

## APPLICATION OF INFORMATION ASYMMETRY TO NIGERIAN BUSINESS SITUATIONS

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### Abstract

This study adopted the mixed methods comprising the qualitative and quantitative content analyses. Using both primary and secondary data, it combined oral interviews and thematic preoccupation approaches to analyse the application of information asymmetry in relation to the Nigerian business environment. The research was anchored on the frameworks of information asymmetry and trade puffery. Information asymmetry deals with information imbalance between the seller and the buyer while the trade puffery concerns itself with unsubstantiated exaggerations and claims about a product or service. The coding was both thematic and quantitative. The former enabled the researchers to identify, analyse and freely interpret the patterns of meaning within the qualitative data. In the quantitative coding buyer response was represented on tables with simple percentages. Despite its complexities, the holistic population of study enhanced accurate representation thereby reducing bias risks. It also enabled the researchers to engage in a comprehensive and multifaceted study of the sellers and buyers. The sample size was the 100 respondents drawn through convenience sampling, a non-probability and quick technique, was used to select respondents based on their ease of access and availability. The simple random sampling was finally used to select respondents for oral interviews. Findings revealed the factors promoting information asymmetry in the Nigerian market situations, exposed buyer opinion and ugly experience in the hands of dubious sellers. Finally, it investigated the legal provisions and court litigations against dishonest sellers, as well as the solution.

**Keywords:** information asymmetry, information imbalance, trade puffery, market situation, transaction

### Introduction

The Nigerian business environment offers the sellers “better” opportunities that lure them into questionable business practices such as cheating the buyers in order to maximise huge profits (Ogunlana & Adeola-Bello, 2022; Kapoor, 2020; Gupta *et al*, 2025). In their observation, Ogunlana and Adeola-Bello (2022) reveal that the concept of fraud and misrepresentation are interwoven and generally popularised in contemporary Nigerian economic transactions. This is especially within the commercial space and, basically, between sellers and their customers.

Nwankwo *et al* (2023) admit that the “consumer is the king in the marketplace, and the epicenter of all marketing activities”. They further opine that “all marketing decisions are based on the assumptions about consumer behaviour”. Based on this fact, therefore, manufacturers and sellers’ objectives, among other aims, to satisfy the consumers by taking care of their needs and desires. The customers should, therefore, not be swindled in any form in the business transactions as this act stands in opposition to the Nigerian ethical business practices whose objective is “to promote ethics and transparency in business transactions in Nigeria” (United Nations Office on Drugs and Crime, 1997).

All the activities of the producers and the sellers should always aim at satisfying the consumers who are at the end of the distribution chain. The consumers are so important that production is incomplete if the goods and services do not get to them to achieve customer satisfaction. Yadav (2015) looks at the issue of the kingship of the consumers in the palace of business transactions and holistically argues that everybody cannot be a seller but “every person in this world is a consumer”.

In the Nigerian market, the sellers can deceive the buyers in so many ways. In information asymmetry, the sellers do not only possess the information the buyers may not have but also hide it from the buyers to exploit them. So, the sellers, through information monopoly, exploit the buyers. For instance, it is the sellers that have firsthand information about price increase or price fall. Due to this price fluctuations, most Nigerian sellers do not inform their customers about the crash in the prices of commodities and services. They disclose price conditions to the buyers only when prices increase. During this period of price increase, even old stocks that they bought at cheaper rates are now sold at the current exorbitant prices.

In addition, sellers can also exploit buyers by selling fake products at the same price as the original, especially when the buyers cannot differentiate between the original and the fake. The reason is that if the sellers differentiate the commodities and make known the disparity in their prices, the buyers may find out the real market situation, and make wise decisions. Furthermore, sellers do not only hide price fluctuations, or sell fake products, but also hide useful information from the buyers. For instance, they withhold the truth about expired products, fake products, product quality, quantity, availability, identity, and about the real manufacturers.

Based on the above exposition, this study aims at revealing the intricacies of information asymmetry, buyer experience, describe the nature of cheating perpetrated by sellers, explore the legal provisions and ethical practices guiding business transactions in

Nigeria, litigations addressing and redressing acts of seller dishonesty. Recommendations are also proffered.

### **Information Asymmetry Conceptualised**

George Akerlof, Michael Spence and Joseph Stiglitz propounded the theory of information asymmetry in 1970 (Resure & Bathburn, 2022; Bloomenthal *et al*, 2024). Information asymmetry is an imbalance in information acquisition in business situations or transactions where the seller possesses more or better information about a product or service than the buyer. This information imbalance leads to market inefficiencies or failures leading to shady deals against the buyer.

In their work, "The Market for Lemons, Quality Uncertainty and the Market Mechanism", Akerlof and his team experimented with car sales in which they referred to old, used, and defective cars as "lemons". The term "lemon", therefore, is "a slang term for a vehicle with many problems and defects that negatively impact its utility and worth" (Chen *et al*, 2025). The problem was that the car dealers hid from the buyers the information about the true condition of those cars. In this case, only the dealers were aware that those cars were faulty yet they were sold at the same price as the sound ones.

