

THE UNITED REPUBLIC OF TANZANIA



No. 3 OF 1969

I ASSENT,

Tulius K. Nyerere
President

6th FEBRUARY, 1969

An Act to provide for the protection of Bankers in relation to the payment of cheques and certain other instruments and for purposes connected therewith and incidental thereto

[7TH FEBRUARY, 1969]

ENACTED by the Parliament of the United Republic of Tanzania.

1. This Act may be cited as the Cheques Act, 1969 and shall be read and construed as one with the Bills of Exchange Ordinance.

Short title
Cap. 215

2.—(1) Where a banker in good faith and in the ordinary course of business pays a cheque drawn on him which is not indorsed or is irregularly indorsed, he shall not by doing so incur any liability by reason of the absence, or irregularity in indorsement, and shall be deemed to have paid it in the ordinary course of business.

Protection
of bankers
paying
unendorsed
cheques, etc.

(2) Where a banker in good faith and in the ordinary course of business pays—

- (a) any document issued by his customer which, though not a bill of exchange, is intended to enable a person to obtain payment from him of the sum specified in the document;
- (b) a draft payable on demand drawn by him upon himself, whether payable at the head office or some other office of his bank,

he shall not in doing so incur any liability by reason of the absence of, or irregularity in, indorsement, and payment shall discharge the instrument.

3. A banker who gives value for, or has a lien on, a cheque payable to order which the holder delivers to him for collection without indorsing it, has the same rights, if any, as he would have had if, upon delivery, the holder had indorsed it in blank.

Rights of
bankers
collecting
unendorsed
cheques

An un-
endorsed
cheque
evidence of
payment

4. An indorsed cheque which appears to have been paid by the banker on whom it is drawn shall be *prima facie* evidence of the receipt by the payee of the sum payable in respect of the cheque.

Protection
of bankers
collecting
payment of
cheques, etc.

5.—(1) Where a banker in good faith and without negligence—

(a) receives payment for a customer of an instrument to which this section applies; or

(b) having credited a customer's account with the amount of an instrument to which this section applies, receives payment thereof for himself,

and the customer has no title, or has a defective title, to the instrument, the banker shall not incur any liability to the true owner of the instrument by reason of having received payment thereof.

(2) This section applies to the following instruments, that is to say—

(a) cheques;

(b) any document issued by a customer of a banker which, though not a bill of exchange, is intended to enable a person to obtain payment from that banker of the sum specified in the document;

(c) any document, not being a bill of exchange, issued by a public officer which is intended to enable a person to obtain payment from the Government, or from a local authority, of the sum specified in the document;

(d) any draft payable on demand drawn by a banker upon himself, whether payable at the head office or some other office of his bank.

(3) For the purposes of this section the failure of a banker to concern himself with the absence of, or irregularity in indorsement of an instrument, shall not constitute negligence.

Application
of certain
provisions of
the Bills of
Exchange
Act to certain
instruments

6. The provisions of the Bills of Exchange Act relating to crossed cheques shall, so far as is applicable, have effect in relation to the instruments, other than cheques, to which section 5 of this Act applies, in the same way as they have effect in relation to cheques.

Section 82
of Cap. 215
repealed

7. Section 82 of the Bills of Exchange Ordinance is repealed.

Application

8. The provisions of this Act shall not make negotiable any instrument which, apart from them, is not negotiable.

Passed in the National Assembly on the ninth day of January, 1969.


Clerk of the National Assembly