

# A Comparative Legal Review of Consumer Protection Rights in Cases of Unexplained Disappearance of Bank Funds: Lessons from Nigeria and The United Kingdom

BARR. OWOKA OLUGBENGA RANSOME

*Social Science Dept. Rufus Giwa Polytechnic, Owo, Ondo State, Nigeria.*

*Abstract—Cases of unexplained disappearance of customer funds—often arising from unauthorized withdrawals, electronic fraud, or operational negligence—have become a growing concern in the global banking industry, particularly in developing economies like Nigeria. Despite regulatory measures by the Central Bank of Nigeria (CBN), recurring losses and limited redress mechanisms continue to undermine consumer confidence in financial institutions. Existing scholarship on this issue remains fragmented and rarely compares the legal protection frameworks of developing and developed jurisdictions. This study fills that gap through a doctrinal and comparative legal analysis of consumer protection regimes in Nigeria and the United Kingdom (UK). It examines statutory instruments, regulatory frameworks, and judicial precedents, including Nigeria’s CBN Consumer Protection Regulations (2019), BOFIA (2020), and FCCPC Act (2019) alongside the UK’s Financial Services and Markets Act (2000), Consumer Rights Act (2015), and Payment Services Regulations (2017). Findings reveal that the UK framework, supported by the Financial Conduct Authority (FCA) and Financial Ombudsman Service (FOS), offers statutory, autonomous, and enforceable consumer protection, ensuring effective redress and accountability. In contrast, Nigeria’s system remains administratively driven, with non-binding refund obligations and overlapping institutional mandates. The study concludes that Nigeria can significantly enhance consumer confidence and financial integrity by codifying refund rights in law, establishing an independent ombudsman, and adopting FCA-style Consumer Duty principles. Such reforms would align Nigeria’s consumer protection architecture with international best practices and ensure a fair, transparent, and enforceable redress regime.*

**Keywords:** Consumer Protection, Banking Law, Comparative Legal Study, Nigeria, United Kingdom, Financial Regulation, Unexplained Fund Loss.

## I. INTRODUCTION

### 1.1 Statement of the Problem

The term “unexplained disappearance of bank funds” refers to instances in which customers experience

unauthorized withdrawals, electronic fraud, or untraceable losses from their bank accounts without consent or proper explanation. This phenomenon, which includes both insider-related malpractices and digital financial crimes, has become increasingly prevalent within Nigeria’s rapidly expanding digital banking landscape. According to the *Central Bank of Nigeria (CBN) Consumer Protection Department Annual Report (2022)*, the number of consumer complaints involving unauthorized electronic transactions increased by more than 20% between 2020 and 2022, resulting in losses exceeding ₦10 billion. Despite these alarming figures, effective consumer redress remains limited, often hindered by bureaucratic inefficiencies, weak enforcement, and the absence of binding legal mechanisms for restitution.

This issue is of profound legal significance because it directly affects the trust relationship between banks and their customers, a cornerstone of any financial system. When banks fail to promptly address unauthorized fund losses, it erodes public confidence in the financial sector and weakens the rule of law in consumer–bank relations (Uzokwe, 2017). Furthermore, the lack of accessible and effective redress mechanisms undermines access to justice and discourages financial inclusion, particularly among vulnerable populations in rural and low-income communities (Omede, 2020). Despite the growing importance of consumer rights within Nigeria’s financial ecosystem, there remains no unified statutory framework clearly delineating bank liability, consumer remedies, and institutional oversight. Existing legal instruments — such as the *CBN Consumer Protection Regulations (2019)* and *BOFIA (2020)* — establish administrative protections but do not confer legally enforceable rights to consumers. Consequently, the current regime lacks judicial authority and systemic deterrence, leaving consumers dependent on discretionary administrative actions rather than statutory entitlements.

### 1.2 What Is Known and What Is Unknown

Nigeria's financial consumer protection system is governed by a combination of regulatory and statutory instruments. The *CBN Consumer Protection Regulations (2019)* set out the foundational consumer rights to fairness, transparency, and redress; the *Federal Competition and Consumer Protection Act (FCCPC, 2019)* extends general consumer safeguards across sectors; and the *Banks and Other Financial Institutions Act (BOFIA, 2020)* authorizes the CBN to impose administrative sanctions on erring institutions. While these frameworks collectively aim to strengthen consumer protection, they are fragmented and overlapping, leading to regulatory uncertainty. The CBN's Consumer Protection Department (CPD) functions as the main redress mechanism, yet its decisions are administrative and non-binding. As a result, consumers seeking justice for unauthorized or unexplained fund losses often face prolonged disputes and limited remedies (CBN, 2022).

In contrast, the United Kingdom (UK) operates under a well-defined statutory and institutional framework that emphasizes accountability, independence, and consumer empowerment. Core instruments include the *Financial Services and Markets Act (FSMA, 2000)*, which establishes the *Financial Conduct Authority (FCA)* and the *Financial Ombudsman Service (FOS)*; the *Consumer Rights Act (CRA, 2015)*, which ensures fairness and transparency in financial contracts; and the *Payment Services Regulations (PSRs, 2017)*, which provide a statutory right to immediate refund for unauthorized transactions unless consumer fraud or negligence is proven (FCA, 2022; World Bank, 2022). Together, these mechanisms create a coherent system of preventive regulation (through the FCA) and remedial adjudication (through the FOS), ensuring that consumer rights are both substantive and enforceable.

