

Judgment Alert:



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The Law Crest Successfully Defends Sunu Assurances Nigeria Plc in a dispute over contingency fee agreement in Suit No. LD/ADR/5278/2024: Ikechukwu Onodi v. Sunu Assurances Nigeria Plc

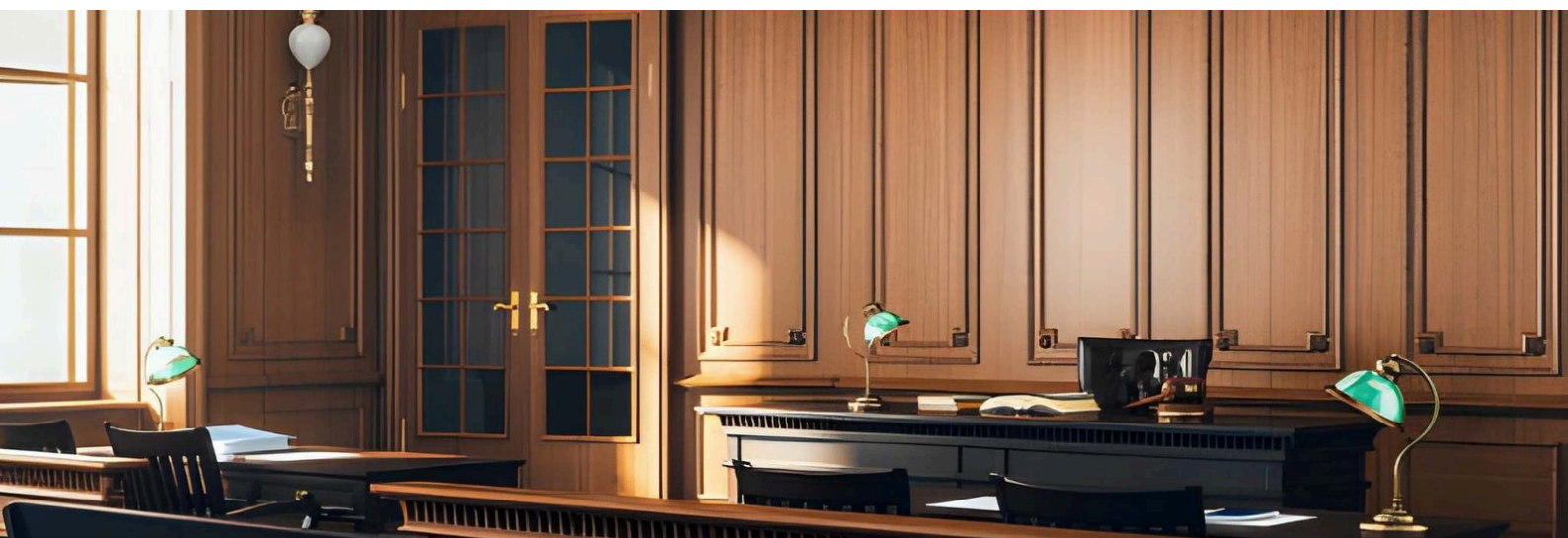
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Introduction

The High Court of Lagos State has reaffirmed the principle that contingency fee arrangements will be enforced strictly in accordance with their terms and that legal practitioners cannot unilaterally vary agreed fee structures.

The dispute arose from a professional engagement between the Claimant, a legal practitioner, and Sunu Assurances Nigeria Plc concerning the recovery of an alleged debt owed by a third party. The Claimant contended that he had undertaken extensive legal and arbitral proceedings on behalf of the Defendant and was consequently entitled to substantial professional fees and related claims following the termination of his engagement.



The Claimant's Claims:

The Claimant asserted that he was engaged in July 2018 to recover approximately N300 million owed to the Defendant. According to him, the engagement provided for a N1 million mobilization fee and a success fee based on recoveries made. Following his disengagement in April 2023, the Claimant sought recovery of N18,812,500, comprising alleged professional fees, reviewed fees, and expenses. He also claimed damages, pre-judgment and post-judgment interest, and litigation costs.

The Claimant maintained that his efforts, including litigation, arbitration proceedings, and negotiations, culminated in an arbitral award in favour of the Defendant and that the termination of his engagement deprived him of the remuneration to which he was entitled.

The Defendant's Defence:

The Law Crest LLP, on behalf of the Defendant, argued that the parties' agreement was expressly contingent upon actual recoveries and provided only for the payment of a N1 million mobilization fee and 5% of any sums successfully recovered. That no recoveries attributable to the Claimant's efforts were established and further contended that the additional fees claimed by the Claimant constituted an impermissible unilateral variation of the parties' written agreement.

The Law Crest LLP also challenged the claim for expenses on the basis that no credible evidence was produced to establish that such costs were incurred and maintained that it had fulfilled all obligations owed under the engagement.



Issues Before the Court:

The Court considered, among other questions:

Whether the Claimant established an entitlement to the professional fees claimed?

Whether the fee arrangement between the parties had been validly varied?

Whether the Claimant proved entitlement to reimbursement of expenses?

Whether the Defendant was liable for damages arising from the termination of the engagement?

Decision of the Court

In dismissing the Claimant's action in its entirety, the Court held that the parties were bound by the express terms of their written agreement. The Court found that the fee arrangement was clearly contingent upon actual recoveries and that the evidence before it did not establish recoveries attributable to the Claimant that would justify the fees claimed. Significantly, documentary evidence tendered by the Claimant himself undermined his case by showing only a minimal recovery, which did not support the substantial sums sought.

The Court further held that the alleged revised fees and additional charges amounted to a unilateral attempt to vary the contractual arrangement and were therefore unenforceable in the absence of mutual agreement between the parties.

The claim for expenses was also rejected for want of proof, while the claims for damages, interest, and costs failed alongside the substantive claims. Accordingly, the Court concluded that the Defendant had discharged its obligations under the engagement and dismissed all claims.

Key Takeaways:

This decision underscores several important principles relevant to professional engagements and fee recovery disputes:

a. Recognition and Enforcement of Contingency Fee Agreements

Contingency fee agreements are recognised under Rule 51 of the Rules of Professional Conduct. However, entitlement to payment under such arrangements remains contingent upon the occurrence of the agreed triggering event.

b. Entitlement to Fees Depends on Performance of Contractual Obligations

Where remuneration is linked to successful recovery, a claimant must demonstrate that the recoveries giving rise to the fee entitlement were achieved in accordance with the terms of the agreement.

c. Primacy of Written Agreements

Courts will uphold and enforce the terms of written contracts and will not give effect to unilateral attempts by a party to vary agreed obligations or fee arrangements.

d. Importance of Documentary Evidence

Documentary evidence remains critical in establishing entitlement to contractual remuneration and in resolving disputes concerning professional fees.

e. Termination of Professional Engagements

The termination of a professional engagement does not, without more, give rise to liability. Where a contract confers a right of disengagement and that right is lawfully exercised, claims for damages or compensation may not be sustainable.

Conclusion:

The decision in *Onodi v. Sunu Assurances Nigeria Plc* serves as a timely reminder of the importance of carefully drafted engagement terms, strict compliance with contractual fee arrangements, and the need for clear documentary evidence when asserting claims for professional remuneration.

TLC's Team on this matter was led by one of our Partners, [Olatunji Muritala](#), who was supported by a Senior Associate, [Onyinye Nnoli](#) and an Associate [Onyebuchi Omiko](#).



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