening words and relevant items only). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

24. Civil and Commercial Code section 193/14, Thai text "อายุความย่อมสะดุดหยุดลงในกรณีดังต่อไปนี้ (1) ลูกหนี้รับสภาพหนี้ต่อเจ้าหนี้ตามสิทธิเรียกร้องโดยทำเป็นหนังสือรับสภาพหนี้ให้ ชำระหนี้ให้บางส่วน ชำระดอกเบี้ย ให้ประกัน หรือกระทำการใด ๆ อันปราศจากข้อสงสัยแสดงให้เห็นเป็นปริยายว่ายอมรับสภาพหนี้ตามสิทธิเรียกร้อง (2) เจ้าหนี้ได้ฟ้องคดีเพื่อตั้งหลักฐานสิทธิเรียกร้องหรือเพื่อให้ชำระหนี้ (3) เจ้าหนี้ได้ยื่นคำขอรับชำระหนี้ในคดีล้มละลาย ..." (unofficial translation in the text; items (1) to (3) only). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

Eksiam & Partners Co., Ltd. | Tax ID 0105569142001
300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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25. Civil and Commercial Code section 408, Thai text "บุคคลดังจะกล่าวต่อไปนี้ไม่มีสิทธิจะได้รับคืนทรัพย์ คือ (1) บุคคลผู้ชำระหนี้อันมีเงื่อนเวลาบังคับเมื่อก่อนถึงกำหนดเวลานั้น (2) บุคคลผู้ชำระหนี้ซึ่งขาดอายุความแล้ว (3) บุคคลผู้ชำระหนี้ตามหน้าที่ศีลธรรม หรือตามควรแก่อัธยาศัยในสมาคม" (unofficial translation: the following persons are not entitled to restitution: (1) one who performs a time-limited obligation before it falls due; (2) one who performs a prescribed obligation; (3) one who performs a moral duty or a social obligation). Thai text taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version

26. Supreme Court Judgment No. 8089/2556 (2013) (CCC s. 653; Electronic Transactions Act B.E. 2544 ss. 7, 8, 9): "The defendant's use of the Quick Cash card to withdraw money, entering his personal code, is comparable to signing his own name ... The act therefore constitutes evidence of the loan from the plaintiff under sections 7, 8 and 9 of the Electronic Transactions Act B.E. 2544." Opened and read on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026. Quotations are the firm's unofficial translation; the Thai text prevails.

27. Supreme Court Judgment No. 1112/2566 (2023) (CCC s. 653 para. 1; Electronic Transactions Act B.E. 2544 ss. 8 para. 1, 9): "Although the LINE conversation between the plaintiff and the first defendant is a conversation over the internet and is therefore electronic data under the Electronic Transactions Act B.E. 2544, and is written evidence signed by the first defendant, the content of the conversation proved by the plaintiff does not carry enough weight to establish that the 7,800,000 baht the plaintiff handed to the first defendant was a loan." Opened and read on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026. Quotations are the firm's unofficial translation; the Thai text prevails.

28. Supreme Court Judgment No. 6757/2560 (2017) (CCC s. 340; Electronic Transactions Act B.E. 2544 ss. 7-9): "The sending of such data is a conversation over the internet and is therefore electronic data to which sections 7 to 9 of the Electronic Transactions Act B.E. 2544 apply. Although the message bears no signature of the plaintiff, a Facebook message shows the sender's name and the plaintiff admits having sent it to the defendant. The conversation is therefore a declaration releasing the defendant from the debt, supported by written evidence under section 340 of the Civil and Commercial Code." Opened and read on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026. Quotations are the firm's unofficial translation; the Thai text prevails.

29. Supreme Court Judgment No. 1301/2566 (2023) (CCC ss. 224 para. 2, 379, 383 para. 1, 655 para. 1): "The written agreement between the plaintiff and the first defendant, as parties to a loan, that interest in arrears for not less than one year be added to the principal and that interest be charged on the combined sum is enforceable under section 655 paragraph one and is not subject to the prohibition on interest upon interest during default in section 224 paragraph two ... but the agreement is in the nature of compensation fixed in advance in the form of compound interest ... and is therefore a penalty under section 379; if excessive, the court may reduce it to a reasonable amount under section 383 paragraph one." Opened and read on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026. Quotations are the firm's unofficial translation; the Thai text prevails.

30. Supreme Court Judgment No. 22631/2555 (2012) (CCC s. 653 para. 2; Civil Procedure Code s. 84/1): "Written evidence under section 653 paragraph two of the Civil and Commercial Code is not so strict as to require the words 'repayment of the loan'. Where the document shows that the creditor collected money daily, the amounts collected, and, where interest was outstanding, the months in which it was outstanding, with the creditor's signature in the box for every day

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300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
Tel. +66 81 654 5922 | contact@eksiamlegal.com | eksiamlegal.com
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of collection, the book is evidence of repayment of the loan under section 653 paragraph two." Opened and read on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026. Quotations are the firm's unofficial translation; the Thai text prevails.

31. Supreme Court Judgment No. 3096/2565 (2022) (CCC ss. 315, 321, 653 para. 2; Civil Procedure Code s. 94): "Section 653 paragraph two of the Civil and Commercial Code and section 94 of the Civil Procedure Code bar evidence only of payment in money; they do not bar evidence of performance by other means accepted in place of the agreed performance under section 321 paragraph one." Opened and read on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026. Quotations are the firm's unofficial translation; the Thai text prevails.

32. Supreme Court Judgment No. 5300/2563 (2020) (CCC s. 193/33 (2)): "This is a claim for performance under a loan contract containing an agreement to repay by instalments to return capital under section 193/33 (2); the plaintiff's claim therefore prescribes in five years from the date of default. The defendant last paid on 15 October 2012 and must be treated as in default on all remaining instalments; the claim ran from 16 October 2012 and the five years expired on 16 October 2017." Opened and read on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026. Quotations are the firm's unofficial translation; the Thai text prevails.