### **Information Asymmetry in Nigerian Market Environment Demonstrated**

In the Nigerian markets, information asymmetry also plays out. A male civil servant, in an interview, narrated that "I have been a victim of this at the electronic market, Iweka Road, Onitsha. On another occasion, at Nsukka, a woman sold me a concoction of boiled sugar in the name of honey. I never knew the difference then. It was when I got to my office that a colleague taught me how to carry out an experiment to find out the real honey".

The male civil servant also revealed that his colleague thought him that "real honey must be inflammable". His colleague, he continued, just dropped a little quantity of the content on the ground, brought a matchstick from a matchbox, and struck it. He set the resultant flame closer to the "honey" on the ground. It did not catch! No resultant flame. No inflammation. He went right inside and brought a bottle of what he claimed was "the real honey". The same experiment was conducted, and the difference was undoubtedly obvious. The content in his own bottle was truly "the real honey".

At Iweka Road, Onitsha, and Idumota Market in Lagos (among other examples in Nigeria) dubious electronic dealers often hide the truth about the nature of their products and the differences that exist. The same dishonesty applies to the patent medicine dealers at the Bridge-Head, Onitsha. Many customers get home only to discover that they have been given

the fake products in the place of the original. The impatient and choleric customers who cannot let go have often been sighted engaging the dubious sellers in pushing and pulling, especially when there is no redress such as a refund or product replacement.

Information asymmetry in this research is not only construed as a situation in the Nigeria market where the seller possesses more information than the buyer about the goods and services. In addition to the nature and prices of goods and services, information asymmetry also concerns the seller's possession of information (which the buyer does not have) about the transactional secrets and business practices. However, Ross, Resure & Velasquez (2024) argue against the possibility of information asymmetry in modern society since the "real-world market research has called into question the validity of information asymmetry theory".

Consider the following transaction or business secret as a part of information asymmetry in Nigeria: a female rice dealer at Eke Mgbidi confessed how she had firsthand information about an impending scarcity of rice coming in a few days. She kept silent and refused to divulge the information even to her most regular customers. According to her, the intention was "to keep them [customers] in the dark so that they will not be encouraged to buy and stock rice to carry them throughout the period of scarcity, if it eventually comes". She went ahead to reveal that if she had disclosed the information about the looming dearth of rice, the consumers might not only buy in large quantities to last them throughout the days of the scarcity, but they might also clear the rice she would have inflated the price during the scarcity period.

### **Factors Promoting Information Asymmetry in the Nigerian Business Environment**

#### **(i). Consumer Ignorance and Lack of Exposure**

In a study conducted by Usman *et al* (2015), they wanted to find out the extent buyer ignorance and lack of awareness could promote information asymmetry against electricity users in Nigeria. In their findings, they discovered that electricity users were largely exploited by suppliers due to ignorance and lack of exposure. In their final submission, "ignorant and unenlightened consumers are easy prey for exploitation in the marketplace". They, therefore, recommended that "educating the consumer minimizes consumer exploitation and enhances consumer protection".

At Ohakpu article market, a female buyer recounted her ordeal to our team. She narrated how she took home the Gala she bought, and her children told her that it had already expired. When she was asked why she did not read the label on the Gala, she promptly replied that "I no go school. I no sabi read. I no sabi book ooo". So, out of ignorance and inability to read, the

woman was unable to read the information on the Gala to know if it had expired or not. The most pitiable aspect was that she clearly stated that “I no sabi say Gala the expire self”.

**(ii). Forces of Demand and Supply**

Depending on the market situation and the forces of demand and supply, the seller or the buyer can have information advantage and better transaction power over the other party in a business deal. In Nigeria, for instance, if the seller has plenty of foodstuffs to sell, but there are a few buyers, the price will crash. On the other hand, if the demand for foodstuffs is high but the supply is low, the prices of the food stuffs will skyrocket. This scenario is better buttressed by Landpay (2024), a research organ of an estate company in Nigeria.

In its study, *Is It a Buyer’s or Seller’s Market in Nigeria?*, LandPay (2024) explains in its findings, among other things, that “a buyer’s market is characterized by an abundance of properties available for sale, giving buyers more negotiating power and choice. On the other hand, a seller’s market is marked by high demand and low inventory, empowering sellers to command higher prices and receive multiple offers”.

**(iii). Economic and Political Ideologies**

Information imbalance can be promoted by the economic and political ideologies of countries. There is no ideology that is free from the promotion of information asymmetry through its tenets. However, there are ideologies that are worse for it. For instance, communist, socialist, totalitarian, and authoritarian societies have a higher degree of information asymmetry than the libertarian and capitalist countries. This is because, in communism, socialism, totalitarianism, and authoritarianism, there is a highly centrally controlled mass media. There are also serious government interventions and limited individual and press freedom.

