

Krispy Legal's NEWSLETTER



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THE LEGALITY OF BANK ACCOUNT FREEZES WITHOUT COURT ORDERS: BANKING COMPLIANCE OR RIGHTS VIOLATION.

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THE LEGALITY OF BANK ACCOUNT FREEZES WITHOUT COURT ORDERS BANKING COMPLIANCE OR RIGHTS VIOLATION.

1. Introduction

Background to Bank Account Freezes in Modern Banking Practice

The modern banking system operates at the intersection of private contractual obligations and extensive public regulatory control. Banks are no longer mere custodians of customers' funds; they function as critical gatekeepers in the enforcement of financial regulation, particularly in the areas of anti-money laundering, counter-terrorism financing, and financial crime prevention. One significant manifestation of this regulatory role is the freezing or restriction of customers' bank accounts.

A bank account freeze generally refers to the suspension or restriction of a customer's ability to withdraw, transfer, or otherwise deal with funds standing to the credit of an account. Traditionally, such freezes were associated with judicial processes, especially in the context of debt recovery, criminal investigations, or enforcement of court judgments. However, contemporary banking practice has witnessed a growing trend of

account freezes imposed without prior court orders, often justified on grounds of regulatory compliance or administrative directives.

The banker–customer relationship is fundamentally contractual, but that relationship is increasingly shaped by statutory and regulatory obligations imposed on banks in the public interest.¹ This development has blurred the boundaries between private law obligations and public law duties, raising serious legal and constitutional questions, particularly where customers' access to their funds is restricted without judicial authorization.

Rising Incidents of Account Restrictions Without Court Orders

In recent years, there has been a noticeable increase in instances where banks freeze customers' accounts without obtaining court orders. These freezes are commonly triggered by allegations of suspicious transactions, compliance with regulatory directives, or requests from law enforcement and regulatory agencies. While banks often justify such actions as necessary to comply with statutory obligations, customers frequently experience significant hardship as a result of sudden and unexplained account restrictions.

¹ E. P. Ellinger, E. Lomnicka & C. Hare, *Ellinger's Modern Banking Law* (5th edn, Oxford University Press 2011) Available at: <https://global.oup.com/academic/product/ellingers-modern->

[banking-law-9780199232093](https://global.oup.com/academic/product/ellingers-modern-banking-law-9780199232093)(<https://global.oup.com/academic/product/ellingers-modern-banking-law-9780199232093>) Accessed on 13th February, 2026.

Scholarly studies have observed that administrative account freezes have become a routine compliance mechanism rather than an exceptional measure. Banks increasingly adopt a “de-risking” approach, freezing accounts pre-emptively to avoid regulatory sanctions rather than awaiting judicial authorization.² This compliance-driven approach, though commercially rational for banks, has profound implications for customers’ proprietary and constitutional rights.

In Nigeria, this trend has been particularly controversial due to directives issued by regulatory and investigative agencies, sometimes without clear statutory backing or judicial oversight. Legal commentators have argued that the growing prevalence of non-court-ordered account freezes reflects a shift towards administrative enforcement that risks undermining the rule of law.³ The absence of transparent procedures and clear timelines for such freezes further exacerbates the problem, leaving customers uncertain about the legal basis and duration of the restrictions imposed on their accounts.

The Conflict Between Regulatory Compliance and Individual Rights.

At the heart of the debate on bank account freezes without court orders lies a fundamental tension between regulatory compliance and the protection of individual rights. On the one hand, banks are under strict legal obligations to prevent financial crimes, comply with regulatory directives, and cooperate with law enforcement agencies. Failure to do so may attract severe sanctions, including heavy fines and reputational damage. On the other hand, customers possess legally protected rights to property, fair hearing, and due process, which may be infringed by arbitrary or prolonged account freezes.

Dicey’s conception of the rule of law emphasizes that no person should suffer interference with their rights except through due process of law.⁴ Applying this principle to banking practice suggests that restrictions on access to one’s funds should ordinarily be subject to judicial scrutiny. The freezing of bank accounts without court orders raises concerns about whether regulatory compliance can lawfully override constitutional

² N. Ryder, “Financial Crime and the Regulation of the Banking Sector” (2015) *Journal of Financial Crime*. Available at: <https://www.emerald.com/insight/content/doi/10.1108/JFC-01-2015-0003/full/html>(<https://www.emerald.com/insight/content/doi/10.1108/JFC-01-2015-0003/full/html>) Accessed on 13th February, 2026.

³ A. A. Oba, “Banking Regulation and Fundamental Rights in Nigeria” (2019) *Nigerian Journal of Commercial Law*. Available at:

<https://journals.ezenwaohaetorc.org/index.php/NJCL/article/view/124>(<https://journals.ezenwaohaetorc.org/index.php/NJCL/article/view/124>) Accessed on 13th February, 2026.

⁴ A. V. Dicey, *Introduction to the Study of the Law of the Constitution* (10th edn, Macmillan 1959)

Available at: <https://oll.libertyfund.org/title/dicey-introduction-to-the-study-of-the-law-of-the-constitution-lf-ed>(<https://oll.libertyfund.org/title/dicey-introduction-to-the-study-of-the-law-of-the-constitution-lf-ed>) Accessed on 13th February, 2026.

guarantees, particularly the right to property and the right to fair hearing.

Judicial opinions and academic literature increasingly question whether administrative account freezes amount to a form of constructive punishment imposed without trial. Financial restrictions that deprive individuals of access to their funds may have consequences as severe as criminal sanctions, yet they are often imposed without the procedural safeguards associated with criminal justice.⁵ This tension underscores the need for a careful legal analysis of the legitimacy, scope, and limits of banks' powers to freeze accounts without court orders.

2. Conceptual Clarifications

2.1 Meaning of Bank Account Freeze

A bank account freeze refers to a restriction imposed on a customer's bank account which prevents the customer from accessing, withdrawing, transferring, or otherwise dealing with funds standing to the credit of the account. During a freeze, the legal ownership of the funds remains with the customer, but the right of control and enjoyment is temporarily or permanently suspended by the bank.

⁵ I. O. Ogowewo, "Regulatory Powers, Property Rights and Due Process in Nigeria" (2017) *Journal of African Law*. Available at: [https://www.cambridge.org/core/journals/journal-of-african-law/article\]\(https://www.cambridge.org/core/journals/journal-of-african-law/article](https://www.cambridge.org/core/journals/journal-of-african-law/article](https://www.cambridge.org/core/journals/journal-of-african-law/article) Accessed on 13th February, 2026.

A banker's primary obligation is to honour the customer's mandate by paying cheques and executing instructions, and any refusal to do so must be legally justified, otherwise it constitutes a breach of contract. A bank account freeze, therefore, represents a derogation from the banker's duty to honour the customer's mandate and must be grounded in law or contract.⁶

In Nigerian banking practice, account freezes often arise in the context of regulatory compliance, anti-money laundering controls, or law enforcement investigations, raising questions about legality and proportionality.

2.2 Distinction Between Temporary Restriction and Permanent Freeze

It is important to distinguish between a temporary account restriction and a permanent or indefinite account freeze.

A temporary restriction is usually imposed for a limited period to enable the bank to conduct internal investigations, comply with regulatory directives, or clarify suspicious transactions. Such restrictions are often administrative in nature and may be lifted once the purpose is achieved.

