

**SUPREME COURT REDEFINES THE LAW ON CURRENCY
CONVERSION OF FOREX DENOMINATED JUDGMENT AWARDS,
AND INTEREST COMPUTATION IN...**

**FIDELITY BANK PLC
V.
SAGECOM CONCEPTS LTD & ANOR.**

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1. INTRODUCTION

In the Nigerian commercial jurisprudence, it had long been settled law that although courts possess the jurisdiction to render judgments in foreign currency,¹ the conversion of such sums into Naira must be tied to the prevailing exchange rate at the date of actual liquidation of the judgment sum.² This principle served as a safeguard for judgement creditors against the volatility of the Naira. However, this position appears to have shifted on 12th December 2025, following the Supreme Court's ("the **Court**") decision in the case of **Fidelity Bank Plc v. Sagecom Concepts Ltd & Anor. ("Fidelity Bank v. Sagecom")**.³ In ruling on a post-judgment application by Fidelity Bank Plc seeking clarification of the monetary judgment of the trial court which had been affirmed on the merits by both appellate courts, the Supreme Court revisited the framework for currency conversion in judgements denominated in foreign currency, thereby unsettling an established precedent.

This article examines the facts of the case and the decision of the Supreme Court, while offering a detailed analysis of two notable principles of law enunciated therein and their broader significance. To achieve this objective, the discussion is structured into five (5) parts. The first part serves as an introduction to the subject matter. The second part sets out the facts of **Fidelity Bank v. Sagecom**. The third part examines the decision of the Supreme Court in the matter. The fourth part provides commentary and critical analysis of the legal issues arising from the decision. The fifth and final part presents the conclusion.

In sum, this article argues that - while the Supreme Court's decision commendably curbs punitive interest computation, its departure from the established "payment-date" conversion rule without expressly stating it was overruling the established precedent -creates uncertainty in commercial litigation.



1 Koya v. U.B.N Ltd (1997) 1 NWLR (Pt. 481) 251 at 289, paras. B-E; 291, paras. D-F; Harka Air Services (Nig.) Ltd v. Emeka Keazor [2011] 13 NWLR (Pt. 1264) 320 at 356, paras. D-H; 364, paras. F-G.

2 Saeby Jernstoberi M.F. A/S v. Olaogun Enterprises Ltd (1999) 14 NWLR (Pt. 637) 128 at 146, paras. C-D.

3 Appeal No. SC/CV/602/2021

BACKGROUND FACTS

On 30th January 2018, the High Court of Lagos State in Suit No. LD/1734/2011 awarded special damages against Fidelity Bank Plc (the Applicant/Judgment Debtor) in favour of Sagecom Concepts Ltd (the 1st Respondent/Judgment Creditor) for failure to deliver possession of 12 units of apartments at 25 Probyn Road, Ikoyi, Lagos, comprising a 25-year leasehold interest sold by the Applicant to the 1st Respondent for N350,000,000. The 1st Respondent financed the purchase with a loan from First City Monument Bank Plc ("FCMB") at 19.5% interest per annum; the special damages represented annual rental values denominated in US Dollars from November 2005 to June 2011, and thereafter until possession, plus interest at 19.5%. The Applicant unsuccessfully appealed to the Court of Appeal and the Supreme Court, which affirmed the trial court's decision, including the special damages and 19.5% interest rate.

The Applicant, after the apex court had affirmed the judgment of the Court of Appeal, returned to the Supreme Court via a motion dated 8th October 2025 ('the Motion'). Through this application, the Applicant sought clarification and correction of certain aspect of the trial court's decision affirmed by the apex court. The reliefs sought by the Applicant include:

- i. An order directing that the judgement sum be paid in Naira, notwithstanding its denomination in foreign currency.
- ii. A variation of the interest rate, fixing it at 19.5% per annum instead of the daily compounded rate earlier ordered.
- iii. An order pegging the conversion of the judgement sum to the exchange rate prevailing as at the date of the trial court's judgment.

Applicant's Position

The Applicant contended that the 1st Respondent's demand in May 2025 for US\$138,250,265.40 (or N225,285,131,812.38 at an exchange rate of US\$1 = N1,603.78) stems from an erroneous computation of interest. Specifically, the 1st Respondent is said to have compounded interest daily at 19.5% per annum, contrary to the trial court's finding which had linked the applicable rate to the FCMB's loan at 19.5% interest per annum, without daily compounding.

The Applicant argued that such a calculation (amounting to 19.5% compounded 365 times annually, over 4,745 times from 2005-2018, and more thereafter) produces punitive results grossly disproportionate to the value of the property, which current value in 2025 was assessed at N5,640,000,000.00 (Five Billion, Six Hundred and Forty Million Naira). The Applicant further argued that this approach threatened viability of the Applicant as the 6th largest bank in Nigeria.