In each of the above ideologies, the government has significant power to restrict the amount or type of information that is accessible to the general public thereby inducing a situation where certain groups have more access to information than others. However, the information asymmetry involved in these ideologies is not basically that existing between the sellers and the buyers of commodities. This is because individuals are not allowed to own means of production, distribution, and exchange. Therefore, there is little or no room for market exploitations, or the desire to amass wealth by hook or by crook through information asymmetry.

In Nigeria, capitalism (with some features of a mixed economy) is practised. It is true that capitalism has fewer information asymmetry in a perfect market situation than its other

ideological counterparts, but it still creates more opportunities in the business circle under imperfect market under which dishonest vendors hide to exploit buyers. This possibility is fuelled by the features of capitalism that allow for market competitions and scampering for scarce resources and profit maximisation (See the work of Scott, 2006).

**(iv). Buyer and Seller Awareness and Exposure Disparity**

The Nigerian buyers are easily cheated in business transactions because they are not organised, and many of them lack sound formal education or exposure to know their rights. Even when the buyer is more educated than the seller, the seller may still be more exposed to information concerning the business environment, especially as it concerns the product he deals in. In this case, the buyer can be defrauded.

**(v). Business Pufferies and Seller Dubious Intentions**

Ezema and Oraegbunam (2025) indict the Nigerian media for being the highest promoters of trade and business pufferies. In their study, they focused on the “advertising of consumer goods particularly deceptive advertising that sways the consumer rather puffery making promises beyond what the product can really deliver in real time”. Such false and unsubstantiable claims are “the best slimming tea ever”, “the paste that whitens your teeth like no other”, “the rice with no sand”, etc. Ezema and Oraegbunam (2025) do not see these expressions and more only as creative work but also deceptive creativity.

They opine that most of the adverts in the media are full of false claims. They paint false pictures on products and services and decorate them using hyperbolic diction that is usually blown out of proportion. When consumers go to the market to buy these advertised products, they may discover that the media has really exaggerated the product name, quality, strengths, and opportunities.

On their own part, most Nigerian sellers have dubious idiosyncrasies and, therefore, intentionally exploit the buyers. These sellers achieve this by making unsubstantiable claims about their products simply to convince and deceive buyers in order to make gains. On many occasions, what the buyers pay for may not be what they get in the end.

**(vi). Monopoly and Imperfect Market**

Information asymmetry is information monopoly because the seller uses the imbalance to control the buyer. Monopoly is an imperfect market situation where only one seller or producer has access to produce, supply, or sell a given product. This dominance offers him the opportunity to manipulate the product, the price, and the buyer. Idisi *et al* (2019), in their study, discovered that, in Nigeria, “even though Dangote [cement] faces competition from other

cement producers, and DStv faces competition from other pay-TV providers”, they all “exhibit monopolistic or near-monopolistic characteristics”. However, this is at the macro level.

Saak (2006) did a study on “The Value of Buyer’s Ignorance in Monopoly” and came to the conclusion that at the micro level of business transactions, “monopolist may achieve the highest expected profit when buyers have no private information about their tastes for the product ... given that the production cost is sufficiently low”. Monopoly and information asymmetry interact with each other against the buyer. For instance, information asymmetry tilts information towards the seller while monopoly tilts production, distribution, and negotiation power towards the same seller. Many Nigerian producers and sellers enjoy monopoly and, owing to this fact, cheat their customers by manipulating production, product quality, and price. There are different kinds of opportunities sellers create to practice monopoly in Nigerian markets, so that they can manipulate buyers. To explain this, we divide monopoly into two kinds: short-term and long-term.

The short-term monopoly is momentarily ephemeral, while the long term monopoly may be permanent. To demonstrate the short-term monopoly, we look at sellers’ arrival and punctuality to the market for “early morning sales” (Agu, 2025). For instance, at the Ochanja Foodstuffs Market, like every other local market, sellers struggle to be the first to come to the market before others. The intention is to be the first to display wares and control price, before other competitors will arrive. When this happens, buyers are forced to pay beyond their buying budgets. Since there is no alternative sellers and commodities, the buyers will be forced to pay against their wish.

To demonstrate the long-term monopoly, we take an example from the patent medicine dealers at the Bridge-Head. There are uncommon drugs every dealer does not buy from the manufacturers nor sell to customers due to their exorbitant prices. For example, a nurse was interviewed at the patent medicine market at the Bridge-Head, Onitsha. She secretly confided in us that she toured round the market demanding for the original brand of *Prostaglandin* and *Mifepristone*. She also revealed that those drugs were not popular demands and, therefore, not only expensive but scarce at that market. She went further to say that “I could not get the drugs until I was directed to go to a particular shop. The dealer had only Mifepristone but not Prostaglandin. I had already browsed for the prices of the two drugs before going to the market. I shouted when I was told the inflated cost. He tripled the price”, the nurse opined. The medicine dealer was really enjoying his long-term monopoly. The nurse added that “When I wanted to move away, the dealer presented me with many other alternatives like Medroxyprogesterone,

gyaenocosid, Postinor-2, and Levonorgestre, which he advertised with convincing epithets to lure me. I simply stood up, apologised, thanked him, and left". Finally, Hayes *et al* (2024) aver that "monopolies are discouraged in free-market economies because they stifle competition, limit consumer substitutes, and thus, limit consumer choice".

