

1978 WL 34727 (S.C.A.G.)

Office of the Attorney General

State of South Carolina

February 28, 1978

\*1 Hon. Jean Myers  
Member  
House of Representatives  
P. O. Box 11867  
Columbia, South Carolina 29211

Dear Representative Myers:

You have recently requested an opinion from this office as to whether a business may charge interest on past due accounts to another business entity.

The factual situation giving rise to this question is as follows: A business sells goods and services to businesses on essentially a cash basis, but extends the privilege of 30-day billing to some of these customers. May that business charge interest on past due balances?

As a general rule interest is not allowed on running accounts as long as they remain open and unliquidated, unless there is some statutory provision that permits it, or some contact between the parties, express or implied, that interest shall be paid. 47 C.J.S. Interest Section 16; [State of South Carolina v. Port Royal & A. Ry. Co.](#), 89 F. 565 (1898). However, this rule may not bar a creditor from eventual recovery of interest, if a court of equity deems it proper. [Anderson v. Purvis](#), 220 S.C. 259, 67 S.E.2d 80 (1951).

This common law rule does not apply once an account is liquidated and the debtor assents to the creditor's statement of account. [Gwathwey v. Burgiss](#), 104 S.C. 280, 88 S.E. 816 (1916). Nor does it apply to accounts which have been reduced to judgments in a court of law from the time of entry of such judgment. [S. C. Code Section 34-31-20](#) (1976).

In the ordinary open account arrangement between two business, absent agreement to the contrary, the creditor is not entitled to interest on amounts past due, so long as the account remains open and unliquidated.

Very truly yours,

Harry B. Burchastead, Jr.  
Assistant Attorney General

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