



## THE IMPACT OF DIVORCE ON DIGITAL ASSETS IN NIGERIA: LEGAL CHALLENGES AND EMERGING FRAMEWORKS

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### ABSTRACT

*The rapid rise of digital assets such as cryptocurrencies, digital accounts, non-fungible and online intellectual property has created new challenges for divorce law. Traditional legal frameworks like Matrimonial Causes Act 1970, were designed for tangible property and standard financial assets, and they do not specifically address digital wealth. As a result, courts and lawyers face difficulties in identifying valuing and fairly dividing these assets which are often intangible, volatile and easy to conceal. This article explores these challenges, focusing on issues of ownership, valuation, jurisdiction and enforcement. It looks at how other countries including United States of America and United Kingdom are approaching digital assets in divorce, highlighting practices such as statutory recognition, mandatory disclosure and expert valuation. In Nigeria, courts rely largely on discretion due to gaps in legislation, which can lead to inconsistent outcomes. The study proposes a framework to integrate digital assets into divorce proceeding more effectively aiming to improve fairness, transparency and predictability. By connecting the realities of digital wealth with established legal principles, the article provides guidance for reform in Nigeria and other jurisdictions facing similar challenges.*

**KEYWORDS:** Cryptocurrencies, Digital Account, Digital Intellectual property

### 1. INTRODUCTION

The digital revolution has transformed modern society, reshaping economic, social and legal practices. Among the most profound changes is the emergence of digital assets; a broad category encompassing cryptocurrencies, digital intellectual property. These assets have become significant components of personal and family wealth, sometimes exceeding traditional financial holdings in value.<sup>1</sup> However, legal framework particularly in Nigeria, have not yet evolved sufficiently to address the implications as the Matrimonial Causes Act 1970, which governs divorce and property division in Nigeria, was enacted long before the advent of blockchain technology, digital currencies and other forms of intangible property. Consequently, court and legal practitioners face challenges in identifying, categorizing, valuing and distributing digital assets equitable during divorce.<sup>2</sup> Digital

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<sup>1</sup> Luke Lee, 'Examining the Legal Status of Digital Assets as Property: A Comparative Analysis of Jurisdictional Approaches' (2024) arXiv Preprint. < <https://doi.org/10.48550/arXiv.2406.15391> > accessed 16<sup>th</sup> March 2026.

<sup>2</sup> Matrimonial Causes Act 1970 (No 18 of 1970).



asset are inherently intangible, volatile and often pseudonymous making them susceptible to concealment, underreporting or misvaluation. Unlike physical assets, such as land vehicles, digital property can exist across multiple jurisdictions, stored on foreign servers or decentralized networks, raising additional questions of enforceability and jurisdictional competence.<sup>3</sup> This creates a pressing need for legal mechanism that ensures fair and transparent distribution of digital wealth.

This article shall examine the impact of digital assets on divorce law and evaluate comparative legal responses and propose a structured framework for addressing these challenges within Nigerian Matrimonial Law. By so doing, it contributes to the growing body of literature on Family Law in the digital age, offering, practical and normative guidance for reform.

## **2. CONCEPTUAL CLARIFICATION**

Digital assets are broadly defined as any asset that exists in electronic form and carries economic, proprietary or contractual value. They are fundamentally different from conventional assets because they lack physical form, often existing across multiple platforms and jurisdictions. Scholars categorize digital assets into three main types:

### **2.1 Cryptocurrencies**

Cryptocurrencies are a decentralized digital currency such as Bitcoin and Ethereum, recorded on blockchain technology, which may be held in digital wallet or on exchanges.<sup>4</sup>

### **2.2 Digital Account**

These are online accounts with potential economic value, including social media platforms, email accounts with commercial content and cloud storage containing monetizable data.<sup>5</sup>

### **2.3 Digital Intellectual Property**

They are domain names, copyrights, software licenses or digital media rights, which can be commercially exploited or transferred.<sup>6</sup>