### **Argument Against the Application of Information Asymmetry**

Information asymmetry creates a room for the sellers to possess more information than the buyers about a product, service, price, or business situations. This imbalance in the information power usually leads to market inefficiencies, market failures, and unfair transactions. With this power imbalance, sellers therefore tend to have an upper hand in the transactional negotiations to indulge in all kinds of trade pufferies and fraudulent activities against the buyers. Therefore, the maxim of "caveat emptor" is strongly advised. The buyers should really beware of dishonest vendors and fraudulent business practices.

In addition, information asymmetry leads to loss of trust for both the seller and the producer. Usually, if a Nigerian consumer eventually discovers that he has been defrauded, he may not sue the seller due to the ignorance of his consumer rights or lack of the financial capacity to do so. However, he will certainly withdraw the trust and loyalty he has for the seller (See table 3, Response No.8). This is a part of the moral hazards dysfunction of information asymmetry discovered by Zhang (2024) in his wok, A Literature Review on the Theory of Asymmetric Information. He found that information asymmetry creates moral hazards that "damage the efficiency of the market".

The distrust created by the moral hazards mentioned above may even be transferred to the most honest dealers who are innocent of the fraud perpetrated against the buyer. If a fake product is sold to the buyer in place of the original, the consumer does not only distrust the seller but also extends his distrust to the manufacturer. The danger is that, to him, all other innocent producers or sellers are also fraudsters. This, though, is a hasty generalisation; but it remains one of the little idiosyncrasies of the Nigerian consumers. This is based on the Nigerian aphorism that the sting of the bee causes the victim to be afraid of the housefly.

Furthermore, information asymmetry can also lead to loss of customers and profits. No reasonable consumer likes to continue patronising a fraudulent seller who defrauds innocent buyers. All attempts to convince and retain the consumer (even with consolation rewards) may prove abortive. This is a part of consumer behaviour analysed by Nwaezeihenatuoha (2025). At the extreme of the loss of customers and profits is business liquidation.

Finally, a swindled educated consumer may seek legal solutions to redress the imbalance in the transaction in which he has been defrauded. In this case, if found guilty beyond reasonable doubt, the seller or the producer will not only pay for the damage done but also risk incarceration.

### **Information Asymmetry Reversal: Tipping the Table the Other Way Round**

Many scholars (e.g. Nwankwo *et al*, 2023) refute the doctrines of information asymmetry. They rather hold that the sellers who wish to be transparent, obtain, maintain, and retain customers, do not willfully hoodwink their customers in business transactions. Instead, this school of thought accuses dubious “hit-and-run” sellers who concentrate on making gain but not name. They are those that prefer making dubious profits today and risk folding up tomorrow.

For example, Nwankwo *et al* (2023) believe that “there is significant, positive relationship between customer analysis and competitiveness of multinational companies in Nigeria”. However, the work of Nwankwo *et al* (2023) focuses largely on the macro level - not the micro aspect of business transaction, which is the core of this current study.

Anderson Group Realty (2024) refutes the allegation that sellers always deceive buyers in business. It argues *that although* it is widely and wrongly believed that sellers cheat buyers, this may only be possible when it is the seller’s market. That is, when demand exceeds supply. The group maintains that the scale tips in favour of the buyers when it is the buyer's market. That is, when supply exceeds demand. In this case, the buyer tends to have better negotiation power and information than the seller who may at this time be at the mercy of the buyer.

Barakat and Sayegh (2021), in their Information Asymmetry in the Age of Big Data Analytics, believe that buyers are hardly deceived in business transactions these days of internet and information overflow. Using the qualitative methodology, they wanted to understand the different techniques used by buyers to reduce information asymmetry. Findings revealed that “consumers increasingly rely on information in circulation on social media in the form of reviews, as well as comparison sites and reputation mechanisms to help them make more rational purchase decisions and combat the prevailing information asymmetry”. However, the question Barakat and Sayegh (2021) failed to answer was whether the “Age of Big Data Analytics” has really obliterated the seller-buyer information gap, and introduced a balance in the information power between the seller and the buyer.

Furthermore, Engers *et al* (2009), in their work, Are Lemons Really Hot Potatoes? argue that educated buyers can get information about a given product through research, reviews, or

expert opinions. With this information power, they can gain favourable deals from the sellers - even better than the sellers. In addition, Li and Chau (2024) argue that information asymmetry is a prediction that is largely refuted by empirical observations because it ignores the possibility of the emergence of various institutions and machinery whose objective is rooted in reducing information asymmetry. They argue that potential gains from trades, especially for expensive products, are sufficiently high, and this situation induces market participants to counteract the negative impacts of information asymmetry. They cited that “one prominent example is the use of experts”.

