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PAY NOW, ARGUE LATER: ENGLISH COURT RESTRAINS ATTEMPT TO FREEZE LETTER OF CREDIT PAYMENT

TRAFIGURA PTE LTD V SOCIÉTÉ NATIONALE DE RAFFINAGE [2026] EWHC 1914 (COMM) (30 JULY 2026)

The English High Court granted a final mandatory anti-suit injunction (“**ASI**”) requiring Société Nationale de Raffinage (“**SONARA**”), the buyer under a sale contract with Trafigura PTE Ltd (“**Trafigura**”), to discontinue foreign proceedings that sought to suspend payment under an irrevocable letter of credit (“**LC**”). SONARA relied on a carve-out in an exclusive jurisdiction clause in favour of the English High Court permitting “*conservatory, interlocutory or interim actions in any court*”. The Court held that the carve-out covered only protective security measures, not proceedings designed to subvert the agreed payment mechanism or to deal with the underlying substantive dispute. The decision confirms that the English courts will protect the autonomy of LCs, and the “*pay now, argue later*” bargain, at the jurisdictional stage.

The full text of the judgment is available [here](#).

KEY TAKEAWAYS

- + **Sellers and beneficiaries – act quickly:** Where a buyer threatens to “cancel” an irrevocable LC or approaches the issuing bank, move fast. Early monitoring of counterparty and bank communications, and a prompt application for an interim ASI, can stop a foreign court interfering with payment.
- + **Buyers – quality disputes do not justify withholding LC payment:** Attempts to freeze payment through a local court risks an ASI, adverse costs (Trafigura sought indemnity costs) and reputational damage. The proper course is to pay and pursue the quality claim in the agreed forum.
- + **Do not rely on broad carve-out wording:** Applying the *ejusdem generis* rule, the Court read “*interlocutory or interim actions*” as limited to protective measures similar to arrest and attachment. If a wider right to seek interim relief other than the exclusive chosen forum is intended, this should be stated expressly.
- + **Substance over style:** The Court looked at what the foreign proceedings were actually designed to achieve, not how they were described. A “temporary” suspension of those proceedings (and payment) pending further cargo testing would, in practice, have altered the contractual risk allocation.



- + **Draft foreign applications carefully:** Where an application is made other than in the parties' chosen court under an exception for interim relief, and security is genuinely sought, consider framing that application expressly as ancillary to proceedings in the chosen forum, referring to the jurisdiction clause and governing law, and keeping the relief sought narrow. Here, the application made in the foreign court alleged the cargo was defective, sought "*any other orders*" the court saw fit, and did not mention the English jurisdiction clause. These counted against the buyer.
- + **A late concession will not avoid an ASI.** Final mandatory relief was granted even though the seller had been paid and the buyer accepted that the dispute should be determined in London, as the foreign proceedings had not, in fact, been withdrawn. A request for discontinuance that still needed the foreign court's approval was not sufficient, particularly given the buyer's conduct.

BACKGROUND

Trafigura sold gasoil and gasoline to SONARA, Cameroon's majority state-owned refinery, under a contract which provided that 50% of the price to be paid by irrevocable LC. Both the sale contract and the LC contained exclusive English jurisdiction clauses. However, the sale contract clause contained an express exception, allowing either party to "[pursue] arrest, attachment and/or other conservatory, interlocutory or interim actions in any court".

After inconsistent sampling results, SONARA alleged the cargo was off-specification and asked the LC issuing bank to suspend payment. When the bank refused, SONARA sought an order from the court in Limbe, Cameroon (the place of contractual delivery) requiring the bank to suspend payment pending resolution of the quality dispute. Trafigura obtained an interim ASI from the English court and was subsequently paid by the confirming bank.

SONARA did not withdraw or discontinue the Limbe proceedings following payment under the LC. The relief sought in those proceedings was not confined to a suspension of payment under the LC but also included an application for "*any other orders that the Honourable Court may deem*

fit to make in these circumstances". Accordingly, Trafigura sought a final ASI.

THE DECISION

The Court held, to the required high degree of probability, that the Limbe proceedings breached the exclusive jurisdiction clause in the sale contract. The jurisdictional carve-out covered interim protective relief only; reading it to permit interim steps of any kind would be far too wide. At least part of the purpose of the Limbe proceedings was "*to subvert the agreed payment mechanism and risk allocation*". The parties could not have intended the carve-out to be used for an application designed fundamentally to alter the agreed payment process.

FURTHER COMMENT

- + **Burden of proof:** the Court left open whether the burden was on an applicant or respondent to demonstrate that an express jurisdictional exception does/does not apply. This could be a ground for further argument in a future case.
- + **The LC's own jurisdiction clause:** a buyer that is not party to the LC may not be bound by its jurisdiction clause where it does not rely on the LC's terms, so sellers should not rely on that clause alone.
- + **Enforcement:** an ASI acts on the party, not the foreign court. Its effectiveness depends on the respondent's willingness or incentive to comply, which may be limited for state-owned counterparties with few assets in England.

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