Relying on Central Bank of Nigeria's circulars, the Applicant asserted that dollar payments by banks are prohibited in domestic transactions, save for certain specified transactions.⁴ Accordingly, the Applicant prayed for the judgement sum to be settled in Naira, pegged to the exchange rate prevailing on 30th January 2018 (US\$1 = N305.2 or N306.1), being the date of the trial court's decision, in line with the Supreme Court's precedent in *Anibaba v. Dana Airlines Ltd.*⁵



Resolutions of the issues by the Supreme Court

1. Power of the Supreme Court to Correct or Vary its Decisions

A preliminary issue before the Court concerned the finality of its judgments. The 1st Respondent contended that the Supreme Court becomes functus officio once a judgment is delivered, save for the correction of clerical errors, accidental slips, or omissions. The Court, however, rejected this contention, relying on ***Order 20 Rule 4 of the Supreme Court Rules, 2024***, which affirms the Court's authority “...***to vary the judgement or order so as to give effect to its meaning or its intention.***” The Court further held that where the interest of justice is at stake, an application to vary a judgment does not constitute an abuse of court process.

2. Computation of Interest: Daily vs. Per Annum

The Court observed that the reference to “***compounded daily***” which appeared in the judgment of the trial court was inconsistent with its findings and holding. The Court held that permitting interest to be compounded daily “***would obviously be punitive and tantamount to award of the most punitive penalty, exemplary or aggravated damages which was not the intention of the trial court***”. In resolving the issue, the Court harmonized the applicable interest rate with the trial court's findings, affirming a per annum computation over a daily compounding of interest.

⁴ Transactions within exempted sectors such as aviation, maritime, oil and gas, et al.
⁵ (2025) 9 NWLR (Pt. 1994) 337 at 425-426, paras. H-D

3. Determination of the Applicable Conversion Rate for Foreign Currency Judgments in Foreign Currency

The most significant aspect of the Court's resolution pertains to the "conversion rate" for foreign currency denominated judgment awards. The Court observed that although the underlying transaction between the parties was clearly denominated in Naira including the loan taken by the 1st Respondent from FCMB which was granted and repayable in Naira, the judgment of the trial court, which made the award in United States Dollars, offers the Applicant the option to pay the judgment sum either in United States Dollars or to pay the Naira equivalent. The critical question, therefore, was - How to determine the exchange rate to be applied in settling the judgement sum? In this case, the Applicant contended that the exchange rate at the date of the judgment of the trial court should be applied.

From a policy standpoint, the Court emphasized its duty to "adopt a policy that supports a stable and equitable conversion rate where a monetary award in the judgement of any court in this country is in foreign currency or has a foreign currency component". Relying on its recent decision in **Anibaba v. Dana Airline Limited & Anor (supra)**, the Court held that the "applicable exchange rate is the rate prevailing at the time the trial court delivered its judgment."

Consequently, the Court determined that the conversion rate applicable to the foreign currency judgement against the Applicant was the exchange rate obtainable on 30th January 2018, when the trial court delivered its judgement.

Commentary/Analysis

This ruling marks a notable departure from the long-standing authority of **Saeby Jernstoberi M.F. A/S v. Olaogun Enterprises Ltd (the "Saeby's case")**. In that case, the Supreme Court had firmly established the principle that while Nigerian courts may render judgments in foreign currency, the conversion of such sums into Naira must be effected at the prevailing exchange rate as at the date of payment. The rationale was to protect judgment creditors from the depreciation of the Naira and ensure that the value of the foreign-denominated award was preserved at the time of enforcement. In this case, the Supreme Court emphatically held as follows:

"Where a judgment is made in foreign currency, the judgment will be for the payment of the amount in foreign currency or its Naira equivalent converted for the purposes of the enforcement of the judgment at the time of the payment."

Saeby Jernstoberi M.F. A/S v Olaogun Enterprises Ltd (supra) aligned with established English authorities, including **Schorsch Meier GmbH v. Hennin**⁶; **Milliangos v. George Frank (Textiles) Ltd**⁷; **Barclays Bank International Ltd v. Levin Brothers (Bradford) Ltd**⁸; and **The Despina R.**⁹ in particular, the House of Lords in **Milliangos v. George Frank (Textiles) Ltd (supra)** endorsed the date of payment as the appropriate conversion date, rejecting both the breach date and judgment date. Importantly, 'date of payment' was construed to mean the date on which the court authorises enforcement of the judgment in terms of the foreign currency.

⁴ Transactions within exempted sectors such as aviation, maritime, oil and gas, et al.

⁵ (2025) 9 NWLR (Pt. 1994) 337 at 425-426, paras. H-D

In Anibaba v. Dana Airlines Ltd (supra), the Court held that conversion of foreign currency to Naira should be effected at the prevailing rate on the date of judgment. It is important to note, however, that the Court in ***Anibaba v. Dana Airlines Ltd (supra)*** was primarily faced with interpreting the phrase “***shall be converted to Naira at the existing official exchange interest***” as used in **Article 23** of the **Montreal Convention 1999**. The Court interpreted this provision to mean conversion at the “**the date of judgment**” as opposed to “**the date of cause of action/breach-date**”. Interestingly, the issue of “prevailing rate at the date of payment” was never an issue before the Supreme Court in ***Anibaba v. Dana Airlines Ltd (supra)*** which may explain why none of the earlier discussed Nigerian and English authorities were considered in ***Fidelity Bank v. Sagecom***.