33. Consumer Credit Act 1974 (UK), section 140A "Unfair relationships between creditors and debtors", inserted by the Consumer Credit Act 2006 and in force from 6 April 2007, subsection (1) "The court may make an order under section 140B in connection with a credit agreement if it determines that the relationship between the creditor and the debtor arising out of the agreement (or the agreement taken with any related agreement) is unfair to the debtor because of one or more of the following, (a) any of the terms of the agreement or of any related agreement; (b) the way in which the creditor has exercised or enforced any of his rights under the agreement or any related agreement; (c) any other thing done (or not done) by, or on behalf of, the creditor (either before or after the making of the agreement or any related agreement)." subsection (2) "In deciding whether to make a determination under this section the court shall have regard to all matters it thinks relevant (including matters relating to the creditor and matters relating to the debtor)." Checked at legislation.gov.uk, latest available (revised) version stated to be up to date to 14 November 2026, https://www.legislation.gov.uk/ukpga/1974/39/section/140A

34. Plevin v Paragon Personal Finance Ltd [2014] UKSC 61, judgment of 12 November 2014, Lord Sumption (with whom Lady Hale, Lord Clarke, Lord Carnwath and Lord Hodge agreed), para 10 "First, what must be unfair is the relationship between the debtor and the creditor." and para 18 "The fact that she was left in ignorance in my opinion made the relationship unfair." Read at caselaw.nationalarchives.gov.uk/uksc/2014/61 on 14 November 2026.

35. Bürgerliches Gesetzbuch (BGB) § 138 Sittenwidriges Rechtsgeschäft; Wucher, Abs. 1 "Ein Rechtsgeschäft, das gegen die guten Sitten verstößt, ist nichtig." Abs. 2 "Nichtig ist insbesondere ein Rechtsgeschäft, durch das jemand unter Ausbeutung der Zwangslage, der Unerfahrenheit, des Mangels an Urteilsvermögen oder der erheblichen Willensschwäche eines anderen sich oder einem Dritten für eine Leistung Vermögensvorteile versprechen oder gewähren lässt, die in einem auffälligen Missverhältnis zu der Leistung stehen." Checked at gesetze-im-internet.de/bgb/_138.html on 14 November 2026.

36. 利息制限法 (Interest Rate Restriction Act, Act No. 100 of 1954), as last amended by Act No. 115 of 2006, Article 1 "金銭を目的とする消費貸借における利息の契約は、その利息が次の各号に掲げる場合に応じ当該各号に定める利率により計算した金額を超えるときは、その超過部分について、無効とする。 一 元本の額が十万円未満の場合 年二割 二 元本の額が十万円以上百万円未満の場合 年一割八分 三 元本の額が百万円以上の場合 年一割五分"; Article 4 "金銭を目的とする消費貸借上の債務の不履行による賠償額の予定は、その賠償額の元本に対する割合

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300/90 Premium Place, Nawamin Road, Nawamin, Bueng Kum, Bangkok 10240, Thailand
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が第一条に規定する率の一・四六倍を超えるときは、その超過部分について、無効とする。" Checked at the Ministry of Justice Japanese Law Translation site (japaneselawtranslation.go.jp/en/laws/view/4046/ja) on 14 November 2026.

37. Supreme Court of Japan, Second Petty Bench, judgment of 13 January 2006 (Heisei 18), case 平成16(受)1518, 貸金請求事件 (claim for repayment of a loan), result 破棄差戻 (quashed and remanded). Summary of holdings: (1) a clause under which the debtor forfeits the benefit of the term on failing to pay interest exceeding the Interest Rate Restriction Act ceiling is of no effect, and a debtor who pays principal and interest within the ceiling does not forfeit the term; (2) payment of excess interest under such a clause is not, absent special circumstances, a voluntary payment within Article 43(1) of the Act on Regulation of Money Lending Business. Read at courts.go.jp/hanrei/52404/detail2/index.html on 14 November 2026.

38. Lon L. Fuller, "Consideration and Form", Columbia Law Review, vol. 41, no. 5 (May 1941), p. 799 et seq., DOI 10.2307/1117840 (bibliographic data checked against Crossref on 14 November 2026). The three functions of form, evidentiary, cautionary and channeling, are set out at the beginning of the article.

39. Edward L. Glaeser and José Scheinkman, "Neither a Borrower nor a Lender Be: An Economic Analysis of Interest Restrictions and Usury Laws", The Journal of Law and Economics, vol. 41, no. 1 (April 1998), pp. 1-36, DOI 10.1086/467383 (bibliographic data checked against Crossref on 14 November 2026). The text refers only to the subject of the paper and does not attribute specific conclusions to it, because the full text was not opened during this research.

40. All Thai statutory provisions quoted in this article are taken from the Office of the Council of State legal database (searchlaw.ocs.go.th), latest consolidated version: the Civil and Commercial Code from a copy retrieved by the firm on 15 October 2026 which remains current, and the Prohibition of Excessive Interest Act B.E. 2560 and the Electronic Transactions Act B.E. 2544 checked on 14 November 2026. English renderings are unofficial translations by the firm; the Thai text prevails. Every Supreme Court judgment cited in this article (8089/2556, 1112/2566, 6757/2560, 2131/2560, 5376/2560, 1301/2566, 22631/2555, 3096/2565 and 5300/2563) was opened and read by the author on the Supreme Court judgment search system (deka.supremecourt.or.th) on 17 November 2026; that system was unavailable on 14 November 2026, the date of first publication.

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