It has also been discovered that, on certain occasions, the buyer can possess a piece of information about market circumstance that the seller is not aware of. For example, a middle-aged male buyer narrated how he went to buy corn and pears at Eke Ohakpu Market in Oru-West, Imo State. He could not get even a single corn or pear. He went straight home to the house of a female subsistence farmer who usually sold corn and pears to the villagers. Luckily, the woman was about to take corn and pears to the market.

The respondent claimed that he had a piece of information that the peasant did not possess. That was about the scarcity of corn and pears in the entire Eke Ohakpu Market. However, the man erred by informing the woman that he had already been to the market earlier to buy corn and pears but could not see any. Probably, he was carried away by the joy of finally seeing the scarce commodities in the house of the woman. When the seller got this information, she did not only change her mind but also the prices of the local commodities. She inflated the prices to hit the rooftop. At the end, the man was only able to buy less than he budgeted.

Another instance where buyers may gain an upper hand in business transactions is in the area of *false representation of product usage*. This results when a buyer lies about how he intends using a product. For instance, whether he uses it as a seller or user. During the survey for this study, we came across a foodstuffs dealer negotiating with a buyer at the Ochanja Market. When the seller asked the buyer whether he was buying the foodstuffs for his family use or for resale, the buyer lied that he was buying to resell. Why the lie? He needed better negotiation and a fair deal.

We followed up the buyer for an interview. He confided in us that he lied to the foodstuffs seller “to attract price deductions for my purchases”. The idea was that most sellers in that market carried out price deductions mostly on two occasions: if the buyer purchased for a resale, or if the buyer went for bulk purchases. Olaide (2025) opines that bulk buying is “the smartest way to save money and reduce expenses ...”

Furthermore, in the Nigerian markets, apart from false representation of product usage, a buyer may also hoodwink the seller in a business transaction through *false claims of product defects* (For more information, see Haerberle, 2019). False claims of product defects result when the buyer lies that a product he has bought is damaged or defective. This defects, if any, may have been caused by the buyer. However, he hides the truth in order to be either refunded or have the product replaced for him (See also Lagos Local News, 2024)

### Methods

This study adopted the mixed methods which enabled it to utilise both interviews (oral and written) and thematic content analysis to investigate the degree of the application of information asymmetry by the Nigerian sellers. It also investigated buyer experience, and court litigations by defrauded buyers against dishonest sellers. The coding was both thematic and quantitative. The thematic coding enabled the researchers to identify, analyse and freely interpret the patterns of meaning within the qualitative data. In quantitative coding, the data were presented on simple tables with percentages. 100 respondents formed the population of the study. Consequently, 100 copies of the questionnaire were distributed to the participants who were also orally interviewed. However, only 90 copies of the questionnaire were returned representing a high return percentage of 90%.

The geographical locations of the interview for the study were Ohakpu and Mgbidi (Imo State) and Onitsha (Anambra State). Particularly, the study took place in and around the selected markets: foodstuffs market (Eke Mgbidi), article market (Eke Ohakpu). Others were Onitsha markets such as electronic market (Iweka Road), drug market (Bridge-Head), cosmetics line (Main Market), and foodstuffs line (Ochanja Market). For the survey aspect of the study, convenience sampling, a non-probability and quick technique, was used to select the participants based on their ease of access and availability.

### Result

**Research Aim 1:** To Describe the Transaction Experiences of Buyers

**Table 1: Have you been defrauded in a business transaction before?**

RESPONSE	FREQUENCY	PERCENTAGE
Yes	80	88.9
No	7	7.8
Unaware	3	3.3
<b>TOTAL</b>	<b>90</b>	<b>100</b>

Table 1 indicates that 80(88.9%) consumers accept that they have been defrauded before by dubious sellers in business transactions. 7(7.8%) deny that they have been cheated before while 3(3.3%) buyers claim uncertainty of any seller fraud, dubiousness, or puffery against them. This indicates that there is a high rate of dishonesty among sellers in the Nigerian markets. Conversely, there is also a high rate of victims of seller dishonesty in the Nigerian business environment.

**Research Aim 2:** To Describe the Nature of Cheating Against the Buyer.

**Table 2: Nature of Seller Dishonesty**

RESPONSE	FREQUENCY	PERCENT
I was given a fake product in the name of the original	12	13.3
I was given an expired product in the name of a sound one	6	6.7
I was given inferior goods in place of superior products	15	16.7
I was given an incomplete quantity of what I paid for	4	4.4
I was charged far above the normal price.	46	51.1
I was given damaged products	5	5.6
I have not been defrauded before	2	2.2
<b>TOTAL</b>	<b>90</b>	<b>100</b>

Table 2 indicates that Nigerian sellers defraud their customers with reckless abandon. For instance, only 2.2% of the interviewees claimed that they had not been defrauded before, while 97.8% of them admitted that they had been frequently deceived in business transactions. Again, according to the table, the highest dishonest behaviour of vendors against their customers was charging them higher than normal. Many other buyers reported that they were given inferior, fake, damaged, and expired products, after paying for the real product.