Despite the existence of numerous studies examining Nigeria's consumer protection mechanisms, there remains a significant knowledge gap in comparative legal analysis focusing on enforcement and redress efficacy. Few studies have systematically compared Nigeria's administrative oversight model with the UK's independent adjudicatory framework, particularly concerning the "unexplained disappearance of funds." This disparity underscores

the necessity of examining how institutional design, legal enforceability, and regulatory independence influence the effectiveness of consumer protection in both jurisdictions.

### 1.3 Aim, Objectives, and Significance

#### Aim:

This study aims to analyze and compare the consumer protection rights and liabilities of banks under Nigerian and UK law concerning the unexplained disappearance of bank funds, with a view to identifying gaps and proposing reform-oriented solutions.

#### Objectives:

1. To examine the existing legal and institutional frameworks for consumer protection in the banking sectors of Nigeria and the UK.
2. To evaluate the effectiveness of enforcement and redress mechanisms available to consumers affected by unauthorized or unexplained fund losses.
3. To identify structural and legal gaps in Nigeria's consumer protection regime and propose practical reforms aligned with international best practices.

### 1.4 Significance of the Study

This research makes both academic and policy contributions. Academically, it adds to comparative legal scholarship by elucidating the intersection between administrative regulation and statutory adjudication in financial consumer protection. From a policy perspective, it provides a roadmap for institutional reform in Nigeria's banking sector, drawing actionable lessons from the UK's integrated and enforceable system. Practically, it supports regulatory modernization by proposing the establishment of an independent Financial Ombudsman Service Nigeria (FOSN) and the incorporation of Consumer Duty principles to enhance fairness, accountability, and public trust. In doing so, the study contributes to Nigeria's alignment with the *OECD (2019) G20 High-Level Principles on Financial Consumer Protection* and the *World Bank (2022) Good Practices for Financial Consumer Protection* both of which emphasize institutional independence, enforceable redress, and consumer empowerment.

## II. METHODOLOGY

### 2.1 Research Design

This study adopts a doctrinal legal research design, which emphasizes systematic analysis of legal sources statutes, regulations, and judicial decisions to interpret the current state of the law and evaluate its adequacy. This approach allows for an in-depth examination of the liability of banks and the rights of consumers concerning the unexplained disappearance of funds.

To enrich the doctrinal analysis, the study also employs a comparative legal approach, contrasting the Nigerian and United Kingdom (UK) frameworks. The comparative method enables the identification of similarities, divergences, and reform prospects, particularly concerning institutional independence, statutory enforceability, and redress mechanisms. The combined doctrinal-comparative design thus ensures that the research findings are both theoretically rigorous and policy relevant.

The logical progression of this methodological design from research conception to identification of reform opportunities is illustrated in Figure 1 below.

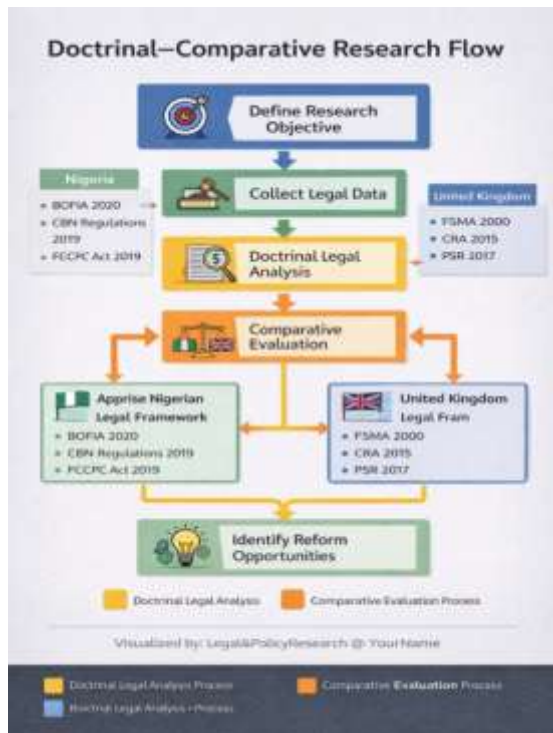


Figure 1: Doctrinal-Comparative Research Flow  
 Source: Researcher's design (2026), adapted from CBN (2019), FSMA (2000), CRA (2015), and PSR (2017).

As shown in Figure 1, the research proceeds in six structured stages:

1. Defining the research objective

2. Collecting legal data from Nigerian and UK statutes and regulations.
3. Conducting doctrinal legal analysis
4. Performing comparative evaluation
5. Appraising each jurisdiction's framework
6. Identifying reform opportunities

This visual flow ensures methodological transparency and demonstrates the study's structured reasoning process.

### 2.2 Data Sources

The study relies entirely on secondary legal data, which include both primary and secondary legal sources.