A permanent or indefinite freeze, on the other hand, occurs where an account remains inaccessible for

⁶ Ellinger, E. P., Lomnicka, E., & Hare, C., *Ellinger's Modern Banking Law* (5th ed., Oxford University Press, 2011) p. 232. Available at: [https://global.oup.com/academic/product/ellingers-modern-banking-law-9780199581119\]\(https://global.oup.com/academic/product/ellingers-modern-banking-law-9780199581119](https://global.oup.com/academic/product/ellingers-modern-banking-law-9780199581119](https://global.oup.com/academic/product/ellingers-modern-banking-law-9780199581119) Accessed on 13th February, 2026.

an extended or unspecified duration, often pending the outcome of investigations or court proceedings. This type of freeze has more severe legal consequences, as it may amount to a constructive deprivation of property.

Where a restriction on an account goes beyond what is reasonably necessary, the bank may be liable for wrongful dishonour or breach of contract.⁷ Thus, the duration and scope of an account freeze are crucial in determining its legality.

2.3 Meaning of Court Order in Banking Practice

A court order in banking practice refers to a directive issued by a court of competent jurisdiction authorising the freezing, seizure, or restriction of funds in a customer's bank account. Such orders typically arise in criminal investigations, civil disputes, or enforcement proceedings.

Court-ordered freezes derive their legitimacy from the judicial power of the state and are generally regarded as lawful limitations on proprietary rights, provided due process is followed. As noted by

⁷ Paget, J. M., *Paget's Law of Banking* (15th ed., LexisNexis, 2018) para. 21.14. Available at: <https://store.lexisnexis.co.uk/products/pagets-law-of-banking-skuuksku9780406947267> (<https://store.lexisnexis.co.uk/products/pagets-law-of-banking-skuuksku9780406947267>) Accessed on 13th February, 2026.

⁸ Dicey, A. V., *Introduction to the Study of the Law of the Constitution* (10th ed., Macmillan, 1959) p. 188. Available at: <https://oll.libertyfund.org/title/dicey-introduction-to-the-study-of-the-law-of-the-constitution-lf-ed>

Dicey, the rule of law requires that interference with property rights must be authorised by law and subject to judicial oversight.⁸

In banking transactions, a court order serves as a protective shield for banks, insulating them from liability for dishonouring customer mandates.

2.4 Concept of Customers' Rights in Banking Transactions

The relationship between a bank and its customer is primarily contractual, giving rise to enforceable rights and obligations. Customers possess the right to:

3. Access and operate their accounts freely
4. Withdraw and transfer funds subject to agreed terms
5. Be informed of any restriction placed on their accounts
6. Seek redress for unlawful interference with their funds

According to Goode⁹, a customer's right to draw on their account is a fundamental incident of the banker-customer relationship, and any unjustified interference constitutes a legal wrong.

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⁹ Goode, R., *Commercial Law* (5th ed., Penguin, 2016) p. 469. Available at: <https://www.penguin.co.uk/books/111/1116204/commercial-law/9780141983000.html> (<https://www.penguin.co.uk/books/111/1116204/commercial-law/9780141983000.html>) Accessed on 13th February, 2026.

In Nigeria, these rights are further reinforced by constitutional guarantees relating to property and fair hearing, making arbitrary account freezes legally contentious.

2.5 Overview of Regulatory Compliance in the Banking Sector

Regulatory compliance refers to the obligation of banks to adhere to statutory, regulatory, and supervisory requirements imposed by financial authorities. In modern banking, compliance obligations have expanded significantly, particularly in the areas of:

- a. Anti-money laundering (AML)
- b. Combating the financing of terrorism (CFT)
- c. Know-Your-Customer (KYC) requirements
- d. Suspicious transaction reporting

As noted by Ryder¹⁰, banks increasingly function as “gatekeepers” of the financial system, tasked with preventing financial crime, sometimes at the expense of customer convenience and rights.

However, scholars argue that regulatory compliance must not override fundamental legal principles. Administrative convenience should not justify disproportionate interference with individual rights without judicial authorisation.¹¹

¹⁰ Ryder, N., “The Financial Crisis and White Collar Crime” (2014) 77 Modern Law Review 878–900. Available at: <https://onlinelibrary.wiley.com/doi/10.1111/1468-2230.12077>(<https://onlinelibrary.wiley.com/doi/10.1111/1468-2230.12077>) Accessed on 13th February, 2026.

¹¹ Ashworth, A., Human Rights, Serious Crime and Criminal Procedure (Sweet & Maxwell, 2002) p. 64.

This tension between compliance and rights lies at the heart of the debate on bank account freezes without court orders.

From the foregoing, it is clear that bank account freezes implicate core principles of banking law, contract law, and constitutional rights. While banks operate within an increasingly stringent regulatory environment, any restriction on a customer’s account must be legally justified, proportionate, and procedurally fair. These conceptual foundations provide the basis for assessing whether non-court-ordered account freezes amount to lawful compliance or impermissible rights violations.

3. Legal Framework Governing Bank Account Freezes

The legality of bank account freezes in Nigeria is governed by a combination of contract law principles, banking and financial regulations, anti-money laundering statutes, and constitutional safeguards. These legal sources collectively define the scope, limits, and procedural requirements under which a bank may lawfully restrict a customer’s access to funds.

3.1 Contractual Relationship between Banks and Customers

Available at: <https://legal.thomsonreuters.com/en/products/human-rights-serious-crime-and-criminal-procedure>(<https://legal.thomsonreuters.com/en/products/human-rights-serious-crime-and-criminal-procedure>) Accessed on 13th February, 2026.

The relationship between a bank and its customer is fundamentally contractual in nature. It is well established that the banker–customer relationship is that of debtor and creditor, with the bank owing a contractual duty to honour the customer’s mandate to pay money upon demand, subject to lawful limitations.

According to Paget’s Law of Banking, a bank is under a prima facie obligation to comply with its customer’s instructions unless there is a legal justification for refusal, such as a court order or statutory prohibition.¹² This principle has been widely adopted in Nigerian banking jurisprudence. Similarly, any restriction placed on a customer’s account outside contractual or statutory authority constitutes a breach of mandate.¹³

In **Yesufu v ACB Ltd (1981) 1 SC 74**, the Nigerian Supreme Court affirmed that a bank which dishonours a customer’s mandate without lawful excuse may be liable in damages. This position implies that freezing a bank account without lawful authority amounts to a breach of the banker–customer contract, unless justified by statute or court order.

Most modern bank–customer contracts contain clauses allowing banks to restrict accounts in cases of suspected illegality or regulatory directives. However, academic commentators argue that such clauses cannot override constitutional guarantees or statutory safeguards.¹⁴ Thus, contractual provisions must be interpreted subject to superior legal norms.

3.2 Statutory Powers of Banks to Restrict Accounts

Banks do not possess inherent powers to freeze accounts; any such power must be expressly conferred by statute. Nigerian banking legislation primarily regulates banks’ supervisory obligations rather than granting unilateral powers to restrict customers’ funds.

The Banks and Other Financial Institutions Act (BOFIA) 2020 imposes extensive compliance duties on banks, including customer due diligence and risk management. Section 19 of BOFIA empowers regulatory authorities to issue directives to banks in the interest of financial stability. However, the Act does not expressly authorise banks to freeze accounts indefinitely without judicial oversight.

