

22 April 2025

Newsletter



ACTION AGAINST THE UNLAWFUL RESTRICTION OF ACCESS TO FUNDS

We are delighted to share our most recent victory at the High Court, Abuja in the suit **E Finance v. Guaranty Trust Bank-Suit NO FCT/HC/CV/2598/2024**, where we successfully enforced and protected the right of client, E-Finance Company Limited, against the unlawful restriction of access to funds.

The court in its erudite judgment held that a cause of action for the infringement of fundamental right existed by virtue of

the action of Guaranty Trust Bank of placing a Post-No-Debit on our client's (E-Finance) account, for several months without any legal justification.

In giving judgment in our favour, the court also awarded substantial damages of ₦5,000,000, against Guaranty Trust Bank! This impeccable judgment shows the positive attitude of the court towards protecting the rights of individuals in the Nigerian society against the wanton excesses of financial institutions.



**K.A. Dispute
Resolution Update!**



LEGAL BRIEF OF E FINANCE V. GUARANTY TRUST BANK

The best way for individuals to protect their rights is to first be aware of them and secondly, to approach the court for remedy where there has been an injury. Once again, we secured a resounding victory against an institution in the banking sector for the unlawful restriction placed on our client's account in violation of our client's right in the case of **E-Finance v. Guaranty Trust Bank-Suit NO FCT/HC/CV/2598/2024**.

The facts of the matter that necessitated this legal action is simply that our client, E-Finance, a reputable financial institution, carrying on his lawful business, suddenly realized that she no longer had access to her bank account maintained in GTBank (a top commercial bank in Nigeria). Upon subsequent investigations it became known that GTBank had placed a restriction on our client's account for a singular fact that a writ of summons was served on

them by a person who had a pending contract with our client. This mere action not only injured the business interest of our client, it also violated our client's fundamental rights under **section 44 and 46 of the Constitution of the Federal Republic of Nigeria**. We approached the court in June 2024, seeking an enforcement for our client's right that had been violated, equally asking for compensation to assuage our client for the legal injury suffered.

In this case, the court adopted two issues for determination as to the mode of commencing action and the establishment of cause of action by our client, the applicant. It further relied on case authorities such as: **Ezomo v. Oyakhire (1985) 1 NWLR 195**, **Unical v. Ugochukwu & Ors (2007) LPELR-8293 (CA)**.

On the first issue, the court refusing to concede that the suit was wrongly commenced, stated that even though this was the case, the court will treat commencement as a mere irregularity especially where it is waived by the respondent. However, in this case, the right of the applicant had been infringed upon and so, commencement by Originating Motion did not constitute an impropriety. On the second issue, the court stated that the documents to be considered in determining if a cause of action have been disclosed by the applicant are the originating processes- originating motion, and supporting affidavit. All of these documents after being reviewed by the court disclosed a cause of action which is a breach of the applicant's fundamental right enshrined under chapter IV of the constitution of the Federal Republic of Nigeria.

We argued simply that our client who had its account placed on a Post-No-Debit by the respondent Guaranty Trust Bank, for several months beginning on the 24th of May, 2024 without any legal justification had her fundamental human rights breached. Furthermore, we argued on behalf of our client that a writ of summons, the court process which the respondent claimed it had been served with is not a valid court order which banks or indeed parties to a suit are to rely on to allegedly take preservatory steps. Only a valid order of the court can preserve a res or maintain status quo.

Therefore, taking action or a position on the basis of a mere writ or any other originating process, (which is at best a notice of commencement of action) is tantamount to taking a pre-judicial position in an undetermined suit. This is illegal and unlawful.

The matter ended in our favour with the court giving a succinct and precise judgment. In its judgment it stated that our originating and supporting processes examined, disclosed a cause of action against the Respondent.

Furthermore, it upheld our claim for reliefs sought on behalf of our client, stating in essence that such claims are well grounded within the framework of **Chapter IV of the Constitution of the Federal Republic of Nigeria**. Finally, the court awarded substantial general and exemplary damages to our client.



Insights from the Case and Court Judgment

From this matter and the court judgment, the following insights are put forward:

The court would always look to the fact surrounding the issue in order to determine whether a breach of right has occurred. It is sufficient to state a single act that constitutes the breach of right and not necessarily several acts or omissions. This is important because often there are attempts made to downplay the impact of a single act which constitute a breach of right especially where it occurs once. Where a financial institution deliberately restricts a customer's account unlawfully, this single act constitutes a breach because it denies individual access to his/her funds and violates a person's right to own moveable property as guaranteed by the constitution.

Secondly, a bank cannot justify the existence of a restriction placed on the account by a mere writ of summons served on it which was what GT Bank attempted to do in this case. A restriction can only be placed on a customer's account when there is a court order given in that regard. Also, such a restriction cannot remain on the customer's account when the court order has been lifted or set aside.

We are very pleased to have assisted our client once again and we look forward to more banking institutions respecting the rights of their customers and refraining from placing unlawful restrictions on client account.