

Dispute Resolution

Gambling debts are debts of honour, not legal debts in Malaysia

In **Dato' Ting Ching Lee v Ting Siu Hua** [2025] MLJU 497, the main issue is whether the credit lines (USD1,500,000) and the rolling rebate (USD193,800) extended by the respondent to the appellant amount to:

- loans distinct from the appellant's gaming activities at the casino and as such is not a gambling debt, or
- whether it is a composite contract with the appellant's gaming activities at the casino.

The Federal Court unanimously decided that:

- the credit lines and rolling rebate could not be disguised as genuine loans as they are directly connected to gambling at the casino and could not be used for other purposes;
- allowing the recovery of such debts would undermine public policy and legislative intent; and
- any attempt to recover gambling-related credit is not legally enforceable.

In so deciding, the Federal Court relied on section 24 of the **Contracts Act 1950** which provides that an agreement is unlawful if, amongst others, it is forbidden by law, if permitted would defeat any law or opposes public policy.

Reference was also made to section 31 of the **Contracts Act 1950** which states that wagering agreements are void and unenforceable in Malaysia, which the Court felt is reinforced by section 26 of the **Civil Law Act 1956**.

The Federal Court dismissed any notion that the law favours gamblers who refuse to pay their debts, as the lack of enforceability of gambling debts applies equally to winners who seek to claim their winnings under Malaysian law.

Legal Updates

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Shearn Delamore & Co
7th Floor
Wisma Hamzah Kwong-Hing,
No 1, Leboh Ampang
50100, Kuala Lumpur, Malaysia
T: 603 2027 2727
F: 603 2078 5625
info@shearndelamore.com
www.shearndelamore.com
LinkedIn

In closing, the Federal Court held that a debt arising from gambling activities is a debt of honour and not a legal debt.

Read more at:

<https://agbrief.com/intel/deep-dive/05/03/2025/new-legal-precedent-in-malaysia-on-collecting-gambling-debts-lawyer/>

<https://next.io/news/regulation/malaysian-court-rules-gambling-debts-unenforceable/>

<https://theedgemalaysia.com/node/746451>

This update is written by [Kate Yong Weng Kei](#).

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