

## inBrief



### **Centre for Amicable Settlement of Disputes can no longer mediate disputes when a bank is a party to such dispute**

By Bashir Ahmed and Mevan Bandara | May 2017

The Centre for Amicable Settlement of Disputes (the “Centre”) was established by Dubai Law No. 16 of 2009 and is entrusted with the task of attempting to mediate disputes, prior to such disputes being referred to court. The Centre is affiliated with the Dubai Courts and the mediators appointed in the Centre act under the supervision of a judge. If the parties reach a settlement, such a settlement must be recorded in writing, signed by the parties and attested by a judge. Such settlement agreement is legally enforceable and is equivalent to an executive instrument which may be directly enforced through the Execution Courts. In the event no settlement is reached between the parties, the case is referred to court.

The Centre acquires jurisdiction over a dispute either on the application of a party to a dispute or when the dispute relates to a subject specified in Dubai Law No. 16 of 2009 to be a dispute that must be first reviewed by the Centre prior to the dispute being referred to court. However, there are certain disputes that the Centre does not have jurisdiction over (such as Labour disputes, disputes relating to personal status, summary and interim orders and actions, actions to which the Government of Dubai is a party, etc.).

A party to a dispute may opt to refer a dispute to the Centre under the following circumstances:

1. If a party (or parties) to a dispute request that the dispute be referred to the Centre;
2. On the request of all parties to a dispute which is pending before the Dubai Court of First Instance, Commercial Courts or Real Estate Courts (regardless of the value of the suit), upon the approval of the chief judge of the circuit;
3. On the request of a party for the appointment of an expert.

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The following disputes are disputes that must be reviewed first by the Centre prior to the case being referred to court:

1. Division of undivided property;
2. If the value of the debt in the dispute does not exceed AED 100,000.

Prior to Administrative Decision No. 1 of 2017, all disputes to which a bank was party had to be first referred to the Centre. Such disputes were rarely, if ever, settled and the dispute resolution process was merely prolonged unnecessarily. However, consequent to Administrative Decision No. 1 of 2017, the Centre no longer has jurisdiction over any dispute to which a bank is a party. The significance of this amendment is that no dispute that a bank is a party to can be referred to the Centre, even for the limited purpose of appointing an expert to opine on a matter. Therefore, all disputes where a bank is a party must be referred directly to court. ■

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