## **3. DIGITAL ASSETS IN MATRIMONIAL PROPERTY LAW**

Matrimonial property law in Nigeria generally recognizes that assets acquired during the subsistence of valid statutory marriage may be taken into account when the courts determine

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<sup>3</sup> M.K Feeney and Others, Digital Asset: What They Are and How to Find Them in Divorce Proceeding ( Cipriani Family Law American Inn of Court Materials, 5<sup>th</sup> February 2025) <<https://inns.innsocourt.org/media/200000/cryptocurrencymaterials2-25.pdf> > accessed 16<sup>th</sup> March 2026.

<sup>4</sup> Luke Lee, 'Examining the Legal Status of Digital Assets as Property: A Comparative Analysis of Jurisdictional Approaches' (2024) arXiv Preprint. < <https://doi.org/10.48550/arXiv.2406.15391> > accessed 16<sup>th</sup> March 2026.

<sup>5</sup> Luke Lee(n1).

<sup>6</sup> M.K Feeney and Others, Digital Asset: What They Are and How to Find Them in Divorce Proceeding ( Cipriani Family Law American Inn of Court Materials, 5<sup>th</sup> February 2025) <https://inns.innsocourt.org/media/200000/cryptocurrencymaterials2-25.pdf> > accessed 16<sup>th</sup> March 2026.



financial settlement upon divorce. Under the Matrimonial Causes Act<sup>7</sup>, courts possess broad discretionary powers to make financial and property settlement orders<sup>8</sup> in matrimonial proceedings. These powers enable the court to consider property owned, possessed or acquired by either spouse<sup>9</sup> in determining equitable distribution or financial arrangements following the dissolution of marriage. Such judicial discretion allows court to evaluate the totality of marital resources in order to reach a fair outcome between the parties.

Traditionally, matrimonial property disputes involved tangible assets such as land, houses vehicle, bank account and other identifiable financial investments. However, rapid development of digital technologies has introduced new form of property commonly described as digital assets. The intangible nature of these assets challenges conventional property law classifications because ownership is often determined by cryptographic keys or digital credentials rather than physical possession. Scholars have noted that the rise of digital assets requires courts and legal systems to reconsider traditional concept of property ownership and transfer in order to accommodate these technologically driven forms of wealth.<sup>10</sup> Within the context of divorce proceedings, digital assets acquired during marriage may arguably fall within the scope of matrimonial property, particularly where they were purchased using marital income or formed part of couples' investment portfolio. Courts in several jurisdictions have increasingly treated digital assets as financial resources subject to disclosure and division during divorce proceedings, especially where such assets were accumulated during the marriage.<sup>11</sup> In principle, therefore digital asset may be treated in similar manner to other investments such as stocks, bonds or saving accounts.

Despite this conceptual similarity, the recognition, identification and valuation of digital assets present significant legal and practical challenges. One major difficulty arises from the volatility of cryptocurrency markets. The value of cryptocurrency can fluctuate dramatically within short periods, making it difficult for the courts to determine an accurate valuation date when calculating the marital estate.<sup>12</sup> For instance, a digital currency portfolio worth a substantial amount at the commencement of divorce proceedings may significantly increase or decrease in value before final judgment is delivered. This volatility complicates the equitable distribution of marital property and may lead to disputes regarding the appropriate valuation method. Another challenge in divorce proceedings is the traceability and disclosure of digital assets. Unlike traditional account, cryptocurrencies and other digital holdings can be stored in encrypted wallets or decentralized

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<sup>7</sup> Matrimonial Causes Act, Cap M7, Laws of the Federation of Nigeria 2004.

<sup>8</sup> MCA, s.72-78.

<sup>9</sup> Ibid, s.72(1).

<sup>10</sup> Luke Lee (n1).

<sup>11</sup> Cryptocurrency, Digital Assets and Divorce' (Winston Solicitors Leeds, 13<sup>th</sup> November 2025) <http://www.winstonsolicitors.co.uk/blog/digital-assets-and-divorce> accessed 10<sup>th</sup> March 2026.