- Primary Sources: Statutes, regulatory instruments, and case law form the foundation of this research. Key materials include:
  - *Central Bank of Nigeria (CBN) Consumer Protection Regulations (2019)*
  - *Banks and Other Financial Institutions Act (BOFIA, 2020)*
  - *Federal Competition and Consumer Protection Act (FCCPC, 2019)*
  - *Financial Services and Markets Act (FSMA, 2000)*
  - *Consumer Rights Act (CRA, 2015)*
  - *Payment Services Regulations (PSR, 2017)*
  - Case law: *UBA v. Oranusi* (2014), *Barclays Bank v. Quincecare Ltd* (1992), and *JP Morgan Chase v. Nigeria* (2021).
- Secondary Sources: These consist of scholarly works, textbooks, and institutional reports such as those of the *Financial Conduct Authority (FCA)*, *Financial Ombudsman Service (FOS)*, *Central Bank of Nigeria (CBN)*, *Organization for Economic Co-operation and Development (OECD)*, and *World Bank*. These materials provide context, critical perspectives, and comparative insights on consumer protection and redress systems.

### 2.3 Instruments and Data Collection

Data collection was guided by two main instruments:

1. Documentary Review Checklist: This instrument was developed to

systematically extract and evaluate key legal provisions under the following categories:

- Liability standards for banks regarding unauthorized transactions.
  - Redress procedures for consumer complaints and refunds.
  - Enforcement structures and institutional independence.
2. Comparative Analytical Matrix: This matrix allowed for structured comparison between Nigerian and UK laws, enabling identification of areas where Nigeria could align more closely with global standards. The matrix also served as a verification tool to ensure consistency across the doctrinal analysis.

#### 2.4 Data Analysis

The study utilized qualitative content analysis and comparative doctrinal analysis to interpret and evaluate data.

- Qualitative content analysis was used to examine how statutory and regulatory texts conceptualize liability, fairness, and consumer redress.
- Comparative doctrinal analysis enabled direct comparison of Nigeria's administrative redress model with the UK's independent statutory regime.

Figures and tables are used throughout the paper to clarify relationships and illustrate trends in institutional performance, enforcement independence, and consumer outcomes. Figure 1, introduced earlier, is particularly central because it visually demonstrates the methodological logic connecting doctrinal interpretation with comparative evaluation and reform identification.

#### 2.5 Limitations

The research is limited to secondary legal data, focusing on statutes, regulations, case law, and policy reports. It does not incorporate empirical data such as surveys or interviews. Furthermore, the comparative scope is restricted to Nigeria and the United Kingdom, chosen for their contrasting institutional models—Nigeria representing a regulator-centered administrative system and the UK representing an independent statutory framework. Despite these constraints, the chosen design offers deep contextual insight and ensures analytical precision.

### III. RESULTS

#### Consumer Protection in Nigeria

Nigeria's consumer protection architecture for the banking sector is primarily regulatory and administrative, anchored on the powers of the Central Bank of Nigeria (CBN). The main instruments are the *CBN Consumer Protection Regulations (2019)*, the *Federal Competition and Consumer Protection Act (FCCPC, 2019)*, and the *Banks and Other Financial Institutions Act (BOFIA, 2020)*. Collectively, these frameworks aim to ensure fair treatment, transparency, and redress for consumers but lack statutory force, relying instead on regulatory discretion.

Under the *CBN Consumer Protection Regulations (2019)*, financial institutions are required to respond to consumer complaints within 30 days (Regulation 9). However, this provision is non-binding, as the regulations were enacted administratively and not legislatively. While *BOFIA (2020)* empowers the CBN to impose penalties for non-compliance, enforcement is inconsistent and dependent on the regulator's discretion (CBN, 2022). The *FCCPC Act (2019)* expands consumer rights generally but creates overlapping mandates between the FCCPC and the CBN, leading to jurisdictional ambiguity (Nwosu-Itheme, 2021).

The CBN Consumer Protection Department (CPD) serves as the primary complaint-handling body but operates within the CBN itself, raising concerns about independence. Its findings and resolutions are not legally binding on financial institutions, forcing aggrieved consumers to pursue litigation, which is often costly, lengthy, and inaccessible (Omede, 2020).

Judicial precedent provides some protection. In *UBA Plc v. Oranusi (2014)*, the Court of Appeal reaffirmed the fiduciary duty of banks to protect customer funds. Similarly, *Diamond Bank Ltd v. Partnership Investment Co. Ltd (2009)* emphasized that banks must exercise due diligence when managing customer accounts. However, these cases remain isolated precedents rather than the basis for a consistent body of consumer protection jurisprudence.

#### Consumer Protection in the United Kingdom

The United Kingdom (UK) operates a comprehensive statutory regime that guarantees both preventive and

remedial protection for financial consumers. The key instruments include the *Financial Services and Markets Act (FSMA, 2000)*, the *Consumer Rights Act (CRA, 2015)*, and the *Payment Services Regulations (PSRs, 2017)*. Together, these instruments establish a robust legal foundation for bank liability, consumer redress, and regulatory accountability.

The Financial Conduct Authority (FCA) functions as the principal regulator, ensuring market integrity and consumer fairness. The Financial Ombudsman Service (FOS) provides an independent dispute resolution mechanism for consumers, empowered under the *FSMA (2000)* to issue binding decisions enforceable in court (FOS, 2023). This separation between regulatory oversight (FCA) and adjudicatory authority (FOS) ensures institutional independence—a critical distinction from Nigeria’s centralized model.

The *Payment Services Regulations (PSRs, 2017)* provide a statutory right to refund unauthorized transactions. Under Regulation 76, banks are

required to reimburse customers immediately unless there is evidence of fraud or gross negligence by the consumer (FCA, 2022). This reversal of burden of proof promotes accountability and enhances consumer confidence.

