

# Trendtex Trading Corporation v Credit Suisse [1982]

## Evidence

In England, the Central Bank of Nigeria ['CBN'] was sued by Trendtex for damages. The compensation in the claim was USD 14 million. CBN turned to Credit Suisse for help in this debt recovery. In turn, Credit Suisse intended to use the same money for the recovery of its own debt for Trendtex. The challenge for the court was in the determination of the legal assignment of the mentioned debt and whether it went in accordance with English law regarding maintenance and champerty.

## Problematics

The central question was whether it was possible to enforce the laws of champerty on the legal conflict based on the credit debt letter.

## Resolution

The approach that the court took was to start the process with a transaction and context examination, and then to conclude whether or not the law was enforceable. The decision of the court was based on the following statement in English law: "an assignee who can show that he has a genuine commercial interest in enforcement of the claim of another and to that extent takes an assignment of that claim to himself is entitled to enforce the assignment unless by the terms of the assignment he falls foul of our law of champerty" (p 703). Therefore, the court admitted the case as champertous. Credit Suisse, although having a purely financial interest in the debt claim to Trendtex by CBN, likely expected a profit from the action of Trendtex against CBN. The court admitted it as litigation trafficking, which broke champerty laws.

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