

BANKING LAW

BANKING LAW – CHEQUE – DUTIES OF BANK AND CUSTOMER –
BANK OF THE NORTH V YAU 2001 87 LRCN 1716

BANKER / CUSTOMER RELATIONSHIP –The relationship between banker and customer is that of debtor and creditor. The bank is indebted to the customer, to the extent of the customer’s credit balance – YESUFU V A.C.B. (1981) 1 S.C. p.74; I.B.W.A V KENNEDY TRANS. NIG.LTD. (1993) 7 NWLR Pt.304 p.238; U.B.A. V U.B.N. PLC. (1995) Pt.405, p.72; ALLIED BANK (NIG) LTD. V AKUBUEZE (1997) 6 NWLR Pt.509, p.374.

SUIT BETWEEN TWO BANKS – JURISDICTION- Where there is a dispute between two banks, the nature of the dispute will determine the jurisdiction of the Courts. If it is a simple customer/banker relationship, the state High Court can entertain the suit – FMBN V NDIC (1999) 2NWLR Pt.591, p.333.

BANK DRAFT MARKED *NOT NEGOTIABLE ACCOUNT PAYEE ONLY*-
When a Draft is so marked, it is to ensure that the proceeds are lodged only in the account endorsed on the draft, thus making it nontransferable. If the banker pays some other person, he will be liable in damages, for negligence –UBA PLC V EKENE DILI CHUKWU (NIG) LTD. (1999) 12 NWLR Pt 629 p.128.

DISHONOURED CHEQUE – RIGHT TO SUE –PRIVITY OF CONTRACT-
Not only the drawer of a wrongly dishonoured cheque that can sue for breach of contract. The drawee or any other customer for whose benefit the cheque was drawn can sue for damages, regardless of whether there was privity of contract between them or not – F.B.N LTD V NIREKO ENT. LTD. (2001) 11 NWLR Pt.723 p.102; NNB LTD. V ODIASE (1993) 8 NWLR, Pt.310, p.235; AGWARAMGBO V U.B.N. PLC (2001) 4NWLR Pt.702, p.1.

DEBITING CUSTOMERS ACCOUNT BASED ON FORGED CHEQUE - A bank cannot debit a customers account with any payment on a forged cheque, because a forged cheque is a nullity. Unless the bank can establish adoption or

estoppel –BANK OF THE NORTH V LAKE CHAD RESEARCH INSTITUTE (1995) 6 NWLR Pt.403, p.607 at 615 ; A.C.B. PLC. V NDOMA EGBA (2000) 8 NWLR Pt. 669, p.389.

RECOVERY OF DEBT – WHEN CAUSE OF ACTION ACCRUES- The cause of action accrues upon demand for the payment of the debt. If no demand is made, a cause of action does not arise, and no action can be commenced – ANGYU V MALAMI (1992) 9 NWLR Pt.264,p.242 ; ISHOLA V S.G.B.N. LTD. (1997) 2 NWLR Pt.488,p.405 ; KOLO F.B.N. PLC. (2003) 3NWLR Pt.806, p.216.

BANKER'S STATEMENT OF ACCOUNT – HOW TENDERED- SECTION 97(2) (2) EVIDENCE ACT- It is not compulsory that the exact words of the section must be used by the witness or the Judge – AIYETORO COMMUNITY TRADING CO. LTD. V NACB LTD. (2003) 12 NWLR Pt. 834, p.346; NARINDEX TRUST LTD V NIME LTD (2001) 10 NWLR Pt. 725, p.321.