Judicial decisions have reinforced these statutory protections. In *Barclays Bank v. Quincecare Ltd (1992)*, the court recognized the “Quincecare duty,” which obliges banks to refrain from executing instructions where there is reason to suspect fraud. More recently, *JP Morgan Chase v. Nigeria (2021)* affirmed that banks must exercise a high standard of diligence in preventing misapplication of funds. The introduction of the *FCA Consumer Duty (2022)* further strengthened the UK’s framework by imposing a proactive obligation on financial firms to act in the best interest of consumers.

Overall, the UK’s framework is characterized by statutory clarity, independent enforcement, and efficient redress, ensuring that financial consumers enjoy enforceable protections consistent with international best practices.

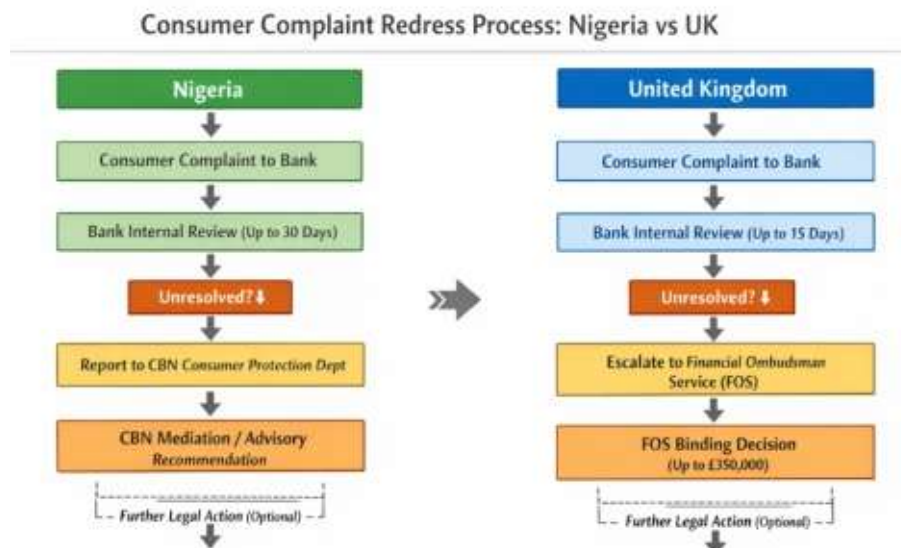


Figure 2: Consumer Complaint Redress Process: Nigeria vs United Kingdom

Source: Author’s design (2026), adapted from CBN (2019), FCA (2022), and FOS (2023).

As shown in Figure 2, the Nigerian process operates primarily through administrative escalation within the CBN, with the *Consumer Protection Department* providing advisory recommendations rather than binding decisions. Conversely, the UK’s framework involves a time-bound escalation to the *Financial Ombudsman Service (FOS)*, whose determinations are legally binding and enforceable up to £350,000. This structural difference underscores the UK’s commitment to independent adjudication and

enforceable redress, compared to Nigeria’s regulatory mediation model.

#### Comparative Legal Framework

The comparative findings reveal a clear divergence in the legal enforceability, institutional independence, and consumer accessibility of both systems. While Nigeria relies on regulatory instruments and administrative discretion, the UK’s framework is

underpinned by statutory authority and independent adjudication.

To illustrate these distinctions systematically, the study presents Table 1, which outlines the principal elements of both frameworks.

Table 1: Comparative Legal Framework: Nigeria and United Kingdom

Legal Element	Nigeria	United Kingdom
Primary Legislation	<i>CBN Consumer Protection Regulations (2019); BOFIA (2020); FCCPC Act (2019)</i>	<i>Financial Services and Markets Act (FSMA, 2000); Consumer Rights Act (CRA, 2015); Payment Services Regulations (PSR, 2017)</i>
Regulatory Institutions	Central Bank of Nigeria (CBN); Federal Competition and Consumer Protection Commission (FCCPC)	Financial Conduct Authority (FCA); Financial Ombudsman Service (FOS)
Refund Obligation	Administrative (non-binding); CBN discretion	Statutory right to refund under PSRs 2017; burden of proof on bank
Dispute Resolution	CBN Consumer Protection Department (internal, non-binding)	Independent FOS with binding, enforceable decisions
Enforcement Independence	Centralized within CBN (regulator + adjudicator)	Clear separation: FCA regulates, FOS adjudicates
Consumer Education	Policy-based literacy initiatives	Statutory "Consumer Duty" (FCA, 2022) mandating proactive fairness
Judicial Precedent	<i>UBA v. Oranusi (2014); Diamond Bank v. Partnership Investment Co. Ltd (2009)</i>	<i>Barclays Bank v. Quincecare Ltd (1992); JP Morgan Chase v. Nigeria (2021)</i>
Institutional Coordination	Overlap between CBN and FCCPC	Distinct statutory mandates under FSMA & CRA
International Alignment	Partial compliance with OECD & World Bank guidelines	Full alignment with OECD & World Bank standards
Access to Redress	Administrative; litigation costly	Free, fast, and impartial adjudication via FOS

Source: Compiled by the author (2026) from CBN (2019), BOFIA (2020), FCCPC (2019), FSMA (2000), CRA (2015), and PSR (2017).

