

inBrief

**Executive Regulations concerning UAE Consumer Protection Law**

By Saurbh Kothari and Ayush Sharma | 2 October 2023

The UAE Cabinet recently issued Cabinet Decision 66 of 2023 (the **Executive Regulations**) concerning the executive regulations of the Federal Law 15 of 2020 on Consumer Protection (**Consumer Protection Law**). The Executive Regulations shall come into effect on 14 October 2023.

While the Consumer Protection Law previously laid down a broad framework for consumer protection in the UAE, the Executive Regulations appear to be not only a major step forward in the actual and practical implementation of this framework, but also cover additional elements of consumer rights, introduce a detailed mechanism for addressing consumer complaints, and impose heavy sanctions on suppliers. For example, an obligation has been imposed on suppliers to inform a consumer of any anticipated discount to be offered on a commodity, if such discount is expected to be offered within one week of the consumer's purchase of the commodity.

It is pertinent to note that the definition of "Consumer" under the Consumer Protection Law does not differentiate between an individual and a company, and hence suppliers must be cautious to adhere to the applicable regulations while dealing with both: end-consumers utilizing the products/services for personal (non-commercial use) and also commercial consumers, obtaining products/services from suppliers for their business.

This inBrief sets out key features of the Executive Regulations.

Supplier's accountability in e-commerce transactions

The Consumer Protection Law did not have much to offer in terms of consumer protection in relation to products or services availed through e-commerce platforms. Now, protection has been offered to consumers buying products online, by making the supplier responsible for any failure in the commodity offered by any third-party that uses the supplier's platform for sale of such commodities.

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This ensures greater accountability on e-commerce platforms while listing commodities for sale and may call for a back-end due diligence by the supplier on third party sellers before listing their products or services.

Detrimental conditions null and void

The Executive Regulations have detailed a list of terms and conditions, which may be considered detrimental to the consumers' interests including, granting the supplier unilateral rights to amend or terminate contracts, obligating consumers to choose particular finance or insurance companies, etc. To offer further protection, the Executive Regulations clarify that such conditions will be null and void whether provided under any contract, invoice, documents or other manner relating to contracting with the consumer. This aims to protect consumers from falling prey to detrimental conditions imposed by suppliers with higher bargaining powers or detrimental conditions often included in the fine print of an invoice or terms and conditions while making a purchase.

Protection against misleading descriptions

While legislating misleading descriptions and advertisements of a commodity or service, the Executive Regulations define such descriptions and advertisements of commodities or services to be "deceptive" if they contain a misleading claim which creates a false or misleading impression to the consumer, including by way of deceptive trademarks, statements or logos. Moreover, the Executive Regulations prescribe a heavy fine of up to AED 250,000 for such misleading descriptions. This may be a significant measure to curb passing off of products having logos or trademarks of other manufacturers or brands.

Protection for children, the disabled and the elderly

The Executive Regulations go beyond the general disclosure requirements on packaging of commodities to specifically requiring suppliers to indicate the categories and age groups of consumers which may be susceptible to any risks upon using the commodity, in particular children, the disabled and the elderly.

Regulator's power to counteract exorbitant price increases

A contingency measure has also been introduced under the Executive Regulations whereby the regulator has been given the power to take interim measures to curb exorbitant price increases (including by way of inflation). These measures include, among others, determination of prices of commodities and services, prohibitions on exports, and determination of quotes for sales.

Hefty Sanctions by the regulator

Hefty penalties and sanctions have been prescribed for any violation (by suppliers) of the Consumer Protection Law and/or the Executive Regulations. Penalties under the Executive Regulations range from a minimum of AED 50,000 to a maximum of AED 1 million. Under the Consumer Protection Law, penalty limits are higher with the possibility of imprisonment. Additionally, the regulator has the power to revoke the license of the supplier and order to strike off its name from the commercial registry.

Timeline for resolution of complaints

The Consumer Protection Law briefly touched upon the power of the regulator to receive consumer complaints and the Executive Regulations further describe the form in which a consumer complaint is to be submitted. There is no specified time period prescribed under the Executive Regulations (or the Consumer Protection Law) within which such complaints should be disposed of by the concerned regulatory authority. The regulatory authority is obligated to respond to the complainant depending on the nature of the complaint. ■

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