<sup>12</sup> Lass Law, 'Divorce and Cryptocurrency: Tracking and Dividing Digital Assets' (18<sup>th</sup> September 2025) < <http://lasslaw.com/divorce-cryptocurrency-tracking-and-dividing-digital-assets>> 28<sup>th</sup> February 2026.



networks, making ownership pseudonymous and easier to conceal.<sup>13</sup> Consequently, forensic investigation and specialist financial expertise are often necessary to uncover hidden assets and ensure full disclosure. As digital investments continue to expand globally, it is increasingly important for matrimonial property law to adapt to ensure that these modern forms of wealth are properly disclosed, valued and distributed in divorce proceedings.

#### 4. LEGAL CHALLENGES OF DIVIDING DIGITAL ASSETS IN NIGERIA

The divisions of digital assets in divorce proceedings presents multiple unique legal and practical challenges in Nigeria, primarily because the existing statutory framework was designed for tangible property and conventional financial instruments. While the Matrimonial Causes Act<sup>14</sup> empowers court to consider ‘all property owned, possessed or acquired by all spouses’ when granting financial relief there is no explicit recognition or procedural guidance regarding digital assets.<sup>15</sup>

##### 4.1 Classification and ownership

A central challenge lies in determining whether a digital asset qualifies as marital property. Property under the law includes both real and personal property, but courts have not yet addressed cryptocurrencies or other blockchain based assets explicitly.<sup>16</sup> Ownership disputes arise when digital assets are stored in wallets registered to only one spouse or when the origin of funds used to acquire the digital assets is contested.<sup>17</sup> Courts rely heavily on judicial discretion and equitable principles, meaning legal outcomes can vary depending on the presiding judges understanding of the technological and financial nuances of digital assets. This lack of statutory clarity can result in uncertainty for divorcing parties, particularly where significant wealth is held digitally.<sup>18</sup>

##### 4.2 Discovery and Disclosure

Digital assets may create difficulties in identification and disclosure. Spouses may attempt to conceal digital holdings through anonymous wallets, across border exchanges or complex trading mechanism unlike physical and personal property, digital assets do not have conventional paper trails requiring specialized forensic investigation to uncover and verify ownership.<sup>19</sup> The absence of statutory guidance on digital assets complicates enforcement. Scholars are of the opinion of

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<sup>13</sup> Forbes, ‘How Digital Assets Are Reshaping Divorce Discovery’ (Alex Pron. Forbes Business Council, 2<sup>nd</sup> March 2026) <<http://www.forbes.com/councils/forbesbusinesscouncil/2026/03/02/how-digital-assets-are-reshaping-divorce-discovery>> accessed 16<sup>th</sup> March 2026.

<sup>14</sup> MCA, Cap M7 LFN 2004.

<sup>15</sup> MCA, s.72.

<sup>16</sup> Luke Lee (n1).

<sup>17</sup> Cryptocurrency, Digital Assets and Divorce’ (Winston Solicitors Leeds, 13<sup>th</sup> November 2025)

<http://www.winstonsolicitors.co.uk/blog/digital-assets-and-divorce> accessed 10<sup>th</sup> March 2026.

<sup>18</sup> C.J. Efe and O.E Eberechi, ‘Property Rights of Nigerian Women at Divorce: A Case for a Redistribution Order’ [2020] (23) *Potchefstroom Electronic Law Journal* 1-39.