As presented in Table 1, Nigeria's regime is administrative and regulator-dependent, while the UK's system is statutory, autonomous, and consumer-oriented. These differences reflect contrasting philosophies: Nigeria prioritizes regulatory control

and discretionary enforcement, whereas the UK emphasizes legal certainty and independent redress. To visually reinforce these textual findings, Figure 2 below graphically contrasts both systems, highlighting their institutional design, refund processes, and adherence to international standards.

### Comparative Legal Framework: Nigeria vs United Kingdom

Nigeria		United Kingdom	
Legal Element		United Kingdom	
 CBN Consumer Protection Regulations (2019); BOFIA (2020), FCCPC Act (2019)		FSMA (2000), CRA (2015)	FCRA (2015), PSRs (2017)
 Central Bank of Nigeria (CBN), FCCPC		Financial Conduct Authority (FCA)	Financial Conduct Authority (FOS)
 Administrative refund obligation (non-binding)		Statutory right to refund under PSRs 2017	Statutory right to refund under PSRs 2017
 CBN Consumer Protection Department (internal, non-binding)		Independent FOS binding decisions	Independent FOS (binding decisions enforceable in court)
 Case-by-case enforcement, limited precedents		Consistent case law, (Quineccare duty; statutory consistency)	
 Centralized within CBN (regulator and adjudicator)		Separation of powers (FCA regulates, FOS)	Statutory Consumer Duty (2022) ensuring proactive
 Policy-based CBN programs no statutory obligation on banks		Statutory Consumer Duty (2022) ensuring	Statutory Consumer Duty (2022) ensuring proactive fairness
 Overlapping mandates between CBN and FCCPC		Distinct statutory mandates under FSMA & CRA	Full compliance with OECD and World Bank Standards
 Dependent on administrative channels; litigation costly		Free, fast, and impartial adjudication	Full compliance with OECD & World Bank

Figure 3: Comparative Legal Framework: Nigeria vs United Kingdom

Source: Author's design (2026), adapted from CBN (2019), BOFIA (2020), FSMA (2000), CRA (2015), and PSR (2017).

As illustrated in Figure 3, Nigeria's structure centralizes consumer protection within the CBN, merging regulatory and adjudicatory functions and thereby limiting transparency and neutrality. By contrast, the UK maintains functional separation between the regulator (FCA) and the adjudicator (FOS), allowing for independence, faster resolutions, and consistent enforcement. The UK's *Consumer Duty (2022)* further elevates the standard by mandating proactive fairness in financial dealings, an element still missing in Nigeria's regulatory framework.

#### Summary of Key Findings

1. **Legal Nature:** Nigeria's consumer protection framework is based on regulatory

discretion; the UK's is embedded in statutory law.

2. **Institutional Design:** Nigeria's single-regulator model (CBN) contrasts with the UK's dual-institution system (FCA–FOS).
3. **Refund Obligations:** Refunds are administrative in Nigeria but legally enforceable in the UK.
4. **Access to Redress:** The UK's free, independent, and binding redress process ensures greater consumer confidence than Nigeria's administrative mechanism.
5. **Global Alignment:** The UK fully aligns with *OECD* and *World Bank* consumer protection principles, while Nigeria's compliance remains partial and fragmented.

#### IV. DISCUSSION

##### 4.1 Summary of Findings

Both jurisdictions recognize the liability of banks to protect consumer funds and provide redress in cases of unauthorized transactions. However, they differ substantially in legal enforceability, institutional autonomy, and procedural accessibility.

- In Nigeria, consumer protection operates through administrative instruments such as the *CBN Consumer Protection Regulations (2019)* and *BOFIA (2020)*, which grant the

Central Bank oversight authority but not judicial independence.

- In the UK, consumer protection is statutory, embedded in the *Financial Services and Markets Act (2000)*, the *Consumer Rights Act (2015)*, and the *Payment Services Regulations (2017)*, which establish binding rights and enforceable redress mechanisms.

Figure 4 below summarizes these distinctions by comparing the relative effectiveness of key consumer protection components, legal clarity, redress, enforcement independence, education, and remedy effectiveness across both jurisdictions.

