

## Seller Beware: The Impact of New Executive Regulations Under the UAE's Consumer Protection Law

Update

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Significant changes to consumer protection legislation in the United Arab Emirates (UAE) will take effect on 14 October, 2023. Businesses should be aware of how such legislation may impact their current operations and in turn make the necessary adjustments to comply with its new requirements.

Published on 14 July, 2023, pursuant to Cabinet Decision No. 66/2023, the Executive Regulations of Federal Law No. 15/2020 (the Executive Regulations), supplement the Consumer Protection Law (the Law). Our review of the Law can be found [here](#).

The Executive Regulations fill in a number of gaps in the previously published Law. The following outlines some of the key provisions (and is not an exhaustive evaluation) of the Regulations that should be taken into account and provides guidance as to how the Law's extensive requirements will be applied in practice.

### Prohibited Clauses

Perhaps the most significant of the Executive Regulations is Article 34 which provides specific examples of conditions that are prohibited from being included in a contract between a supplier and consumer.

This supplements the already broad prohibition under Article 21 of the Law which bars "any condition when contracting with the Consumer that would harm the latter."

Article 34 of the Executive Regulations offers a non-exhaustive list of 14 examples of prohibited conditions, including termination provisions and the existence of unilateral rights of a supplier versus a customer. These prohibited conditions are not only applicable to contracts between suppliers and

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customers, but extends to invoices and any other documentation relating to contracting with a consumer.

While the list included in Article 21 of the Law provides helpful guidance of what may be considered prohibitive, the list's non-exhaustive nature and the general language used throughout the Law and the Executive Regulations leaves it open to interpretation as to whether a condition could be considered detrimental to a consumer.

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## **Advertising, Invoicing and Pricing**

Articles 5 and 6 of the Executive Regulations impose obligations relating to advertising, invoicing and pricing on suppliers, superseding the requirements set forth in Articles 7 and 8 of the Law.

Article 5 of the Executive Regulations lists the three ways that explanatory information may be displayed: (i) writing the price on the commodity (depending on its nature); (ii) affixing a label including the price on the commodity; or (iii) placing the price at the place of the service being provided. Article 5 also prescribes that it should be expressly stated whether debit cards are accepted and any related discounts. Furthermore, the practice of including additional amounts to the value of a commodity where consumers use credit cards as a payment method is now prohibited under the Executive Regulations.

Article 6 of the Executive Regulations reaffirms that invoices must be provided by suppliers to consumers albeit it expands on the Law by listing particulars that must be included therein. In addition, Article 6 also prescribes that a supplier must provide a consumer with a warranty document and, in the event that a commodity or services are to be provided in phases, a supplier must provide a consumer with a schedule of payments which relate to the completion of each phase.

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## **Warranties, After-Sales Services and Spare Parts**

Article 13 of the Executive Regulations reinforces the existing warranty obligations provided pursuant to Article 10 of the Law. In particular, it provides the consumer the right to three options in the event that a supplier does not provide warranties for a period that is commensurate with the nature of the supplier's service or the period of warranty agreed with the consumer including: (i) a full refund; (ii) a partial refund to represent the amount utilised of the service; or (iii) the provision of the service in the correct way as detailed in the relevant contract. Suppliers must also explicitly warn consumers of any potential harm caused by the rendered service, precautions to be taken and how to protect against or rectify any harm suffered through provision of the services.

Article 14 of the Executive Regulations describes certain scenarios where a consumer may request spare parts for the operation and repair of commodities which suppliers must adhere to.

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## Used, Damaged and Refurbished Goods

For suppliers that offer used, defective or renovated goods, Article 7 of the Executive Regulations requires that the condition of such goods be clearly stated on the commodity itself as well as the place where the supplier's activities are practiced and furthermore the condition must also be included on the invoice or contract between the supplier and consumer. Article 7 of the Executive Regulations obligates suppliers to fully inform consumers of the state of what they are purchasing and not create a misleading impression of the commodity to the consumer.

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## Emergency Situations

Under Article 9 of the Law, the relevant government Minister was granted wide scope to "take all necessary measures to protect and preserve the interest of Consumers from any harm" in the event of any crisis, emergency circumstance or unusual condition in the internal or external markets.

Article 9 of the Executive Regulations provides a non-exhaustive list of interim measures the Minister may take with the aim to increase and protect consumers' rights in the event of a crisis or unusual circumstances that result in an "exorbitant increase of prices." The list includes: (i) determining the price of the commodity or service; (ii) prohibiting the export of a commodity; (iii) determining sales quotas; (iv) encouraging the manufacture or import of goods from alternative sources; (v) engaging specific bodies for imports of goods; and (vi) any other procedure as may be administered by the Minister. Article 9 also lists a number of principles to be observed when determining what is considered to be an "exorbitant increase," including inflation, exchange rates of foreign currencies, complaints filed by consumers and increases in energy prices.

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## E-Commerce

E-commerce suppliers registered in the UAE are obligated to provide both consumers and relevant authorities with details about the supplier's identity, pursuant to Article 25 of the Law. Article 40 of the Executive Regulations has heightened this requirement by prescribing that standard specifications about the nature of the commodity being sold via the online trader should also be provided. In addition, Article 40 of the Executive Regulations places additional

obligations on e-commerce suppliers to provide all applicable documentation to demonstrate a commodity's conformity with relevant laws and include the corresponding (as the case may be) conformity mark on their website. In addition, Article 40 of the Executive Regulations places the responsibility on the supplier for any failure in the commodity offered by any third-party who offers goods on the e-commerce supplier's website.

Given the additional obligations on suppliers and improved rights for consumers, both the Executive Regulations and the Law must be reviewed together. Bracewell has a wealth of experience advising clients with respect to such matters and are well-placed to assist businesses in carrying out and documenting their internal reviews of current practices to ensure compliance.

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