<sup>19</sup> Lass Law, ‘Divorce and Cryptocurrency: Tracking and Dividing Digital Assets’ (18<sup>th</sup> September 2025) <<http://lasslaw.com/divorce-cryptocurrency-tracking-and-dividing-digital-assets>> 28<sup>th</sup> February 2026.



incorporating mandatory disclosure rules of digital assets which includes providing wallet addresses, exchange account, passwords and access key held escrow.<sup>20</sup>

#### **4.3 Valuation and Market Volatility**

The court must decide the appropriate valuation date whether at the point of filing the divorce petition, on the trial date or the date of decree to ensure an equitable division. Expert valuation by forensic accountant or blockchain specialist is increasingly necessary to provide estimates of assets value.<sup>21</sup> The volatility of digital assets can significantly affect equity distribution, potentially creating inequalities if the assets are not accurately valued or if market fluctuation occurs between the filing and the judgment.<sup>22</sup>

#### **4.4 Jurisdiction and Enforcement Issues**

Digital assets may exist across multiple jurisdictions, including foreign servers, decentralized networks or international exchanges. This raises enforcement challenges as the courts may have difficulty freezing, seizing or compelling transfer of digital property located outside the country.<sup>23</sup> Unlike physical property or bank accounts held domestically, digital assets often operate under cross border blockchain protocols, where ownership and control can be obscured. Consequently, there is a growing need for international cooperation, bilateral treaties or domestic statutory guidance to ensure enforceability of financial orders involving digital assets.<sup>24</sup>

#### **4.5 Risk of Inequitable Distribution**

Failure to adequately identify, value and account for digital assets risks unfair outcomes, particularly in households where cryptocurrencies or digital investments represent a substantial portion of family wealth. The courts must rely on general principles of equity and judicial discretion, which may lead to inconsistent decisions and unpredictability for parties.<sup>25</sup> The combination of classification of uncertainty, disclosure difficulties, valuation volatility and jurisdictional complexity demonstrates the pressing need for a structured legal framework that addresses digital assets in divorce proceedings. Such a framework would provide clarity, fairness and inconsistency in equitable division of marital property in Nigeria.

### **5. COMPARATIVE LEGAL ANALYSIS**

The challenges associated with digital assets in divorce are not unique in Nigeria. Courts and lawmakers worldwide are grappling with issues of classification, disclosure valuation and

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<sup>20</sup> Luke Lee (n1).

<sup>21</sup> Lass Law (n12).

<sup>22</sup> Lass Law, 'Divorce and Cryptocurrency: Tracking and Dividing Digital Assets' (18<sup>th</sup> September 2025) <<http://lasslaw.com/divorce-cryptocurrency-tracking-and-dividing-digital-assets>> 28<sup>th</sup> February 2026.

<sup>23</sup> M.K Feeney and Others(n6).

<sup>24</sup> Ibid.

<sup>25</sup> MCA 1970, s.72.



enforceability. Hence the need for a comparative analysis in United States, United Kingdom and South Africa to provide valuable insights that could inform Nigerian law reform.

### 5.1 United States of America

In the United States of America, digital assets are increasingly recognized as marital property subject to division upon divorce. Although there is no single federal statute governing digital assets in matrimonial proceedings, United States courts generally apply existing equitable distribution principles to determine how such assets should be divided between spouses.<sup>26</sup>

Under United States family law, property acquired during the marriage is typically classified as marital property, regardless of its form. This broad classification enables court to include digital assets within the matrimonial estate, provided they were acquired during subsistence of the marriage or with marital funds. As a result, cryptocurrencies and other digital holdings are treated similarly to traditional financial investment portfolios.<sup>27</sup>

However, the treatment of digital assets in the State is characterized by regulatory fragmentation and legal uncertainty, Different agencies adopt varying classifications. Digital assets may be treated as property for tax purposes, commodities for trading regulation or securities where investment characteristics are present. The lack of uniformity creates challenges in determining the precise legal status of certain digital assets, particularly non-fungible tokens.<sup>28</sup>

In divorce proceedings, the U.S court emphasis full financial disclosure and may require parties to reveal all digital holdings, including cryptocurrency wallets and exchange accounts. Given the pseudonymous nature of blockchain technology, courts often rely on forensic accountant and digital tracing experts to uncover concealed assets. Additionally, the volatility of digital assets presents valuation challenges, requiring courts to determine appropriate valuation dates and in some cases rely on experts' evidence to ensure equitable distribution.<sup>29</sup>