¹² Paget, M., *Paget’s Law of Banking* (14th edn, LexisNexis 2018)
Available at: <https://www.lexisnexus.co.uk/legal/commentary/pagets-law-of-banking/>(<https://www.lexisnexus.co.uk/legal/commentary/pagets-law-of-banking/>) Accessed on 13th February, 2026.

¹³ Ellinger, E.P., Lomnicka, E. & Hare, C., *Ellinger’s Modern Banking Law* (5th edn, OUP 2011)

Available at: <https://global.oup.com/academic/product/ellingers-modern-banking-law-9780199289731>(<https://global.oup.com/academic/product/ellingers-modern-banking-law-9780199289731>) Accessed on 13th February, 2026.

¹⁴ *Ibid.*

Scholars have observed that BOFIA’s silence on unilateral account freezes suggests that banks must rely on specific statutory mandates or court orders before restricting access to funds.¹⁵ Any administrative action taken outside these limits risks being ultra vires.

3.3 Role of Regulatory Authorities in Account Monitoring

Regulatory agencies such as the Central Bank of Nigeria (CBN), the Economic and Financial Crimes Commission (EFCC), and the Nigerian Financial Intelligence Unit (NFIU) play critical roles in monitoring financial transactions, particularly in relation to money laundering and terrorism financing.

Under the Money Laundering (Prevention and Prohibition) Act 2022, financial institutions are required to report suspicious transactions to the NFIU. Section 19 of the Act empowers relevant authorities to seek court orders for the freezing of suspicious accounts. Importantly, the statute emphasises judicial authorisation as a prerequisite for asset freezing beyond temporary preventive measures.

Academic commentary has criticised the growing practice where banks act on informal regulatory directives without court backing. This trend

undermines the rule of law and transforms banks into quasi-law enforcement agencies, contrary to constitutional principles.

3.4 Requirement of Court Orders in Asset Freezing

The requirement of a court order serves as a procedural safeguard against arbitrary deprivation of property. Under Nigerian law, freezing a bank account constitutes a restriction on proprietary rights and must therefore comply with due process requirements.

Section 44 of the 1999 Constitution of the Federal Republic of Nigeria (as amended) protects citizens from compulsory acquisition or control of property without lawful justification. Judicial authorities have interpreted account freezes as a form of temporary control over property, necessitating court supervision.

In **GTB v Adedamola (2019) LPELR-47310(CA)**, the Court of Appeal held that a bank has no authority to freeze a customer’s account without a valid court order, except where expressly permitted by statute. The court emphasised that regulatory convenience cannot override constitutional rights. Legal scholars agree that court orders provide neutrality, accountability, and proportionality in asset-freezing decisions.¹⁶ Without judicial scrutiny, there is a heightened risk

¹⁵ Adekola, G., “Banking Regulation and Customer Protection in Nigeria” (2021) *Journal of Commercial Law in Africa*. Available at: <https://www.ajol.info/index.php/jcla>(<https://www.ajol.info/index.php/jcla>) Accessed on 13th February, 2026.

¹⁶ Ojo, M., “Judicial Oversight and Financial Crime Control” (2020) *Commonwealth Law Bulletin*

of abuse, prolonged restrictions, and violation of fair hearing rights.

3.5 Exceptions to the Requirement of Court Orders

Notwithstanding the general rule, certain statutes permit temporary administrative restrictions without immediate court orders. These exceptions are narrowly construed and are usually subject to strict timelines.

For instance, anti-money laundering regulations allow banks to place short-term restrictions on accounts pending investigation, provided that a court order is sought within a reasonable time. According to *Iyoha*, such exceptions are preventive rather than punitive and must not be used as substitutes for judicial freezing orders.¹⁷

Courts have consistently warned against indefinite administrative freezes. In *FBN Plc v Attorney-General of the Federation* (2018) LPELR 46084 (SC), the court criticised the practice of prolonged freezes based solely on investigative letters, describing it as unconstitutional and oppressive.

4. Bank Account Freezes Without Court Orders

Available at: <https://www.tandfonline.com> Accessed on 13th February, 2026.

¹⁷ *Iyoha*, F., “Anti-Money Laundering Measures and Property Rights” (2019) *African Journal of International and Comparative Law*. Available at: <https://www.eupublishing.com> Accessed on 13th February, 2026.

Bank account freezes without court orders represent one of the most controversial practices in contemporary banking regulation. While banks often justify such freezes on the basis of regulatory compliance and crime prevention, customers increasingly view them as arbitrary restrictions on proprietary and constitutional rights. This section examines the circumstances under which banks freeze accounts without court orders, the legal basis for such actions, and the scope and limits of administrative freezes within the Nigerian banking system.

4.1 Circumstances Under Which Banks Freeze Accounts Without Court Orders.

Banks generally freeze customer accounts without court orders in situations where they suspect unlawful activity or where regulatory directives mandate immediate action. Common triggers include suspected money laundering, terrorism financing, fraud, identity theft, cybercrime, and sanctions-related transactions.

Banks are under a duty to exercise vigilance where transactions appear inconsistent with a customer’s known profile, particularly where such transactions raise red flags under anti-money laundering regulations.¹⁸ In such cases, banks may impose a

¹⁸ Ellinger, E.P., Lomnicka, E. & Hare, C., *Ellinger’s Modern Banking Law* (5th edn, OUP 2011)

Available at: <https://global.oup.com/academic/product/ellingers-modern-banking-law-9780199289731> Accessed on 13th February, 2026.



temporary restriction to prevent dissipation of funds while investigations are ongoing.

In Nigeria, banks often rely on internal compliance reports, suspicious transaction alerts, and communications from regulatory or law enforcement agencies. However, the absence of prior judicial authorization raises legal concerns, especially where freezes are prolonged or indefinite.

4.2 Regulatory Directives and Compliance Obligations

Banks operate within a heavily regulated environment and are required to comply with directives issued by regulatory authorities. The Central Bank of Nigeria (CBN), for example, issues circulars mandating banks to monitor accounts and restrict suspicious transactions.

Under the Money Laundering (Prevention and Prohibition) Act 2022, financial institutions are required to identify and report suspicious transactions to the Nigerian Financial Intelligence Unit (NFIU). Section 7 of the Act obliges banks to take reasonable measures to prevent the laundering of illicit funds, which may include placing

temporary restrictions on accounts pending further instructions.

Regulatory compliance has transformed banks into “quasi-law enforcement agents,” compelled to act swiftly even at the risk of infringing customers’ rights.¹⁹ This regulatory pressure often explains why banks freeze accounts pre-emptively, without recourse to court orders.

4.3 Suspicious Transaction Reporting and Anti-Money Laundering Measures.

Suspicious Transaction Reports (STRs) form the backbone of administrative account freezes. Once a transaction is flagged as suspicious, banks may restrict access to the account to prevent further movement of funds.

AML frameworks worldwide prioritize speed and prevention over procedural formality, which explains why judicial authorization is often absent at the initial stage.²⁰ However, the authors caution that such preventive measures must be time-bound and subject to oversight to avoid abuse.

