

Consumer Protection Law in the UAE

January 31, 2021

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On 10 November 2020, President of the United Arab Emirates His Highness Khalifa bin Zayed Al Nahyan issued Federal Law No. (15) of 2020 on Consumer Protection (the “**Consumer Protection Law**”), which repealed Federal Law No. (24) of 2006 on Consumer Protection (the “**Old Consumer Protection Law**”).

The Consumer Protection Law aims to further protect consumer rights in the United Arab Emirates (“**UAE**”) and extends to the sale and purchase of all goods and services (in a consumer context) provided in the UAE (including the free zones) as well as e-commerce channels registered in the UAE.

Principal amongst its objectives, the Consumer Protection Law aims to ensure:

- the quality of goods and services and the manner of marketing the same;
- consumer health and safety; and
- sound consumption patterns.

As with the Old Consumer Protection Act, the definition of “Supplier” is very broad and captures any legal person, including but not limited to manufacturers, distributors, service providers or any person “plays a part in producing or trading or storing a commodity in order to provide the same to the consumer”. The definition of “Supplier” now extends to e-commerce service providers registered in the UAE.

This latter point is important given the significant growth of e-commerce in the UAE particularly during the Covid 19 pandemic, which has accelerated e-commerce activities in the UAE. As such the extension of the law to cover such activities is a welcome development.

The key takeaways of the Consumer Protection Law include the following:

Area

Takeaway

Consumer Rights	<p>Suppliers are obliged to protect:</p> <ul style="list-style-type: none"> • privacy and data security, and not use consumer data for the purposes of promotion and marketing (Article (4(5)); and • religious values, customs and traditions when providing them with any good or service (Article (4(6))).
Issuance of documents in Arabic	<p>The law provides that a detailed invoice be provided to consumers containing: trade name, address, type of goods (or services), price and quantity, and any other data as may be required pursuant to the Executive Regulations to be published (as applicable) (Article (8(3)).</p> <p>There is an obligation for such invoice to be provided in Arabic, together with a version in any other language at the business' discretion (Article (8(4)).</p>
E-Commerce	<p>E-commerce service providers that are registered within the UAE are required to provide consumers and competent authorities with their names, legal status, address, details of licencing authority and other sufficient information in Arabic. There is also a requirement to provide details of specifications, terms of contracting, payment and warranty (Article (25)).</p>
Promoting/Discount Approval	<p>Prior to promoting goods or services, or applying general discounts to prices, an appropriate licence from the competent authority is required (Article (18)).</p>

Penalties

The applicable penalties for breach of the Consumer Protection Law have increased from those outlined in the Old Consumer Protection Law. For example, the following may result in imprisonment of up to two years and a fine not exceeding AED 2 million (Article (29)):

- failure to abide with clear and legible labelling (including how to use and install a particular good);
- providing misleading prices for goods and services;
- failure to repair or replace a defective product without charge; and
- falsely advertising goods or services (or providing false data).

Penalties may be doubled in the event of a re-offence.

It is anticipated pursuant to Article 36 of the Consumer Protection Law, that Executive Regulations will follow by 15 May 2021 and provide further clarity on the Consumer Protection Law. Once the same are published we will provide an update to this client alert. Furthermore Article 33 of the Consumer Protection Law provides that those caught by the provisions of the law must ensure that they are fully compliant with the same by 10 November 2021, or such other date as the UAE authorities might apply.

In the interim, businesses (particularly those engaged in the provision of e-commerce) established in the UAE should familiarise themselves with the New Consumer Protection Law and ensure that they have systems in place to ensure compliance and safeguard consumer rights in accordance with the same.