Despite these challenges, the U.S approach demonstrates a flexible and adaptive legal framework, where courts incorporate digital assets into existing property division principles rather than waiting for specific legislation. This pragmatic approach offers valuable lessons for Nigeria, particularly in

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<sup>26</sup> Internal Revenue Service (IRS), *Notice 2014-21: Virtual Currency Guidance (2014)* <https://www.irs.gov/pub/irs-drop/n-14-21.pdf> accessed 20<sup>th</sup> March 2026.

<sup>27</sup> Uniform Law Commission, *Uniform Commercial Code: Article 12- Controllable Electronic Records (2022)* <https://www.uniformlaws.org/viewdocuments/final-act-142?Communitykeys=2c04b76c-2b7d-4399-977e-d5876ba7e034> accessed 20<sup>th</sup> March 2026.

<sup>28</sup> United Kingdom Taskforce, *Legal Statement on Cryptoassets and Smart Contracts (2019)* <https://www.judiciary.uk/wp-content/uploads/2019/11/UKJT-Legal-Statement-on-Cryptoassets-and- Smart-contracts.pdf> accessed 20<sup>th</sup> March 2026.

<sup>29</sup>M.K Feeney and Others (n6).



recognizing digital assets as part of matrimonial property and developing mechanism for disclosure, valuation and enforcement.<sup>30</sup>

## 5.2 United Kingdom

The United Kingdom has emerged as one of the leading jurisdictions in recognizing and regulating digital assets within the context of matrimonial property law. Under English law, digital assets and other virtual holdings are increasingly treated as property and financial resources subject to division in divorce proceedings.<sup>31</sup>

The legal foundation for this approach lies in the broad discretionary powers of courts under the Matrimonial Causes Act 1973, which requires court to consider all financial resources available to the parties when making financial remedy orders. In practice, this has been interpreted to include digital assets, provided they possess economic value and are owned or controlled by either spouse.<sup>32</sup>

The legal recognition of digital assets in the United Kingdom is not derived from a specific statute but has evolved through judicial decisions and authoritative statements, which affirm that such assets are capable of constituting property under English law.<sup>33</sup> The divorce proceedings is that of a comprehensive disclosure regime, which requires parties to provide full and frank disclosure of all financial resources, which includes digital holdings. Cryptocurrencies and other digital assets must therefore be disclosed and valued as part of financial remedy proceedings, regardless of intangible nature.<sup>34</sup>

However, despite this recognition, digital assets present significant practical challenges. Their pseudonymous and decentralized nature makes them difficult to trace, particularly where a spouse attempts to conceal assets. In addition, values may fluctuate rapidly within a short period.<sup>35</sup> The UK legal practice has responded to these challenges by increasingly relying on forensic accounting and blockchain analysis to identify and trace digital assets at relevant stages of proceedings.<sup>36</sup>

Overall, the United Kingdom adopts a flexible and evolving approach, integrating digital assets into existing matrimonial property principles while gradually developing statutory and procedural clarity. This approach offers valuable lessons for Nigeria, particularly in recognizing digital assets

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<sup>30</sup> Forbes (n13).

<sup>31</sup> Matrimonial Causes Act 1973, s.25.

<sup>32</sup> Cryptocurrency, Digital Assets and Divorce (Winston Solicitors Leeds, 13<sup>th</sup> November 2025) <https://www.winstonsolicitors.co.uk/blog/digital-assets-and-divorce> accessed 10<sup>th</sup> March 2026, AA V persons Unknown (2019) EWHC 3556 (Comm)

<sup>33</sup> Law Society of England and Wales, 'Introduction to Digital Assets' (2026) <http://www.lawsociety.org.uk/Topics/Ai-and-lawtech/Guides/Introduction-to-digital-assets> accessed 16<sup>th</sup> March 2026.