**Research Aim 3:** What Action Did You Take When You Discovered the Fraud?

**Table 3: Action Taken Against Dubious Seller**

RESPONSE	FREQUENCY	PERCENTAGE
I reported the matter to the market union leaders	10	11.1
I reported the seller and the fraud to the village vigilante	5	5.6
I reported to the police	3	3.3
I reported to a human rights group	-	-
I took the matter to court	-	-
I took laws into my hands by engaging the seller in a duel	2	2.2
I simply reported to the neighbours and others around	7	7.8
I did not do anything, but simply withdrew my patronage	48	53.3
I reported to the chairman of the line in the market	15	16.7
<b>TOTAL</b>	<b>90</b>	<b>100</b>

On table 3, we see the actions taken by defrauded buyers against the dishonest sellers. The highest number of the buyers (53.3%) said that they did not do anything, except that they simply withdrew their patronage and loyalty. They probably decided to try other sellers; but was that going to make a difference? However, it is quite obvious that withdrawal of patronage and loyalty is a part of consumer behaviour (For more information, see *selectivity theories and factors* in the work of Nwaezeihenatuoha, 2025).

#### **Research Aim 4: To Explore the Legal Provisions and Ethical Practices Guiding Business Transactions in Nigeria.**

The Nigerian government is fully aware of the possibility of capitalist exploitative transactions inherent in the Nigerian market. Due to this reason, it creates opportunities and makes provisions for the control of this business situation. Under this section, we explore some of the relevant legal provisions and ethical standards (by the Nigerian government and corporations) guiding business transactions in Nigeria. The principles control production, product quality, seller conduct, seller-buyer relationship, and the entire business environment. We grouped the legal provisions into two based on *quality production control* and *seller behavioural conduct*.

## **Legal Provisions for Quality Production Control**

### **(a). Principle 24 of the Nigerian Code of Corporate Governance (NCCG, 2019)**

On January 15, 2019, Dr Okechukwu Enyinnaya Enelamah, Minister for Industry, Trade and Investment, Federal Republic of Nigeria, signed the NCCG into law. The objective was to guide the operations of manufacturing industries and other companies serving the public, and to promote a high level of transparency, business conduct and ethical standards. According to the Minister, “infusing good Corporate Governance practices into business operations entails establishing processes and policies that will ensure that the expectations of all stakeholders are met in a sustainable manner”. Summarily, the NCCG is a code of business and ethical conduct that promotes a culture of ethics and compliance (Lawuyi, 2022).

### **(b). Standards Organisation of Nigeria Act**

This was established by Act No 14, 2015, of the National Assembly. It outlines the organization's functions including the manufacturing of standard products in the Nigerian industries. It seeks for the promotion of standard practices, certifying products, and helping in the manufacturing of quality goods and the provision of best services. It also increases penalties for violations of and deviations from standards and, finally, provides for offenses related to non-compliance.

### **(c). Manufacturers Association of Nigeria Act**

This association coordinates the activities of Nigerian manufacturers. Its fundamental objectives include promoting good manufacturing practices, and encouraging exports. In summary, the operations of the Nigerian Code of Corporate Governance, Standards Organisation of Nigeria, and the Manufacturers Association of Nigeria are geared towards ensuring that production, distribution, and exchange of goods are done with quality assurance, and social responsibility.

## **Legal Provisions for Seller Behavioural Conduct and Consumer Protection**

There are legal provisions under the law to protect the rights, privileges, preferences, and choices of the Nigerian consumers from seller or producer manipulations. Some of the provisions are discussed below:

### **(a). The Central Bank of Nigeria Consumer Protection Framework (CBN-CPF)**

The Central Bank of Nigeria is interested in ensuring that the consumers (customers) get fair financial transactions and services from the commercial banks. Owing to this fact, The CBN, on November 7, 2026, created the Consumer Protection Framework which outlines nine basic principles for consumer protection. Gresyndale-Legal (2025) summarises the nine

principles as “establishing robust legal, regulatory, and supervisory structures, promoting responsible business conduct, ensuring transparency and disclosure, providing fair treatment to consumers, protecting consumer assets and privacy, implementing effective complaints handling and redress mechanisms, and fostering a competitive market environment”.