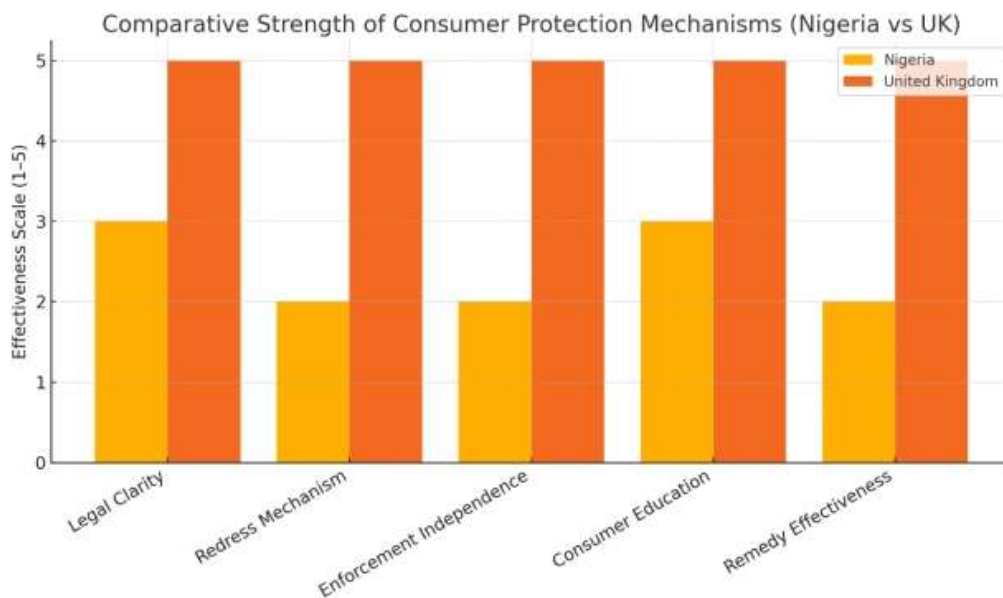


Figure 4: Comparative Strength of Consumer Protection Mechanisms (Nigeria vs United Kingdom)  
 Source: Author's design (2026), based on CBN (2019), BOFIA (2020), FSMA (2000), CRA (2015), PSR (2017), and FCA (2022).

As illustrated in Figure 4, the UK consistently scores higher (4–5 on a 5-point scale) across all categories, particularly in enforcement independence, redress effectiveness, and legal clarity. Nigeria, by contrast, scores lower (2–3), reflecting systemic reliance on discretionary regulation, administrative redress mechanisms, and weak enforcement oversight. The chart underscores a structural gap between Nigeria's compliance-based model and the UK's rights-based, enforceable framework.

##### 4.2 Comparative Discussion

###### Liability and Refund Mechanisms

The UK's Payment Services Regulations (PSRs, 2017) codify a *statutory refund obligation*, mandating immediate reimbursement for unauthorized transactions unless customer

negligence or fraud is proven (Reg. 76). Conversely, Nigeria's *CBN Consumer Protection Regulations (2019)* require refunds but without statutory force. Consequently, Nigerian consumers rely on administrative goodwill, whereas UK consumers enjoy legal certainty and procedural rights. This distinction highlights the UK's prioritization of *consumer confidence* through *legislative enforceability*, compared to Nigeria's *regulatory discretion*.

###### Redress Mechanisms

The Financial Ombudsman Service (FOS) in the UK operates as an independent, quasi-judicial institution empowered to issue binding and enforceable decisions. In Nigeria, the CBN Consumer Protection Department (CPD) performs a similar function

administratively but lacks autonomy and adjudicatory power. This absence of separation between regulator and adjudicator leads to perceived bias and undermines trust in outcomes (CBN, 2022). Hence, a Nigerian equivalent of the Financial Ombudsman Service Nigeria (FOSN) is essential for impartial redress.

#### Enforcement Independence

The FCA and FOS function autonomously under UK law, ensuring checks and balances in oversight. In contrast, Nigeria’s enforcement is centralized within the CBN, leading to potential conflicts of interest since the same institution supervises, enforces, and adjudicates disputes. The lack of an external oversight structure diminishes accountability and erodes consumer trust in the fairness of outcomes.

#### 4.2.4 Consumer Education and Proactive Duties

The UK’s FCA Consumer Duty (2022) mandates proactive consumer education, requiring firms to communicate transparently, prevent foreseeable harm, and act in consumers’ best interests. Nigeria’s CBN-led literacy programs, though valuable, remain policy-based and non-compulsory, limiting outreach and awareness. Effective financial literacy is central to consumer empowerment, particularly in digital banking contexts prone to fraud and data breaches.

#### 4.3 Recognition of Limitations

Despite the UK’s advanced framework, both jurisdictions face distinct challenges:

- Nigeria’s limitations include a lack of statutory foundation, institutional overlap between the CBN and FCCPC, and protracted complaint resolution processes.
- UK limitations, though fewer, involve occasional bureaucratic delays within the FOS and challenges in addressing cross-border or fintech-related disputes.

Nonetheless, Nigeria’s challenges are more foundational—stemming from non-binding regulations, institutional centralization, and limited legislative codification. Addressing these gaps requires constitutional, legislative, and institutional reforms.

#### 4.4 Policy Implications and Reform Lessons

Drawing lessons from the UK, Nigeria can enhance consumer protection by pursuing statutory codification, institutional autonomy, and proactive consumer fairness duties. The key policy implications are outlined in Table 2, which identifies existing gaps and proposes targeted reform strategies.

Table 2: Policy Gap Analysis and Reform Recommendations

Policy Dimension	Nigeria	United Kingdom	Gap Identified	Reform Recommendation
Legal Clarity	Regulatory directives under CBN; not legally binding.	Codified under FSMA (2000) and PSRs (2017); clear statutory rights.	Lack of statutory codification of refund liability.	Amend <i>BOFIA (2020)</i> to codify refund obligations in statute.
Redress Mechanism	CBN Consumer Protection Department; limited authority.	Independent Financial Ombudsman Service; binding decisions.	Absence of independent redress authority.	Establish a <i>Financial Ombudsman Service of Nigeria (FOSN)</i> .
Enforcement Independence	Dependent on CBN supervision; lacks external oversight.	FCA and FOS operate autonomously under statutory mandate.	Centralized enforcement within CBN; conflict of interest.	Separate CBN’s enforcement and adjudication roles.
Consumer Education	CBN-led financial literacy programs; limited outreach.	Proactive <i>Consumer Duty (2022)</i> ; mandatory awareness obligations.	No statutory consumer education duty.	Introduce a <i>Consumer Fairness Code</i> modeled on the FCA’s Consumer Duty.