<sup>34</sup> Digital Assets and cryptocurrency in UK Divorce Settlements' (Splitifi Legal Team, 16 February 2026).

<sup>35</sup> Divorce and Cryptocurrency (Klew Law, 2024) < <https://www.kewlaw.co.uk/helpful-guide/divorce-and-cryptocurrency-kew-law> accessed 16<sup>th</sup> March 2026.

<sup>36</sup> How Cryptoassets are Treated in Financial Remedy Proceedings' (Edward Family Law 2022).



as property, enforcing disclosure, obligation and addressing valuation complexities in divorce proceedings.

### 5.3 South Africa

South Africa, as a comparative jurisdiction recognizes property broadly under its common law and Matrimonial Property Act<sup>37</sup> which may accommodate digital assets such cryptocurrencies.<sup>38</sup> While the Act does not expressly address digital assets, its framework is sufficiently flexible to include assets with patrimonial value acquired during marriage.<sup>39</sup> However, there is currently limited reported case law directly addressing the treatment of digital assets in divorce proceeding, although emerging researchers suggest the need to increase legal awareness of the challenges posed by cryptocurrency and other digital investments.<sup>40</sup>

### 5.4 Implication for Nigerian legal framework

The Nigerian Legal Framework currently relies on the Matrimonial Causes Act, 1970 which grants court discretion to consider all property owned, possessed or acquired by spouses when making financial orders.<sup>41</sup> However, unlike the United States of America and United Kingdom, Nigeria has no explicit statutory guidance on digital assets, including mandatory disclosure procedures, valuation rules or mechanism for enforcement across jurisdiction. Comparative practice demonstrates the need for Nigeria to adopt statutory recognition of digital assets in divorce law, introduce mandatory disclosure and forensic investigation procedures, provide clear valuation standards particularly for volatile digital currencies, and adopt cross-border enforcement mechanisms to ensure compliance. Such measures would provide legal certainty, equitable outcomes and protection against concealment of assets to ensure our matrimonial law keeps pace with technological and financial innovation.

## 6. CONCLUSION

Digital assets have fundamentally altered the landscape of matrimonial property exposing significant gaps in Nigeria's existing legal framework. While the Matrimonial Causes Act provides a foundation for property division, it does not adequately address the complexities of Cryptocurrencies, non-fungible tokens and other digital holdings. To ensure fairness in divorce proceedings, Nigerian court must recognize digital assets as part of the matrimonial estate, enforce strict disclosure obligations and adopt clear valuation methods that reflects their volatile nature. In the long term, targeted legislative reform and judicial reform and judicial capacity building are essential to provide clarity and consistency. The effective regulation of digital wealth has become

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<sup>37</sup> Matrimonial Act 88 1984.

<sup>38</sup> Ibid.

<sup>39</sup> J.T. Pretorius, 'Cryptocurrency and the Law in South Africa' [2018] (21) *Potchefstroom Electronic Law Journal*

<sup>40</sup> South African Reserve Bank, Position Paper on Virtual Currencies (2014).

<sup>41</sup> Matrimonial Causes Act 1970.



imperative for achieving fairness in divorce proceedings and upholding the integrity of Nigeria's matrimonial justice system.

## 7. RECOMMENDATIONS

1. There is need to amend the Matrimonial Causes Act to explicitly recognize digital assets as marital property subject to division.
2. The court should adopt stricter rules requiring parties to disclose all digital holdings including cryptocurrency wallets and online investment account. Failure to disclose such assets should attract legal sanctions including adverse inferences or penalties to prevent concealment and ensure fairness.
3. Development of judicial guidelines on valuation. This will promote consistency and reduce uncertainty in matrimonial proceedings.
4. Judges, lawyers and financial experts should receive specialized training on blockchain technology, cryptocurrency tracing and digital assets valuation. This will enhance the ability of courts to effectively handle complex digital asset disputes.