In Nigeria, the CBN AML/CFT Regulations 2022 require banks to apply enhanced due diligence and, where necessary, restrict transactions linked to high-risk customers. While these regulations do not

¹⁹ A. Oguno, “Anti-Money Laundering Compliance and the Erosion of Bank-Customer Confidentiality in Nigeria” (2019) Nigerian Journal of Commercial Law. Available at:

<https://www.ajol.info/index.php/njcl>(<https://www.ajol.info/index.php/njcl>) Accessed on 3th February, 2026.

²⁰ M. Levi & P. Reuter, “Money Laundering” (2006) 34 Crime and Justice 289. Available at: <https://www.jstor.org/stable/10.1086/501508>(<https://www.jstor.org/stable/10.1086/501508>) Accessed on 13th February, 2026.

expressly authorize indefinite account freezes, banks frequently interpret them broadly, leading to legal uncertainty.

4.4 Administrative Freezes Versus Judicial Freezes

A critical distinction exists between administrative freezes and judicial freezes. Administrative freezes are imposed by banks or regulators based on statutory or regulatory powers, while judicial freezes arise from court orders, such as garnishee orders or asset preservation orders.

Textbook authorities emphasize that judicial freezes provide procedural safeguards, including notice, hearing, and the opportunity to challenge the restriction. Dicey and Morris observe that judicial oversight ensures proportionality and accountability in asset restraint measures.²¹ Administrative freezes, by contrast, often lack these safeguards, making them more susceptible to abuse.

Nigerian courts have repeatedly stressed that while banks may temporarily restrict accounts for compliance purposes, prolonged freezes without court orders may amount to unlawful deprivation of property. The distinction therefore lies not merely in the act of freezing, but in its duration, justification, and procedural fairness.

²¹ A.V. Dicey, J.H.C. Morris & L. Collins, “The Conflict of Laws”. (Sweet & Maxwell)
Available at: <https://legal.thomsonreuters.com> Accessed on 13th February, 2026.

4.5 Duration and Scope of Non-Court-Ordered Freezes.

One of the most contentious aspects of non-court-ordered freezes is their duration. Regulatory guidelines generally contemplate short-term restrictions pending investigation or receipt of lawful instructions. However, in practice, customers’ accounts may remain frozen for months or even years without judicial intervention.

Legal scholars argue that indefinite administrative freezes violate fundamental principles of due process. Criminal justice mechanisms must not be bypassed through regulatory shortcuts, as doing so undermines the rule of law.²²

Furthermore, the scope of freezes is often overly broad, affecting entire accounts rather than specific suspicious sums. This raises proportionality concerns, particularly where customers rely on the accounts for basic economic survival. The failure to promptly seek court authorization after imposing an administrative freeze has been identified as a key factor rendering such actions unlawful.

5. Fundamental Rights Implications

a. Right to Property and Economic Rights of Customers

One of the central fundamental rights implicated when a bank account is frozen without a court order

²² Y. Akinseye-George, “Legal System, Corruption and Governance in Nigeria.” (New Century Law Publishers 2000)
Available at: <https://newcenturylawpublishers.com> Accessed on 13th February, 2026.

is the right to property. Under Section 44 of the Constitution of the Federal Republic of Nigeria 1999 (as amended), every person has a right to acquire and own property, including funds held in a bank account. Cases in Nigeria confirm that restricting access to a customer's bank account without the authorising order of a court can violate this constitutional right. In *GTB v. Adedamola* the courts have emphasised that banks must ensure there is a valid court order before placing any restraint on a customer's account; failure to do so amounts to an infringement of the right to property.

In a Federal High Court decision²³, Justice Ayokunle Faji awarded N10 million in damages against Access Bank Plc for illegally placing a Post No Debit (PND) on a customer's account without a court order, declaring the action a violation of the customer's right to enjoyment of property under Section 44 of the Nigerian Constitution and Article 14 of the African Charter on Human and Peoples' Rights (Ratification and Enforcement) Act. The court described the account freeze as illegal, unconstitutional and void.²⁴

Academically, commentators on Nigerian law highlight that banks cannot lawfully freeze customers' accounts on mere directives from

prosecuting agencies such as the EFCC or ICPC without obtaining a valid court order, because doing so interferes with property rights protected by Sections 43-44 of the Constitution. Unlawful interference with property rights attracts damages and is a ground for enforcement of fundamental rights.²⁵

b. Right to Fair Hearing and Due Process

A corollary principle to the right to property is the right to fair hearing and due process under Section 36 of the Constitution. This guarantees that no person shall be deprived of their rights without being given an opportunity to be heard. Nigerian judicial authorities have repeatedly held that freezing a bank account without judicial oversight denies the customer due process, because the account holder is not afforded the chance to contest the action before an independent tribunal.²⁶

In litigation challenging extra-judicial freezes, courts have stressed that even investigatory powers of enforcement agencies must be exercised through the judicial process. For example, authorities must apply to a court *ex parte* for an order to freeze accounts suspected to involve proceeds of crime, rather than instruct a bank to act unilaterally;

²³ *Access Bank Plc v Customer* (Federal High Court, Lagos; FHC/L/CS/208/2024) delivered by Justice Ayokunle Faji, *Access Bank Plc v. Customer* 2024.

²⁴ The Guardian Nigeria. Court orders bank to pay N10m to customer for freezing account illegally Available at: <https://guardian.ng/features/law/court-orders-bank-to-pay-n10m-to-customer-for-freezing-account-illegally/> Accessed on 13th February, 2026.

²⁵ BIMAK Associates. "The Legality of Freezing Bank Accounts in Nigeria (Legal Commentary)." Available at: <https://www.bimakassociates.com/legality-of-freezing-bank-account/> Accessed on 14th February, 2026.

²⁶ The Guardian Nigeria. "Court orders bank to pay N10m to customer for freezing account illegally" Available at: <https://guardian.ng/features/law/court-orders-bank-to-pay-n10m-to-customer-for-freezing-account-illegally/> Accessed on 14th February, 2026.

otherwise the act constitutes a breach of due process of law.

c. Presumption of Innocence and Financial Restrictions

The presumption of innocence and broader fairness principles are indirectly engaged where accounts are frozen pre-trial. Although Nigerian law does not explicitly phrase this as a constitutional right in the same terms used in some other jurisdictions, scholars point out that restrictive actions that assume guilt prior to conviction diverge from basic principles of criminal justice and fairness. Freezing a customer's account without court oversight effectively punishes the individual before any adjudication of wrongdoing, creating a form of constructive punishment that encroaches on fundamental rights.²⁷

d. Balancing Public Interest and Individual Rights

While courts recognise that constitutional rights are not absolute meaning they may be limited in defined circumstances they must be balanced against public interests such as anti-money laundering enforcement. However, the balancing

exercise does not justify unilateral deprivation of property. Instead, the state or its agencies must first approach the judiciary to justify interference with rights, ensuring accountability and judicial oversight. This approach is consistent with international human rights norms, which emphasise that asset freezing measures must include procedural safeguards and respect for property rights and due process.²⁸

In comparative human rights literature, asset freezing mechanisms whether in administrative or criminal contexts are acknowledged to implicate human rights protections such as peaceful enjoyment of possessions and respect for private life, necessitating clear legal safeguards and judicial review to ensure proportionality and legality.²⁹

6. Judicial Attitude and Case Law Analysis

The judiciary plays a pivotal role in defining the scope and limits of banks' powers to freeze customer accounts. In the context of Nigerian law, judicial attitude has evolved in response to increasing unilateral account restrictions by banks

²⁷ Templars Law Firm, "Freezing Bank Accounts in Nigeria: Legal Basis and Compliance Framework" (Templars 2025). Available at: <https://www.templars-law.com/app/uploads/2025/11/Freezing-Bank-Accounts-in-Nigeria.pdf> <https://www.templars-law.com/app/uploads/2025/11/Freezing-Bank-Accounts-in-Nigeria.pdf> Accessed 14th, February 2026.