**(b). The Federal Competition and Consumer Protection Act (FCCPA) of 2018**

The objective of this law is to promote fair competition and protection of consumer rights. According to Oyinlade (2024), the Nigerian consumer enjoys the following rights:

- Right to information and education in plain language
- Right of disclosure of prices of goods and services
- Right to adequate trade description and labelling
- Right to disclosure of second-hand or reconditioned goods
- Right to be given adequate information of every transaction
- Right not to be given a condition before making a purchase
- Right to cancel advance reservation, booking or order
- Right to reject goods before completing the transaction
- Right to safe and quality goods
- Right to basic needs
- Right to safety
- Right to choose and healthy environment
- Right to redress

The FCCPA established The Federal Competition and Consumer Protection Commission (FCCPC), and The Competition and Consumer Protection Tribunal (CCPT). The Federal Competition and Consumer Protection Commission (FCCPC) protects and promotes the interest, welfare, and the satisfaction of the Nigerian consumers. It also ensures that there are varieties of quality and safe products in the Nigerian market for the consumers to make their choices and preferences.

In its efforts to ensure customer satisfaction and consumer rights protection, the Federal Competition and Consumer Protection Commission (FCCPC) handles buyer or consumer complaints. Many Nigerian consumers have registered their complaints with the FCCPC through their complaint portal. These complaints have been handled well and, on many occasions, there are refunds and or replacements of goods. On the other hand, the primary objective of the CCTP is to promote fair, efficient, and competitive markets, ensuring access to safe products and services for all citizens

Let us consider the following testimonials of profound gratitudes expressed by consumers whose complaints have been satisfactorily resolved by the FCCPC:

**From Kolade Ige:**

*I wish to express my appreciation to the commission for helping me recover my N300,000 from a merchant that sold me a fake television set and refused to give a refund until the commission stepped in ...*

**From Chibuzo Udolisa:**

*It is compelling on me to leave a testimonial of this kind, as to the ebullient approach, and effective, efficient, effectual, and impactful place of the commission on the two complaints I have registered with it .... The results are satisfactory to me in the end.*

**(c). Codes of Business and Ethical Conducts**

These codes address different dimensions of the producer's or the seller's fair dealings with consumers, clients, and stakeholders. The COBEC is a set of rules, principles, and values that guide seller-buyer relationships, and organizations in a business environment. The COBEC also sets rules for honesty and integrity in business dealings.

**(d). The Sale of Goods Act (1893)**

Nwocha (2018) quips that "Section 1 of the Sale of Goods Act states that a contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a monetary consideration, called the price". This description stipulates that there must be an agreement between the seller and the buyer, an agreeable fixed amount of money called price, a physical good or product, and acceptance of transfer. Simply put, the completion of a contract of sale is signified not only by the payment of the purchase price but also fulfilling others relevant factors. When all relevant factors involved in the sale of goods contract are achieved, it behoves the parties involved to abide by the terms and conditions of the contract. For instance, the buyer must have fully paid the seller, and the seller is expected to completely deliver the goods and in good condition. The buyer expects to be offered exactly what he pays for.

**Research Aim 5: Litigations Addressing and Redressing Acts of Seller Dishonesty**

In the case of fraud perpetrated by the vendor against the buyer, Ogunlana and Adeola-Bello (2022) recommend that "the consumer has specific remedies to explore under the law". Under this section of the study, we wish to expose some of the situations where some of the buyers or customers, knowing their consumer rights, sought legal remedies against the dubious producers, or sellers that swindled them.

**(a). Litigation Against Coca-Cola Company and Nigerian Bottling Company**

In June, 2019, the Federal Competition and Consumer Protection Commission became aware that the Coca-Cola Company in collaboration with the Nigerian Bottling Company began product differentiation and migration without duly notifying the consumers, and the general public. They went ahead to change their product from the regular sugar Coca-Cola to the non-nutritive sweeteners (Zero Coke). Based on the undeniable evidence on ground, it was palpable that the two companies violated section 112 of the FCCPA provisions in terms of transparency issues, misleading trade descriptions and product labelling, abuse of dominance, and unfair marketing tactics. The companies were therefore fined appropriately. See FCCPC Litigation Report (2024).

**(b). Litigation Against Diamond Bank**

**Venue:** High Court of Federal Capital Territory, Abuja

**Date:** September 18, 2023).

**Parties:** Ebgaku John Kotso (Claimant), and Diamond Bank Plc (Defendant).

**Judge:** His Lordship, Hon. Justice Asmau Akanbi-Yusuf.

**Description:** Kotso received debit alerts of more than five million Naira (N5, 0000,000) from his account without making any known withdrawals. The surprising thing was that his daily withdrawal limit was N500,000 (five hundred thousand naira). He also claimed that he called his account officer to notify him and also request for the blockage of his account. The account officer failed to do so, and more deposit alerts kept coming.

Kotso filed a case against Diamond Bank, and the judge ruled against the account officer. He requested that the account Officer should not only pay the claimant the sum of five hundred thousand naira but also refund the claimant the sum of five million naira.

