



Press Summary

22 October 2025

Process & Industrial Developments Limited (Appellant) v The Federal Republic of Nigeria (Respondent)

[2025] UKSC 36

On appeal from: [2024] EWCA Civ 790

Justices: Lord Reed (President), Lord Hodge (Deputy President), Lord Stephens, Lord Richards and Lady Simler

Background to the Appeal

This appeal concerns a costs order relating to The Federal Republic of Nigeria's ("**Nigeria**") successful application to set aside two arbitration awards made in favour of Process & Industrial Developments Ltd ("**P&ID**") and, in particular, whether legal costs awarded to Nigeria were correctly awarded in sterling rather than naira, Nigeria's national currency.

The appellant, P&ID, contracted with the Federal Republic of Nigeria for the construction of a gas processing facility in Nigeria. In the third year of this agreement, P&ID commenced arbitration proceedings against Nigeria. As a result of this arbitration, P&ID obtained two awards in 2015 and 2017 which totalled US\$6.6 billion plus interest at 7% (the "**Arbitration Awards**") for damages for repudiatory breach of contract.

In 2018, P&ID brought an application in the Commercial Court to enforce the Arbitration Awards in England. Nigeria successfully resisted the application and challenged the Arbitration Awards on the grounds that they were obtained by fraud and the awards were and the way in which they were procured was contrary to public policy. The trial took eight weeks in the Commercial Court and Nigeria incurred total unassessed costs of £44.127 million (excluding interest). Subsequently, P&ID were ordered to pay Nigeria's legal costs. The Commercial Court (Knowles J) heard arguments on the currency of the costs to be awarded.

Nigeria submitted that the correct currency was sterling as they were billed by their English solicitors in sterling and paid their invoices in sterling. P&ID submitted that, since Nigeria funded those payments by converting naira into sterling from its consolidated fund, the currency which most accurately reflected the loss suffered by Nigeria in funding this litigation was the naira and the costs order should be in naira. P&ID claimed that an award of costs in sterling would give Nigeria a substantial windfall at P&ID's expense. This is because the value of the naira had fallen significantly against other currencies, including sterling, over the last

several years. As a result, the sterling amount Nigeria paid its solicitors was approximately 25 billion naira at the time but would now be the equivalent of 95 billion naira.

The Commercial Court concluded that the costs should be awarded in sterling. P&ID appealed to the Court of Appeal. The Court of Appeal dismissed the appeal holding that the Commercial Court was correct to conclude that as Nigeria had been invoiced and incurred its liability to its solicitors in sterling, and had paid those bills in sterling, the court ought to make a costs order in sterling. P&ID appealed to the UK Supreme Court.

The issue for determination is whether the decision to award costs in sterling rather than naira was in error. P&ID renews its arguments: English courts have the ability to give judgment in a foreign currency on claims for debt and on claims for damages in tort and breach of contract and, in assessing damages, the court looks to the currency in which the claimant's loss can most appropriately be valued. P&ID argues that this reasoning applies with equal force in this case because an award of costs is compensatory in nature.

Judgment

The Supreme Court unanimously dismisses the appeal. Lord Hodge and Lady Simler give the judgment, with which Lord Reed, Lord Stephens and Lord Richards agree.

Reasons for the Judgment

First, an order for costs is not intended to provide compensation for loss in the same way as awards of damages in tort or for breach of contract [11].

Secondly, an order for costs is a discretionary remedy determined by reference to all the circumstances [12]-[14]. While a party cannot recover more in costs than it has paid in legal fees, the costs award is not an attempt to restore a party to the position it would have been in without the litigation [15]. Instead, the court's task in making a costs award is to identify the reasonable amount which the paying party should pay as a contribution to the receiving party's costs [16]. A costs order is therefore very different from an award of damages [17].

Thirdly, the court does not usually know how the litigant obtained the funds used to pay its legal fees and does not investigate those arrangements in order to ascertain that party's loss [19].

Fourthly, there are pragmatic reasons why the court should not inquire into how the litigant has funded an action. Making such inquiries would risk collateral disputes of fact which may require a separate trial. The courts should be very slow to adopt a principle which would encourage disproportionate or expensive additional litigation [20]. The dispute in this case as to how Nigeria funded the sterling payments it made to its solicitors is an example of the kind of additional issues that might arise if the courts were to embark on the inquiry suggested by P&ID [21].

There is no requirement in the Senior Courts Act 1981 or the Civil Procedure Rules 1998 that costs orders be made only in sterling [24]. A general rule that an order for costs is made in sterling or in the currency in which the solicitor has billed the client and in which the client has paid or is liable to pay is consistent with the nature of the court's costs jurisdiction and with legal certainty. There may nevertheless be circumstances in which the court chooses not to award costs in the currency in which the receiving party has paid its lawyers. This may arise if a party's choice of currency is abusive or otherwise inappropriate, for example, if the party or its lawyers had no real connection to that currency and were attempting to make a profit [25].

If it were to become common for parties litigating in England and Wales to pay their lawyers and seek the recovery of costs in a currency other than sterling, it might be necessary to develop

practice directions to safeguard the court's methods of cost control and to protect the paying party from significant currency fluctuations [26]. In this case, Nigeria's solicitors have not submitted invoices in a currency other than sterling. English solicitors and counsel have conducted the litigation on behalf of Nigeria in the courts in London. They have charged fees and disbursements in sterling and Nigeria has paid those bills in sterling. A costs judge will assess their bill of costs in sterling. There is no reason to award costs in this case other than in sterling [27].

For all these reasons, which are essentially the same as those given by the Court of Appeal, the court concludes that Knowles J did not err in law in the exercise of his discretion [28]. The court also noted that, contrary to P&ID's submission, Nigeria does not enjoy a large windfall from the court's decision, given the international depreciation of the naira in recent years [29].

References in square brackets are to paragraphs in the judgment.

NOTE:

This summary is provided to assist in understanding the Court's decision. It does not form part of the reasons for the decision. The full judgment of the Court is the only authoritative document. Judgments are public documents and are available at: [Decided cases - The Supreme Court](#)