²⁸ A Mama, 'Seizure of Bank Accounts: Legal Means of Ensuring Mobilization or a Challenge to Banking Stability' (SRM International Journal of Law and Legal Research 2023). Available at: https://www.researchgate.net/publication/399252090_SEIZURE_OF_BANK_ACCOUNTS_A_LEGAL_MEANS_OF_ENSUREING_MOBILIZATION_OR_A_CHALLENGE_TO

[BANKING STABILITY IN THE CONTEXT OF EUROPEAN INTEGRATION](https://www.researchgate.net/publication/399252090_SEIZURE_OF_BANK_ACCOUNTS_A_LEGAL_MEANS_OF_ENSUREING_MOBILIZATION_OR_A_CHALLENGE_TO) https://www.researchgate.net/publication/399252090_SEIZURE_OF_BANK_ACCOUNTS_A_LEGAL_MEANS_OF_ENSUREING_MOBILIZATION_OR_A_CHALLENGE_TO

Accessed 14th, February 2026.

²⁹ Human Rights Law Review, 'Asset Freezing and Human Rights: Protecting Rights in the Context of Anti-Money-Laundering Laws' (Oxford Academic 2020) Available at: <https://academic.oup.com/hrlr/article/20/3/502/5903910> (<https://academic.oup.com/hrlr/article/20/3/502/5903910>)

Accessed 14th, February 2026.



and law-enforcement agencies, especially where no competent court order has been obtained. This section analyses leading judicial authorities, statutory interpretation, and scholarly perspectives to illustrate the legal boundaries and remedies in unlawful freeze scenarios.

6.1 The Constitutional and Contractual Basis for Judicial Review

At the heart of judicial scrutiny is the Nigerian Constitution, which guarantees the right to own property, due process, and fair hearing (Sections 44 and 36, 1999 Constitution (as amended)). Courts have repeatedly held that any restraint on property including freezing a bank account must not be arbitrary and must comply with the due process of law. Due process not only demands substantive justification but also procedural fairness i.e., the account holder must have a right to be heard or a validly obtained court order.

This constitutional underpinning has framed judicial attitudes in banking freeze disputes, compelling courts to intervene where executive or private power has overreached its authority (see the decisions discussed below).

6.2 Nigerian Case Law on Unlawful Account Freezes

1. Guaranty Trust Bank Plc v. Adedamola (2019) 5 NWLR (Pt. 1664) 30

In **GTB Plc v. Adedamola**, the Court of Appeal emphatically held that banks cannot lawfully freeze a customer’s account without a valid court order. Interpreting Section 34(1) of the Economic and Financial Crimes Commission Act 2004, the court explained that even where law-enforcement agencies initiate an investigation, they must apply to a competent court for an ex parte freezing order before instructing a bank to restrain a customer’s account. To do otherwise, the court held, is “a flagrant disregard and violation of the rights of a customer.”³⁰

This principle has become a judicial anchor, signalling that statutory language granting investigative reach to agencies like the EFCC does not displace the supremacy of due process and judicial oversight.

2. FCT High Court Decisions — Bature J.

In an important High Court judgment delivered in the Federal Capital Territory, Justice S.U. Bature underscored that no bank or law enforcement agency has unilateral authority to freeze customer accounts without a court order. In FCT/HC/CV/7718/2023 (January 31, 2024), the court held that the unilateral freezing of the plaintiff’s account constituted a breach of the banker-customer contract and an abuse of due process. The judge awarded damages of

³⁰ Guaranty Trust Bank Plc v. Adedamola (2019) 5 NWLR (Pt. 1664) 30

₦2,000,000 against the bank for acting without lawful basis.³¹

This case emphasises:

- a. The contractual duty of care owed by banks,
- b. The requirement that any account restriction must follow valid legal authority, and
- c. The availability of monetary remedies where breaches occur.

3. High Court—Magistrates and Inferior Courts.

Courts have systematically disallowed account freezes based on inferior judicial instruments. In *FHC/L/CS/07/2025 (Aiman Mahfouz v. Fidelity Bank Plc)*³², the Federal High Court (Lagos Division) held that only courts of competent jurisdiction typically a High Court can grant orders to freeze bank accounts, and that magistrates or area/customary courts lack such jurisdiction. This judgment described inferior “bankers’ orders” or ex parte freeze directives as unconstitutional and without legal effect.

This reinforces the principle that account freezes are not administrative or inferential powers but judicial restraints on property requiring specialized judicial authority.

4. ICPC Freeze Powers Review

³¹ Nairametrics. “Lawyers explain why EFCC can no longer freeze customer accounts without a court order.” (2024) Available at: <https://nairametrics.com/2024/09/03/lawyers-explain-why-efcc-b> Accessed 14th, February 2026.

³² LinkedIn, https://www.linkedin.com/posts/ayanate-briggs-24909097_aiman-mahfouz-v-fidelity-bank-plc-suit-activity-7392264607052054528-pc40

Beyond EFCC and banks, the judiciary has also reviewed statutory powers of investigative agencies. The provisions of Section 45(1) of the ICPC Act 2020 that empowered the Commission to freeze accounts without judicial oversight were “totally unreasonable” and usurped judicial power. As a result, such freeze powers were curtailed, and the court held that only courts should authorise substantial account freezes beyond brief investigatory holds.³³

This reflects an emerging judicial theme: even statutory freeze powers must be exercised within constitutional constraints.

6.3 Judicial Reasoning: Balancing Enforcement and Rights

Across these cases, Nigerian courts consistently articulate several legal doctrines:

1. Rule of Law and Separation of Powers

Judicial decisions emphasise the constitutional doctrine of the separation of powers. Banks and enforcement agencies derive their authority from statutes and contracts neither permits self-help freezes without judicial validation. Courts act as guardians against the erosion of citizens’ rights by administrative overreach.

2. Contractual Duties and Fiduciary Obligations

Judges recognise the banker-customer relationship as contractual and implicit with duties of good

³³ Guardian NG “Court reduces ICPC’s power to freeze bank accounts without court order.” 2024. Available at: <https://guardian.ng/news/court-reduces-icpcs-power-to-freeze-bank-accounts/?> Accessed on 14th February, 2026.

faith, care, and due process. Unilateral freezes may breach both statutory and contractual obligations, attracting liability for deficiency in service and breach of contract.