**(c). Litigation Against Roofing Sheets Dealer**

**Venue:** High Court of Benin City, Edo State.

**Date:** February 10, 2025.

**Parties:** Mr & Mrs Kingsley Obi (Claimants), and Eboigbe Osarumwense (Defendant).

**Judge:** Hon Justice P. A. Akhihero.

**Description:** The claimants gave Mr Eboigbe the sum of one million seventy thousand naira (N1,070,000) being the amount for original roofing sheets and the installation. The roofing sheets started peeling a few days after installation. They did not only peel off but also changed from black to brown. The claimants drew the attention of the defendant to this development,

and he apologised. Problems started when he was asked to either replace the roofs with what they paid for, or he should remove the sheets and then refund them.

Mr Eboigbe's stubbornness left the claimants with no other option than to drag him to court to seek redress. Hon Justice P. A. Akhiero ruled against the defendant. He demanded that the defendant was guilty of a breach of contract and, therefore, should pay the claimants the sum of three million naira (N3m) for damages, two hundred thousand naira (N200,000) for litigation cost, and a refund of one million, seventy thousand naira only (N1,070,000) being the cost of the roofing sheets. Finally, Mr Eboigbe was asked to remove the inferior roofing sheets.

### **Discussion of Findings**

Research Aim 1 (Table 1) displays the responses of buyers on their transaction experience. That is, whether they have been defrauded in business transactions before. Their responses indicate that there is hardly a buyer who has not been defrauded in business transactions. Everyone is a victim, whether they know it or not. In fact, the Nigerian business environment is really bedraggled with dishonest sellers who believe that they can make huge profits through swindling their clients.

Research Aim 2 (Table 2) presents the major fraudulent activities by sellers against their customers in Nigerian markets. The chief is abnormal prices. Buyers are often charged far and above the normal prices, especially when they are not aware of the real price situation. On certain occasions, sellers offer their buyers damaged products, fake products, inferior goods, incomplete product quantity, and or expired ones.

Research Aim 3 (Table 3) is a representation of the various actions taken by the victims against the sellers involved in business transaction dishonesty. The largest number of the respondents claimed that they did not do anything, but simply withdrew their patronage. By doing so, they had not only located new sellers, but also were not sure of the level of honesty in those new sellers. Those defrauded buyers who decided to take laws into their hands by engaging the fraudulent sellers in a fight risked being arrested, wounded or losing their lives. Furthermore, those that reported the seller's dishonesty to the police, human rights groups, market union leaders, or the village vigilante must have spent extra money, resources, and time doing so. Worst still, they might not get an urgent response to their plight, or the type of redress they wanted.

In Research Aim 4, we explore the various legal provisions and ethical practices guiding production, product quality, distribution, and exchange. The legal provisions aim at sanitising the entire Nigerian business environment. However, the question is: how do corporate

organisations in Nigeria obey the principles provided by these legal entities? What is their level of obedience to the rules of the game? Scholars such as Ozili *et al* (2023) have shown that Nigerian companies, corporate entities, and business outlets do not put the legal provisions into practice as expected. They also discovered “a significant negative relationship” between the select companies and stakeholders, and between sellers and buyers. Furthermore, Ibegbulem (2019) opines that “under the current consumer protection regime, there is still scarce recognition and provision for personal ... protection rights of citizens”. This suggests that consumers are still suffering from seller manipulations, intimidations, dishonesty, and fraud.

In Research Aim 5, some litigations addressing and redressing acts of seller dishonesty are discussed. In the litigations above, we conclude that business dealers should be very careful with their customers because most consumers not only know their rights but also have the temerity, resources, and ample time to seek redress in court. In addition, we also discover that the defendants indicted above did not only lose oodles of money in the cases but also integrity and customers.

### **Conclusion**

This study adopted the thematic content analysis, oral interviews, holistic population, information asymmetry, and trade puffery as frameworks to demonstrate the intricacies of information asymmetry in the Nigerian market situations. It also revealed buyer opinion and experience in the hands of dubious Nigerian sellers. Furthermore, it explored the legal provisions and ethical practices guiding business transactions in Nigeria. Finally, it briefly discussed some of the litigations addressing and redressing acts of seller dishonesty. Recommendations were also proffered on seller transparency, buyer education and wariness, and the need for the government to implement consumer rights protection.

### **Recommendations**

1. Sellers should adopt high transparency and shed off dubious idiosyncrasies that incubate the intention to maximise profit by hook or crook.
2. The buyers should always beware of business dishonesty and dubious sellers and insist on knowing commodity differences and conditions before payment.
3. The Nigerian government and the stakeholders should ensure that consumer education is adopted so that the consumers can be drilled to know their rights, product nature, prices and market conditions to enhance proper transaction awareness and purchase decisions.

4. The government of Nigeria should not only make business laws but also implement them. The laws should be consumer-oriented to protect the interest of the buyers from business exploitations. In Nigeria, the problem of the government is not law making but the actual execution of promulgations.
5. Government should establish a credible and functional public complaints system to report corruption without fear of retaliation or other negative consequences

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