

The new Consumer Protection Law in the UAE

Ahmad Zaza - Partner, Intellectual Property
(KSA & UAE) - Intellectual Property
a.zaza@tamimi.com - Dubai International Financial Centre

The long-awaited Federal Law No. 15 of 2020 on Consumer Protection (the 'Consumer Protection Law') was finally issued on 10 November 2020. The new Law brings significantly heavier penalties and new definitions which more effectively and robustly protect consumers' rights.

By way of an example and as per the new law, Data Protection is a consumer right now which at the same time has been introduced as an obligation on suppliers, so the privacy and data security of consumers are not misused or used by suppliers for their own personal marketing and promotion. Accordingly, the new law expands the scope of consumers' rights from the 2006 draft, which only included a general article of consumers' rights.

Another major change in the Consumer Protection Law is the inclusion and acknowledgment of E-commerce activities. Nevertheless, to have the new law applied to e-commerce providers, they should be registered in the UAE as it will be further explained below.

Application and enforcement of the Consumer Protection Law

Two major topics: Free Zones & E-Commerce

Article 3 of the Consumer Protection Law states that "The provisions of this Law shall apply to all commodities and services inside the State, including the free zones, and the operations related thereto that are carried out by the provider, advertiser or commercial agent which includes those carried out via e-commerce if the provider is registered inside the State, without prejudice to the international conventions and agreements to which the State is a party".

For the first time we have consumer protection legislation that addresses, in explicit terms, E-commerce and protection of consumers' rights in free zones. These economic zones have greatly concerned Consumers' rights holders given the uncertainty and the difficult procedures involved when enforcing rights in free zones.

Data protection and consumer privacy

Consumers' data provides a deeper understanding of the market, improves database and marketing strategies and that is why we are witnessing a huge increase of consumers' data and privacy misuse as some providers tend to sell this sensitive data to third parties for a fee.

For the first time, consumers' data is considered confidential and should not be disclosed by the supplier, as per the new law. Article 4 protects the consumer's information and data, and obliges the provider not to circulate or divulge related information for the purpose of trading and/or marketing. This is a very

important addition to the Consumer Law which the draft of 2006 did not cover. The Consumer Protection Law also aims to protect consumers' religious values and traditions when providing or receiving a commodity.

The law also defined the mechanisms for dealing with price increases in abnormal circumstances, in addition to the provisions related to the implementation of guarantees for goods and services and consumer protection within the framework of e-commerce activities.

Disclosing information related to provider and commodity

Previous legislation did not provide for the disclosure of a provider's information. However, under the Consumer Protection Law (article 25), a provider is obliged to submit, to the competent authority, all commercial books and ledgers which detail trade data for goods owned or possessed, in addition to information on the value as well as all supporting documents and invoices when so requested.

This is important to all consumers who seek to go beyond the subject complaint and investigate further to identify the supply chain related to the provider and commodity subject of dispute and also further assist in bringing civil claims against the provider. Currently civil claims are rarely brought because of a lack of evidence to support the claim for damages, but this new ability to obtain disclosure will enable more claims to be made and allow victims to be properly compensated.

Invoices must be in Arabic

Further, suppliers are under an obligation to advertise the prices of commodities and services offered by the provider and the same must not be misleading. A detailed invoice containing the provider's trade name, address, commodity type, price and quantity or the service type, price and details and any other data is also an obligation of the trader under the new law. The invoice must be in Arabic and the provider may add any other language at their discretion.

Penalties - What is new?

For the first time, the new Consumer Protection Law added the penalty of imprisonment of up to two years. Further, the new law provides for hefty penalties aimed at increasing the deterrence level, stepping up efforts in supporting consumers' rights.

Article 29 penalizes suppliers who advertise products or services in a misleading way with a jail penalty of no more than two years and/or a fine ranging between AED 10,000 - AED 2,000,000. Suppliers who do not repair or replace a defective good or service without charge are also subject of the same penalty.

Based on this article, the legislators increased the maximum fine to a level that creates a realistic deterrent, as before the maximum fine was AED 1,000,000. The New Law introduces a ceiling to the fine of AED 2,000,000.

Conclusion

The broad scope of the law, as well as the hefty penalties it provides, will place the UAE in the forefront of nations that deal stringently with Consumer Rights' infringements. Consumers remain the beneficiaries of the deterrent penalties provided for by the law, to prevent infringements.

Perhaps the most interesting feature in this law was the provision of enforcement in free zone areas, which was not previously provided for explicitly. Furthermore, the consumers' data and privacy are now protected according to the new Consumer Protection Law.

The possibility of forced disclosure by providers of information and documents has filled in a gap that previously taunted enforcement agencies and consumers alike, and opens the door for uncovering and disrupting the trade cycle of offending providers.

Finally, the hefty penalties of the New Law will prevent many providers from acting negligently when dealing with consumers.

The enactment of the New Law is a leap in the fight against the infringement of consumers' rights in the UAE. The many changes and enactments that have been introduced are expected to be warmly received by the law enforcement authorities and consumers.

For further information, please contact [Ahmad Zaza \(a.zaza@tamimi.com\)](mailto:a.zaza@tamimi.com).