3. Remedies and Restorative Justice

Courts have shown willingness to grant compensatory damages and, where justified, injunctive relief or declaratory judgments invalidating unlawful freezes. In *GTB Plc v. Adedamola* and subsequent high court cases, customers were entitled to remedies for violations of rights owing to account freezes without orders.³⁴

Academic commentary broadly supports judicial insistence on court orders. For instance, legal analyses on the legality of freezing bank accounts emphasise that, while law-enforcement and regulatory agencies may identify suspicious accounts, the freezing of assets which amounts to deprivation of property must follow judicial oversight to safeguard fundamental rights. Scholarly literature notes that statutory provisions that allow freezes without judicial authorisation risk contravening constitutional guarantees of fair hearing and due process.³⁵

Taken together, judicial attitude in Nigeria reflects a rights-oriented, procedural safeguard imperative:

a. Banks must demand court orders before freezing accounts; otherwise, they risk liability.

b. Law enforcement and regulatory agencies must secure judicial authorisation as required under the Constitution and enabling statutes.

c. Inferior courts' freeze directives are ineffective if they lack power under constitutional and statutory jurisdiction.

d. Remedies exist including damages and declaratory relief for customers whose rights are violated by unlawful freezes.

This body of law underscores the judiciary's role in balancing regulatory enforcement imperatives with individual constitutional rights.

7. The Nigerian Banking and Regulatory Perspective

7.1 Regulatory Agencies and Their Role in Account Freezes

In Nigeria, the financial sector is governed by a mix of statutory, regulatory and judicial controls. Key regulatory authorities include the Central Bank of Nigeria (CBN), the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices and Other Related Offences Commission (ICPC) and the Nigerian Financial Intelligence Unit (NFIU) as part of the anti-money laundering architecture. These bodies are empowered to monitor, investigate and enforce compliance in the banking sector, including reporting suspicious transactions and

³⁴ *Guaranty Trust Bank Plc v. Adedamola* (2019) 5 NWLR (Pt. 1664) 30

³⁵ BIMAK Associates, "The Legality of Freezing Bank Accounts in Nigeria." (2025) Available at:

<https://www.bimakassociates.com/legality-of-freezing-bank-account>[(<https://www.bimakassociates.com/legality-of-freezing-bank-account>)] Accessed February 2026.

recommending account restrictions under anti-money laundering (AML) laws. However, their powers to compel banks to freeze customer accounts are circumscribed by law and subject to judicial oversight. In other words, regulatory monitoring alone does not authorise unilateral account freezes without appropriate legal backing.³⁶

Under Nigerian AML related regulations such as the CBN AML/CFT/CPF Regulations 2022, banks have compliance obligations to monitor and report suspicious activity and transactions to the NFIU and relevant authorities, but these do not of themselves confer power on banks or agencies to indefinitely restrict customer accounts without judicial sanction.³⁷

7.2 Statutory Framework and Compliance Obligations

Statutory provisions governing account restrictions include the Economic and Financial Crimes Commission (Establishment) Act 2004, the Money Laundering (Prevention and Prohibition) Act 2022 and related Codes and Regulations. By these laws, enforcement agencies like the EFCC and ICPC

may apply to a competent court for ex-parte orders to freeze or restrain accounts believed to be involved in criminal activity. However, these Acts do not grant unfettered powers to issue directives that have the same effect without first securing judicial orders, except in narrowly prescribed circumstances such as short preliminary holds for investigative purposes.³⁸

For example, under Section 7 of the Money Laundering (Prevention and Prohibition) Act, 2022, a competent authority may, pursuant to a court order obtained upon ex-parte application, place an account under surveillance and restrain dealings to aid investigation into proceeds of crime. The legislative design thus recognises the centrality of the judiciary in authorising account restrictions and prevents unilateral action by enforcement agencies in contravention of due process.

7.3 Case Law on Account Freezes Without Court Orders

Nigerian courts have increasingly addressed disputes arising from account restrictions imposed without the requisite legal backing. In *Paulyn O. Abhulimen v. Zenith Bank & Nigeria Police Force*

³⁶ Templars Law Firm, Freezing Bank Accounts in Nigeria: Legal Basis and Compliance Framework (2025) Available at: <https://www.templars-law.com/app/uploads/2025/11/Freezing-Bank-Accounts-in-Nigeria.pdf>(<https://www.templars-law.com/app/uploads/2025/11/Freezing-Bank-Accounts-in-Nigeria.pdf>) Accessed 14th, February 2026.

³⁷ Central Bank of Nigeria, “Financial Consumer Protection Framework” (CBN, Abuja 2021) Available at <https://www.cbn.gov.ng/Out/2021/FPRD/Financial%20Consumer%20Protection%20Framework.pdf>(<https://www.cbn.gov.ng/Out/2021/FPRD/Financial%20Consumer%20Protection%20Framework.pdf>) Accessed 14th, February 2026.

[ov.ng/Out/2021/FPRD/Financial%20Consumer%20Protection%20Framework.pdf](https://www.cbn.gov.ng/Out/2021/FPRD/Financial%20Consumer%20Protection%20Framework.pdf)) Accessed 15th, February 2026.

³⁸ Legal Emperors, ‘The Law Governing the Freezing of Bank Accounts in Nigeria: When Can Banks Be Said to Have Acted Ultra Vires?’ Available at: <https://www.legalemperors.com.ng/the-law-governing-the-freezing-of-bank-accounts-at-what-point-can-we-say-the-commercial-banks-acted-ultravires> <https://www.legalemperors.com.ng/the-law-governing-the-freezing-of-bank-accounts-at-what-point-can-we-say-the-commercial-banks-acted-ultra-vires> Accessed 14th, February 2026.

(FCT High Court, 2025), it was held that a Magistrate Court lacked jurisdiction to issue orders freezing accounts and that such orders were invalid, affirming that only courts of competent jurisdiction (such as Federal High Courts) can lawfully grant such relief. The court also awarded damages against the bank and the police for breach of duty arising from compliance with an invalid order.

Similarly, Federal High Court decisions have criticised provisions in statutes such as the ICPC Act that purported to allow agency heads to freeze accounts for extended periods without requiring court confirmation, with judgments stressing that unchecked executive or administrative freezes can constitute abuse and usurp judicial powers. In one landmark case, the court held that provisions allowing such powers were “totally unreasonable” and curtailed them to 72 hours unless extended by court order.³⁹

In **Diamond Bank v. Unaka & Ors and related authorities**, the court emphasized that freezing accounts “in the custody of a bank” without court order amounts to infringement of property rights

under Section 44 of the Constitution and international human rights instruments such as the African Charter.⁴⁰

7.4 Contractual and Regulatory Bases for Banks’ Actions

Apart from statutory requirements, banks’ internal contracts with customers also form part of the legal backdrop. Some recent appellate commentary suggests that banks may impose temporary restrictions on accounts in response to reports of suspicious activity to protect system integrity where such power is expressly contemplated in customer contracts and in line with Central Bank regulations. A Court of Appeal affirmation reported in 2025 indicates that banks may restrict accounts under CBN AML guidelines and contractual terms without immediate court order, particularly in fraud or suspicious activity contexts, although this remains subject to legal challenge and interpretation.⁴¹

However, the prevailing judicial line remains that any restriction or freeze that goes beyond brief investigative holds must be backed by an order of a competent court, failing which the bank risks

³⁹ The Guardian (Nigeria), ‘Court Limits ICPC’s Authority to Freeze Bank Accounts’ Available at <https://guardian.ng/news/court-limits-icpcs-authority-to-freeze-bank-accounts/>(<https://guardian.ng/news/court-limits-icpcs-authority-to-freeze-bank-accounts/>) Accessed 14th, February 2026.