Remedy Effectiveness	Refunds discretionary; delayed implementation.	Statutory right to refund under PSRs (2017); immediate enforcement.	Weak enforcement and delayed refunds.	Mandate statutory refund timelines and penalty provisions.
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Source: Compiled by the author (2026) from CBN (2019), BOFIA (2020), FCA (2022), and PSRs (2017).

The proposed reforms in Table 2 aim to transition Nigeria from a regulator-based administrative model to a statutory, consumer-rights model consistent with OECD and World Bank principles. To visualize the

recommended structure, Figure 4 below presents a conceptual model of the Proposed Nigerian Consumer Protection Framework.

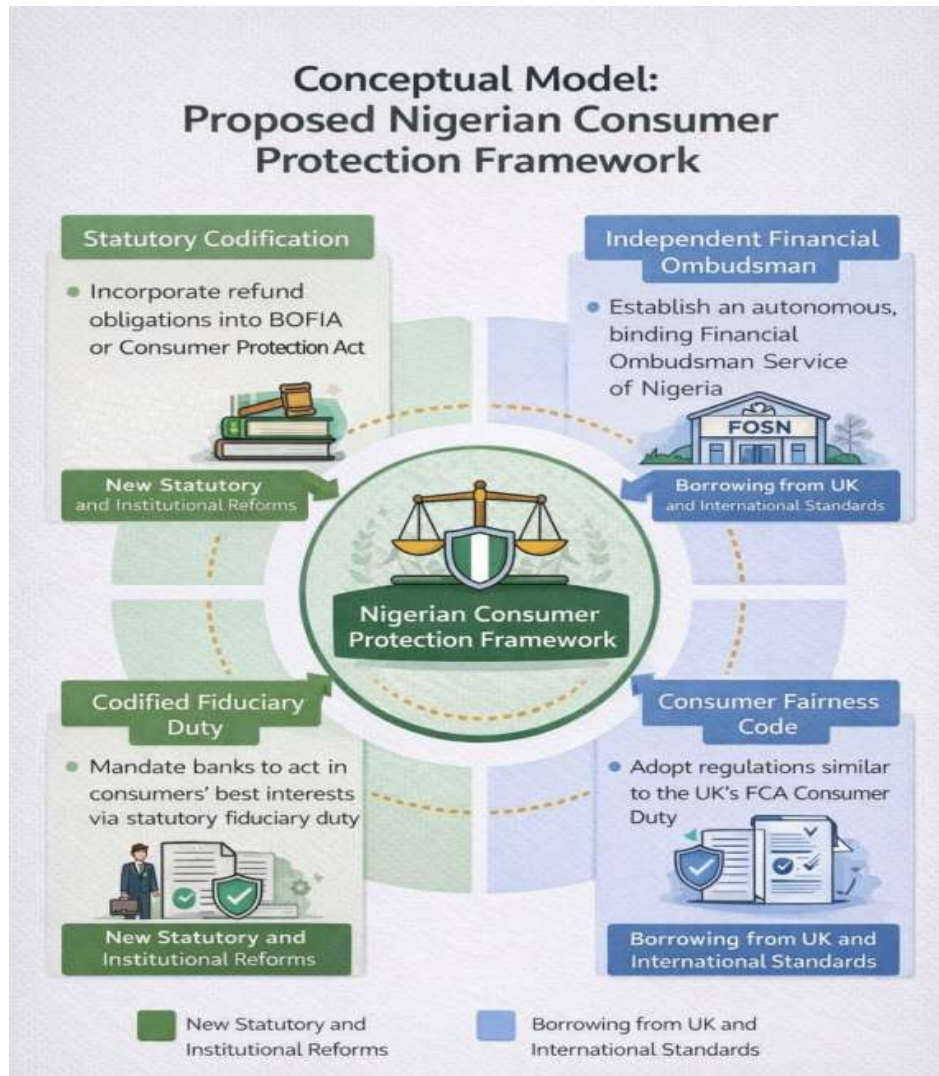


Figure 5: Conceptual Model: Proposed Nigerian Consumer Protection Framework

Source: Author's design (2026), adapted from OECD (2019) and FCA (2022).

As illustrated in Figure 5, the reform blueprint comprises four key components:

1. Statutory Codification: Amend *BOFIA (2020)* or enact a new *Consumer Protection in Banking Act* to codify refund rights and liabilities.
2. Independent Financial Ombudsman: Establish a *Financial Ombudsman Service*

of Nigeria (*FOSN*) for binding, impartial adjudication.

3. Codified Fiduciary Duty: Legally mandate banks to act in consumers' best interests under a statutory fiduciary standard.
4. Consumer Fairness Code: Adopt FCA-style "Consumer Duty" principles, embedding

proactive fairness and transparency obligations.

This model aligns Nigeria's framework with international benchmarks and transforms its consumer protection regime into a legally enforceable, transparent, and consumer-centric system.

## V. CONCLUSION AND POLICY IMPLICATIONS

### Summary of Key Findings

This study concludes that Nigeria's consumer protection regime remains predominantly regulator-based, characterized by administrative discretion and institutional overlap between the Central Bank of Nigeria (CBN) and the Federal Competition and Consumer Protection Commission (FCCPC). The existing framework, although well-intentioned, suffers from weak enforcement, limited judicial oversight, and a lack of statutory codification of refund rights.

