



When Contracts Shift: What Businesses Should Know About Contract Variation

Introduction

In commercial transactions, even well-drafted contracts sometimes require adjustment. Market shifts, delivery delays, or operational challenges can make original terms impractical. In such situations, parties may opt for contract variation—a legal mechanism that allows them to revise obligations without discarding the agreement entirely.

The case of *Dizengoff W.A. (Nig) Ltd v. Willmeric (La Cuisson) Ltd (2025) LPELR-81596 (CA)* highlights the importance of documenting such variations clearly. The contract involved the supply of a 500KVA transformer with a nine-week delivery window.

When delays arose, the supplier proposed an alternative 800KVA transformer already in-country.

Though both parties agreed to the substitution, the arrangement later became the subject of litigation, raising questions about the clarity and enforceability of the revised terms.

Understanding Contract Variation in Nigerian Law

Variation refers to a mutual agreement to amend the terms of an existing contract. A variation is enforceable where it is:



- Supported by consideration (each party gives up something in exchange), or
- Executed under seal.

This reflects the principle of *eodem modo quo oritur eodem modo dissolvitur*—what is created by agreement must be modified or dissolved by agreement.

Key Considerations for Enforceability

To ensure that a variation is legally binding and enforceable:

• Put it in writing:

Where the original contract must be in writing, any changes must also be documented in writing. Oral variations may be invalid.

• Demonstrate clear mutual consent:

Parties should keep a clear record of communications, updated terms, and mutual acceptance.

• Secure third-party approvals:

If financiers, insurers, or regulators are involved, their formal consent may be required.

• Avoid ambiguity:

Poorly documented amendments can lead to disputes about which terms apply and whether obligations were validly discharged.

Why This Matters for Businesses and Individuals

Understanding how to properly vary a contract can:

- Preserve business relationships and project continuity
- Reduce exposure to legal disputes over unclear or undocumented changes.
- Help to identify and manage risks arising from changes in scope, pricing, delivery, or regulatory obligations.
- Enhance predictability and clarity in commercial dealings
- Build trust with counterparties by fostering transparency and accountability

Stay Ahead with SimmonsCooper Partners

In a dynamic business environment, adaptability is essential—but so is legal certainty. For guidance on contract variation, managing novation, or resolving disputes over amended terms, or litigation strategy, contact us at info@scp-law.com or visit www.scp-law.com.