⁴⁰ Mrs Amaka Udeh Adiba v Ecobank Nigeria Ltd (2022) NICNADR Unreported Judgment, Available at <https://www.nicnadr.gov.ng/judgement/details.php?id=7333> (<https://www.nicnadr.gov.ng/judgement/details.php?id=7333>) Accessed 14th, February 2026.

⁴¹ Mondaq, ‘Court of Appeal Affirms Banks’ Right to Restrict Accounts Without Court Order’ Available at <https://www.mondaq.com/nigeria/financial-services/1651294/court-of-appeal-affirms-banks-right-to-restrict-accounts-without-court-order> (<https://www.mondaq.com/nigeria/financial-services/1651294/court-of-appeal-affirms-banks-right-to-restrict-accounts-without-court-order>) Accessed 14th, February 2026.

liability for breach of the banker-customer relationship and fundamental rights violations.⁴²

7.5 Impact of Unlawful Freezes and Rights Concerns

Unlawful freezes without court orders can have significant implications for individuals and businesses. They can hamper access to funds, disrupt commercial obligations, damage creditworthiness and erode confidence in the financial system. Courts have recognised that when banks act without verifying the validity of directives (especially from enforcement agencies), they may be liable for negligence and breach of duty of care to their customers. Such rulings underscore that regulatory compliance does not absolve banks from observing legal safeguards aimed at protecting customers' constitutionally guaranteed property rights and due process.

7.6 Summary: Balancing Regulation with Rights

In the Nigerian context, while regulatory agencies have important roles in AML/CFT enforcement and banks have statutory compliance duties, account freezes that affect customers' rights must be anchored in court orders to withstand constitutional scrutiny and avoid violations of

property and due process rights. Judicial authorities continue to emphasise that due legal process through the courts is central to reconciling the imperatives of regulatory compliance with the protection of individual rights in banking practice.⁴³

8. Emerging Issues and the Way Forward

The interplay between regulatory compliance obligations and the protection of individual rights in the context of bank account freezes raises significant concerns for legal clarity, judicial oversight, and protections against abuse. While anti-money laundering (AML) and financial intelligence regimes require banks and authorities to act promptly to restrain suspect funds, the absence of clear legal guidelines often results in arbitrary and prolonged restrictions on accounts without due process, eroding public confidence and exposing fundamental rights to violation.

8.1 Need for Clearer Legal Guidelines on Account Freezes

One of the most pressing issues is the absence of detailed procedural guidelines governing the timing, justification, and legal basis for freezing bank accounts in Nigeria. Current practice,

⁴² Legal Emperors, 'The Law Governing the Freezing of Bank Accounts in Nigeria: When Can Banks Be Said to Have Acted Ultra Vires?' Available at: <https://www.legalemperors.com.ng/the-law-governing-the-freezing-of-bank-accounts-at-what-point-can-we-say-the-commercial-banks-acted-ultra-vires> Accessed 14th, February 2026.

⁴³ Templars Law, 'Freezing Bank Accounts in Nigeria: Legal and Regulatory Considerations' Available at <https://www.templars-law.com/app/uploads/2025/11/Freezing-Bank-Accounts-in-Nigeria.pdf>[(<https://www.templars-law.com/app/uploads/2025/11/Freezing-Bank-Accounts-in-Nigeria.pdf>)] Accessed 14th, February 2026.



particularly under the Economic and Financial Crimes Commission Act 2004 and the Money Laundering (Prohibition) Act 2022, allows agencies to place temporary holds on accounts for up to 72 hours, but only with subsequent judicial authorization can such freezes be extended. Without clear statutory thresholds and required procedural safeguards, the risk of unlawful or indefinite account restrictions increases substantially. Academic analyses of regulatory compliance and financial crime protocols underscore the importance of formal procedures to balance AML enforcement and rights protections.

Legal scholars have also identified similar problems in other jurisdictions, noting that procedural safeguards against arbitrary freezes are necessary to protect financial stability and individual economic rights. For example, research on the UK's Payment Accounts Regulations emphasises that consumer protection frameworks should clearly define when and how an authority can intervene in account operations to avoid abuse and maintain trust in the banking system.

8.2 Strengthening Judicial Oversight and Accountability

Judicial oversight serves as a critical check on executive and regulatory power, ensuring that account freezes are justified, proportionate, and based on evidence rather than mere suspicion. Nigerian courts have increasingly recognised the dangers of unregulated freezing powers, as seen in cases where the Independent Corrupt Practices and

Other Related Offences Commission's (ICPC's) authority to freeze accounts without court orders was curtailed by the Federal High Court for being "totally unreasonable" and infringing citizens' rights to property and due process rights under the Constitution.

Similarly, court decisions and authoritative commentary have made clear that agencies such as the EFCC cannot instruct a bank to freeze a customer's account without first obtaining a court order, reinforcing that judicial authorisation is a non-negotiable safeguard to preserve fundamental rights and prevent arbitrary deprivation of property. Strengthening judicial mechanisms not only protects rights but also provides authority with a legitimate legal basis for freezing accounts, thereby reducing litigation and ambiguity.

8.3 Protecting Customers While Ensuring Regulatory Compliance

The need for robust AML procedures must be balanced with protective measures for customers who may be innocent of wrongdoing but suffer significant hardship from account restrictions. International legal commentary highlights that arbitrary or unjustified account freezes can violate rights related to economic activity and business

operations, suggesting that due process must be central to regulatory action.⁴⁴

In addition to judicial supervision, regulatory authorities can adopt tiered risk-based approaches that calibrate freezing measures based on the level of suspicion and the need for immediate restraint, without causing disproportionate harm to legitimate financial activity. Such risk-based frameworks are also recommended by international AML guidance, which seeks to align compliance with financial inclusion and fairness objectives

8.4 Policy and Legislative Reform Options

The evolving legal and regulatory landscape suggests several areas for policy and legislative reform:

1. **Statutory Clarification of Freezing Powers:** Laws should explicitly define the circumstances under which a bank or law enforcement agency can freeze an account, the required evidential standard, and the maximum permissible duration of non-court freezes.
2. **Mandatory Judicial Review:** To avoid arbitrary or open-ended restrictions, every account freeze beyond a defined short investigation period should be subject to compulsory judicial review within a reasonable time frame.
3. **Compensation and Redress Mechanisms:** Legislation could provide clear remedies, including compensation for wrongful freezes and expedited

processes for affected customers to challenge freezes in court.

4. **Regulatory Guidance:** Financial regulators like the Central Bank of Nigeria (CBN) should issue detailed guidelines on how banks should respond to freezing requests from law enforcement, including verification obligations to ensure compliance with statutory and constitutional protections.

5. **Public Transparency:** Increasing transparency around account freeze procedures may improve public trust and compliance with anti-fraud measures while reassuring customers their rights are safeguarded.

The legal challenges around bank account freezes without court orders demonstrate the urgent need for clearer legal frameworks, stronger judicial oversight, and balanced regulatory compliance measures. Ensuring that account restrictions serve their intended purpose combating financial crime without trampling on fundamental rights requires thoughtful reform that aligns investigation powers with due process and transparency. Without such reforms, the risk of rights violations, legal uncertainty, and diminished trust in the financial system remains significant.