It appears that the Court’s decision in ***Fidelity Bank v. Sagecom*** was, at least indirectly, influenced by the potentially severe financial consequences that the adoption of the prevailing exchange rate at the date of payment would have imposed on the Applicant as a regulated financial institution. As canvassed by counsel for the Applicant, the application of the current exchange rate in converting the foreign currency award to Naira would have substantially eroded the Bank’s capital base and may have posed a threat to its financial stability.

By contrast, pegging the conversion rate to the date of the trial court’s judgment would ordinarily operate to the advantage of a judgment creditor in circumstances where the value of the foreign currency has depreciated since the judgment. However, in a context such as Nigeria’s where the Naira has experienced persistent devaluation adopting the judgment-date exchange rate tends to shift the economic burden onto the judgment creditor, who would receive a significantly diminished Naira equivalent of the foreign currency award.

It is also arguable that the Court’s approach was informed by the fact that interest had already been awarded in favour of the 1st Respondent, which the Court may have regarded as a partial hedge against inflation and currency depreciation. Furthermore, the underlying transaction between the parties was predominantly denominated in Naira, and the ruling did not clearly articulate the basis upon which the trial court elected to denominate its judgment in United States Dollars. These factors, taken cumulatively, appear to have shaped the policy considerations underpinning the Court’s recalibration of the applicable conversion framework.

However, it is our humble opinion that ***Anibaba v. Dana Airlines Ltd (supra)***, relied upon by the Supreme Court in granting the Applicant’s application is clearly distinguishable from this instant case. The Court appears to have overlooked a material distinction between the two cases. While **Anibaba’s** case was narrowly concerned with the specialized liability regime under the Montreal Convention, 1999,¹⁰ the instant Fidelity Bank Plc case (‘Fidelity’) pertained to leasehold damages, a context governed by entirely different legal considerations.

6 [1975] 1 All ER 152.

7 [1975] 3 All ER 801 (HL).

8 [1976] 3 All ER 900.

9 [1979] 1 All ER 421

While the Court undoubtedly reserves the power to vary its orders, such authority ought to be exercised within the guardrails of stare decisis. In the very recent case of **A.G., Bayelsa State v. Odok**,¹¹ the Court made a strong observation in this regard, emphasizing the limits of judicial discretion and the binding force of precedent as follows:

“Central to the principle of stare decisis is that cases are only authorities for what they decide. In other words, judicial authorities cannot be applied across board in total disregard of the peculiar facts in which they were decided.”

With due respect, the Supreme Court not distinguishing the present facts in the Fidelity case from established precedent or expressly overrule its prior position may have created a significant vacuum. By departing away from the long standing **'payment-date'** rule without a robust reconciliation of the shift with earlier authorities, the Court risks engendering uncertainty. If left unclarified, such a departure has the potential to destabilize the predictability of commercial litigation and complicate the circumstances surrounding the settlement of judgments rendered in foreign currency in Nigeria.

On the flip side, the Supreme Court's clarification on interest computation directly addresses a pervasive challenge in Nigeria's post-judgment enforcement landscape. A recurring practice has been the arbitrary application of “daily compounding interest” by enforcement officers – a method which, as illustrated in **Fidelity Bank v. Sagecom** – can artificially inflate a debt far beyond the judgement debtor's actual liability. Such distortions do not only undermine the fairness of judicial awards but have, in fact, precipitated the collapse of several corporate entities.

By characterising daily compounding of interest as “punitive” and “aggravated,” the Court has effectively curtailed any discretion on the part of enforcement officers to apply predatory interest calculation. Under the **Sheriffs and Civil Process Act**, the Sheriff's role is strictly ministerial rather than judicial; their duty is to execute the precise intent of the court's order, not to expand or reinterpret it. This judgment therefore reinforces the rule that, in Nigeria, the default post-judgment interest rate must be construed as per annum, unless expressly stated otherwise by the trial court.

CONCLUSION

In conclusion, we are of the firm view that the decision of the Court in Fidelity Bank v. Sagecom is a double-edged sword in Nigerian commercial jurisprudence. On one hand, it decisively curtails the long-standing punitive enforcement practice of court sheriffs who had applied daily compounding interest, thereby safeguarding judgment debtors from disproportionate liabilities. On the other hand, it simultaneously diminishes the protection previously afforded to judgement creditors by the Saeby's case.

By shifting towards a policy that prioritizes the stability of Nigeria's financial institutions, the Supreme Court has introduced a trade-off: the adoption of the judgment-date conversion rate may, in a devaluing economy, reduce foreign currency judgments to little more than paper victories. This recalibration underscores the tension between creditor protection and systemic stability, leaving open questions about the long-term predictability of commercial dispute resolution in Nigeria.

¹⁰ The Montreal Convention is the global treaty that governs airline liability for international air carriage, setting uniform rules on passenger injury or death, delay, baggage, cargo, jurisdiction, and time limits.

¹¹ (2025) 4 NWLR (Pt. 1982) 385 (pp. 405 – 406 paras. E-H, per Okoro, JSC).

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