



Federal Law No. 15 of 2020 on Consumer Protection

Legal Update: 28 January 2021

Brief

UAE's consumer protection legal framework witnessed a highly anticipated revamp with the issuance of the Federal Law No. 15 of 2020 on Consumer Protection ("**New Law**"), which repeals the preceding legislative instrument *i.e.*, Federal Law No. 24 of 2006 ("**Old Law**").

The New Law, which covers all goods, services, advertisements and e-commerce transactions in the UAE including its free zones, aims to protect consumers from risks that have been surfacing in the recent past, in light of the expanding consumer market. The spread of the global pandemic has significantly increased consumer reliance on e-commerce platforms, exposing consumers to inevitable fraud and seller malpractices. The New Law, which also applies to e-commerce providers in the UAE, provides consumers the required protection in the face of these malpractices.

The key changes introduced by the New Law are highlighted in the succeeding section.

Key changes – what we know

1. Wider Definitions

The New Law incorporates a wider definition for Supplier, which term now includes importers, every juristic person who interferes in the production of goods, storage of the goods or a person who executes a contract in respect of the goods. Similarly, the term Good now includes intellectual or technical products, raw materials of substances and components of products.

The effect of such broad definitions is that a greater consumer market is protected against the market malpractices and a wider range of suppliers are bound by the obligations stipulated in the New Law.

2. Consumer Rights / Supplier Obligations

With the plethora of goods and services available to consumers in this age of globalization, it is absolutely essential for legislative instruments to ensure consumer welfare/protection and hold suppliers accountable. The provisions of the New Law tackle both the foregoing components in the same breath.





Article 4(5) of the New Law recognizes the protection of data as a consumer right, meaning thereby that suppliers are now under an obligation to protect the data of their consumers and not use the same for any marketing and promotional purposes.

Article 17 of the New Law prohibits the supplier and the commercial agent from using incorrect data/information to describe a good or service and from making Misleading Advertisements.

Misleading Advertisement has been defined to include advertising a good or service using deceptive information or concealing essential information.

Additionally, Article 18 of the New Law, prohibits suppliers from promoting goods or services, or advertising any price discounts without having obtained a prior license from the Competent Authority.

The supplier is also obliged to provide the consumer with a dated invoice evidencing its trade name, address, type of good or service, price of the good or service and the quantity of the good or service, pursuant to the Article 8 of the New Law. The foregoing provision requires the invoice to be mandatorily issued in Arabic and the supplier may add any other language, as preferred.

3. E-commerce

Article 25 of the New Law applies to all suppliers registered and operating in the e-commerce sector in the UAE, including its free zones. Pursuant to the afore-mentioned provision, e-commerce suppliers are under an obligation to provide consumers and the Competent Authorities with their names, legal status, addresses and licensing bodies.

Article 25 of the New Law also obliges e-commerce suppliers to provide relevant information, in Arabic, about their goods and services.

The Santander Trade in its recent report on the UAE Consumer Profile¹ has stated that e-commerce in the UAE is estimated to grow by an average of 23% by 2022. In light of such an exponential trend, the provisions in respect of e-commerce incorporated in the New Law shall play a pivotal role in securing the consumers' rights.

4. Stricter Penalties

Chapter 4 of the New Law lays down more robust penalties for breach of statutory obligations by the suppliers. The penalties stipulated under Chapter 4 include both imprisonment for a period not exceeding 2 years and fines ranging between AED 10,000 to AED 2 million, to be imposed in the event of breach of obligations by the supplier.

Such strict penalties have been introduced to offer added protection to the consumers and ensure supplier compliance with the provisions of the New Law.

5. Grievance





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Article 35 of the New Law provides for an expedited grievance procedure pursuant to which any party may file a grievance with the Minister of Economy in respect of any decision taken against it under this New Law. The submitted grievance shall be decided within 30 days and shall be final. The instant provision affords any interested party, the opportunity to have any grievance addressed and resolved expeditiously and amicably, without indulging into the hassle of court litigation.

Next steps

Under Article 33 of the New Law, suppliers and companies have 1 year from the date of its entry into force, to comply with the provisions of the New Law.

Additionally, the Cabinet shall issue the Implementing Regulation of this New Law pursuant to the Minister of Economy's proposal within 6 months from the date of its publication. Since the New Law was published on 15 November 2020 in the Official Gazette, the Implementing Regulation is expected to come into force by 15 May 2021.

In case of any queries or issues relating to the subject of this Legal Update, please feel free to us on info@binherzadvocates.ae.

The information contained in this Legal Update is to the best of our knowledge and understanding, however, we take no responsibility for the accuracy of the information