9. Conclusion

The practice of freezing bank accounts without valid court orders sits at a difficult intersection

⁴⁴ Mondaq, 'Court of Appeal Affirms Banks' Right to Restrict Accounts Without Court Order' Available at <https://www.mondaq.com/nigeria/financial-services/1651294/court-of-appeal-affirms-banks-right-to-restrict-accounts-without-court-order>

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https://www.mondaq.com/nigeria/financial-services/1651294/court-of-appeal-affirms-banks-right-to-restrict-accounts-without-court-order](https://www.mondaq.com/nigeria/financial-services/1651294/court-of-appeal-affirms-banks-right-to-restrict-accounts-without-court-order) Accessed 14th, February 2026.

between legitimate regulatory compliance and the protection of individual rights. On the one hand, banks and enforcement agencies are under intense pressure to prevent fraud, money-laundering, and other financial crimes. On the other, the arbitrary or administrative freezing of a person's financial assets can rip away core constitutional protections, including the rights to property, fair hearing, and due process. When these tensions are examined against legal principles, comparative doctrine, and judicial responses, a clear pattern emerges: account freezes without judicial oversight often transgress fundamental rights and erode trust in legal and financial institutions.

9.1 Balancing Regulatory Objectives and Fundamental Rights

Modern banking systems rely on mechanisms to detect and respond to suspicious activity, such as anti-money laundering (AML) and counter-terrorist financing frameworks. Banks have an important regulatory role to play in limiting the use of the financial system for illicit purposes including placing precautionary holds or restrictions on accounts when credible suspicion arises. In this regulatory context, some courts have recognised that temporary restrictions may be permitted under contractual terms and regulatory guidance, especially where customers have expressly consented to such terms in their account agreements or where statutory guidelines authorise

limited action short of total deprivation of access. For example, under Nigerian case law, the Court of Appeal has held that banks may impose temporary restrictions in response to suspicious transactions provided such powers are clearly contained in contractual and regulatory frameworks and are proportionate to the risk involved and that such actions do not constitute unconstitutional deprivations if they are truly temporary and justified by legitimate regulatory considerations.

However, this regulatory latitude is strictly circumscribed. Even where a bank's contractual terms permit precautionary measures, they cannot supplant constitutional safeguards such as due process and the right to the enjoyment of property. Section 44 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended) protects the right to own and control property, and such rights cannot be extinguished without legal authority. Numerous judicial pronouncements in Nigeria and scholarly treatments confirm that unilateral freezes without court orders constitute a denial of these fundamental rights. A legal analysis by Bimak Associates stresses that freezing a customer's account without a court order "is unlawful, and one is entitled to remedy in law," and that banks which act on directives from enforcement agencies without judicial backing risk liability for infringement of their customers' constitutional rights.⁴⁵

⁴⁵ BIMAK Associates, "The Legality of Freezing Bank Accounts in Nigeria." (2025) Available at:

<https://www.bimakassociates.com/legality-of-freezing-bank-account>[(<https://www.bimakassociates.com/legality-of-freezing-bank-account>)] Accessed February 2026.

9.2 The Centrality of Judicial Oversight and Due Process

Judicial oversight is essential when civil liberties are curtailed, particularly where the restraint involves access to one's financial resources a core component of modern economic life. Case law in Nigeria has repeatedly emphasised that banks and law enforcement agencies must obtain valid court orders before restricting a customer's accounts. For instance, in *G.T.B. Plc v. Adedamola*, courts have underscored that banks must verify the existence of a valid order of court before freezing accounts, and failings in this regard may expose the bank to claims for damages.

Similarly, courts have held that law enforcement agencies such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC) lack the inherent statutory authority to unilaterally direct banks to freeze accounts without first securing judicial approval. Judicial determinations in this area conceptualise such directives as a violation of the customers' right to a fair hearing, as guaranteed under Section 36 of the Constitution. In cases involving alleged unilateral freezes by the ICPC, the courts have curtailed such powers and emphasised that only a court may reduce or extend the duration of a

bank account freeze if proper procedure has been followed.⁴⁶

These judicial attitudes are mirrored across a body of Nigerian court decisions in which account freezes imposed without appropriate court orders were declared unconstitutional, unlawful and void. In December 2024, a Federal High Court awarded damages against a bank which placed a Post-No-Debit (PND) on a customer's account without a valid court order, affirming that such action amounted to a violation of the right to enjoy property as guaranteed by the Constitution and the African Charter on Human and Peoples' Rights.⁴⁷

9.3 Rights Violation or Legitimate Compliance?

The core legal question is whether non-court-ordered freezes amount to rights violations. The evidence from judicial analysis and scholarly commentary leads to a clear conclusion: yes where judicial or statutory authorisation is absent, such freezes are unlawful and constitute a violation of constitutional rights. This is consistent with the rule of law principle, whereby the State and private institutions alike are bound to operate within defined legal limits, and individuals should not be subject to arbitrary deprivation of fundamental liberties.

Although regulatory compliance obligations are undeniably important for combatting financial

⁴⁶ The Guardian (Nigeria), 'Why Arbitrary Bank Account Freezes Undermine Investor Confidence' Available at <https://guardian.ng/business->

[services/banking/](https://guardian.ng/business-services/banking/)(<https://guardian.ng/business-services/banking/>) Accessed 15 February 2026.

⁴⁷ Ibid.

crime, they cannot justify abrogating procedural safeguards that protect citizens from arbitrary state or private actions. Even in jurisdictions where regulators and banks have broader powers, due process protections such as notice, opportunity to be heard, and independent judicial review remain non-negotiable. Where those guarantees are absent, the restrictions may amount to constructive punishment that effectively penalises account holders prior to adjudication. Scholars have noted that the absence of judicial oversight removes the essential check on abuse, leaving customers vulnerable to indefinite exclusions from the financial system.⁴⁸

9.4 Recommendations for Reform

The way forward requires a commitment to clarity and accountability:

1. Legislative reform should clearly define the boundaries of when and how accounts can be freeze-restricted, embedding judicial safeguards within AML and counter-fraud statutes.
2. Stronger judicial oversight and accountability mechanisms can ensure that enforcement agencies respect individual rights while fulfilling their mandates.
3. Banking regulators such as the Central Bank of Nigeria (CBN) should issue clearer templates on permissible temporary holds versus full freezes, ensuring that contractual terms uphold constitutional protections.

4. Public confidence in the financial system is dependent on transparent procedures that protect customers' rights while allowing regulators to act on credible threats to financial integrity.

Conclusively, In balancing regulatory compliance against individual rights, the definitive legal position supported by judicial pronouncements and academic analysis is that bank account freezes without court orders generally amount to violations of fundamental rights. Without judicial intervention, regulatory objectives risk becoming instruments of rights infringement. Consequently, any regime of account restrictions that lacks adequate procedural safeguards undermines both the rule of law and public confidence in the legal and financial systems.

⁴⁸ BIMAK Associates, "The Legality of Freezing Bank Accounts in Nigeria." (2025) Available at: [https://www.bimakassociates.com/legality-of-freezing-bank-](https://www.bimakassociates.com/legality-of-freezing-bank-account/)

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