Conversely, the United Kingdom's statutory model, anchored on the *Financial Services and Markets Act (2000)*, *Consumer Rights Act (2015)*, and *Payment Services Regulations (2017)*, provides a more effective system of consumer redress. Its strength lies in the autonomy of enforcement institutions (the Financial Conduct Authority and Financial Ombudsman Service), binding remedies, and proactive consumer fairness obligations under the *FCA Consumer Duty (2022)*.

The comparative evidence therefore supports the conclusion that statutory enforceability and institutional independence are the primary determinants of consumer protection effectiveness in modern financial systems.

### Policy Recommendations

Based on the analysis and identified policy gaps, the following reforms are proposed to strengthen Nigeria's legal and institutional framework:

1. Enact a Consumer Protection in Banking Act to harmonize scattered provisions and codify refund liabilities into law.
2. Establish a Financial Ombudsman Service of Nigeria (FOSN) as an independent,

binding adjudicatory body for financial disputes.

3. Incorporate Consumer Duty principles into Nigerian financial law, ensuring fairness, transparency, and proactive consumer engagement.
4. Strengthen judicial interpretation by providing explicit legislative standards for determining bank liability and fiduciary duties.
5. Enhance regulatory coordination between the CBN and FCCPC through statutory delineation of mandates to eliminate overlap.

Collectively, these measures will align Nigeria's regime with international best practices, improving accountability, consumer confidence, and financial inclusion.

### Contribution to Knowledge

This study contributes to legal scholarship by providing a comparative doctrinal analysis linking Nigeria's administrative consumer regulation with the UK's statutory adjudicative model. It offers an evidence-based, reform-oriented framework that identifies specific areas statutory codification, institutional independence, and fiduciary duty where Nigerian law can evolve. Practically, the study equips policymakers and regulators with a model for legislative reform, bridging the gap between regulatory discretion and judicial enforceability.

### Future Research

While this study provides a doctrinal and comparative foundation, future research should adopt empirical approaches to evaluate post-reform impacts. Surveys and interviews could measure:

- Consumer satisfaction with complaint-handling efficiency,
- Levels of financial literacy and trust in the CBN and potential FOSN,
- Regulatory compliance behavior among banks.

Such studies would complement the present doctrinal work by grounding legal reforms in measurable public experience and institutional outcomes.

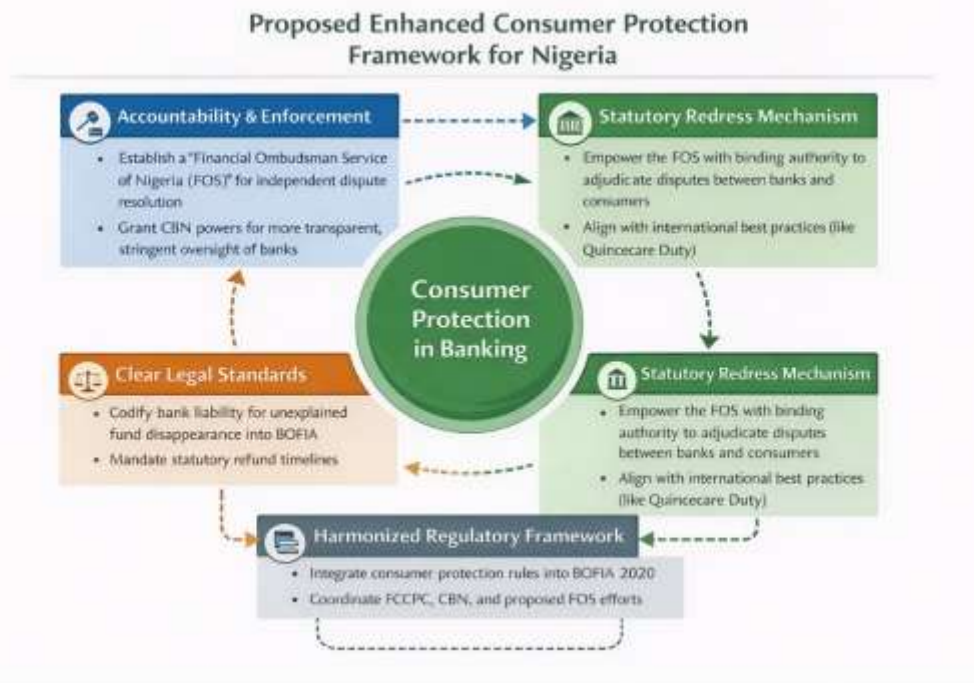


Figure 6: Proposed Enhanced Consumer Protection Framework

Source: Author's design (2026), adapted from OECD (2019), FCA (2022), and World Bank (2022).

As shown in Figure 6, the proposed framework integrates four pillars:

1. Statutory Codification: Embedding refund and redress rights in Nigerian law.
2. Independent Financial Ombudsman: Establishing a binding FOSN for impartial dispute resolution.
3. Codified Fiduciary Duty: Legally mandating banks to act in consumers' best interests.
4. Consumer Fairness Code: Introducing FCA-style obligations for proactive fairness and accountability.

This model embodies a shift from regulatory discretion to statutory justice, positioning Nigeria toward a transparent, accountable, and globally aligned consumer protection regime.

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