

# Updates on the UAE Consumer Protection Law

## In brief

The long awaited Federal Law No. 15 of 2020 on Consumer Protection (the **Consumer Protection Law**) has been issued on 10 November 2020 and is a major update which aims to revamp and repeal the old UAE consumer protection laws, being Federal Law No. 24 of 2006 (the "**Old Law**"). Due to the rapid rise of e-commerce globally, including in the UAE, the Consumer Protection Law now acknowledges and captures e-commerce service providers. The Consumer Protection Law has also now imposed a restriction on using personal data of customers for marketing and promotion purposes.

## Key takeaways

- The definition of 'supplier' remains very broad and includes all parties involved in the life cycle of a product or service.
- Data protection has now been introduced as a consumer right and is now a new supplier obligation under the Consumer Protection Law to protect consumers' privacy and data security and to avoid using their data and information for marketing and promotion.
- The Consumer Protection Law now applies to all e-commerce providers registered in the UAE which are now required to provide details of their registration, products and other relevant information to consumers and the authorities in the UAE. The UAE Ministry of Economy can only enforce the obligations of the Consumer Protection Law on e-commerce service providers registered in the UAE and will not be deemed responsible for e-commerce transactions that are conducted between customers and non-UAE based e-commerce service providers.
- Suppliers are under an obligation to provide customers with advertisements and contracts in Arabic; however, these can be accompanied by versions in any other language as the supplier deems necessary.
- Stricter penalties have been imposed on suppliers who breach provisions of the Consumer Protection Law and suppliers can be liable for fines

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starting from AED 10,000 rising up to AED 2 million along with an imprisonment term for breaches of certain obligations contained in the Consumer Protection Law.

## **In more detail**

We have set out below the key provisions of the Consumer Protection Law:

### **Application of the law to e-commerce service providers**

Although the Old Law did include a wide definition of a 'supplier', the notion of an e-commerce service provider was not explicitly provided. The Consumer Protection Law has expanded its application and now applies to all goods and services provided within the UAE (including any of its free zones) as well as e-commerce service providers which are registered in the UAE. The Consumer Protection Law aims to protect the consumers from the risks that have arisen as a result of the growing e-commerce markets in the UAE and the increased reliance on such e-commerce platforms that has resulted due to the global pandemic.

Furthermore, under Article 25 of the Consumer Protection Law, e-commerce service providers that are licensed and registered in the UAE must provide consumers and the UAE authorities with their names, legal status and details of the licensing authority, their address, licensing and sufficient information in Arabic on the products or services that they provide (along with the specifications, terms of contracting and payment).

### **Obligation to issue documents in Arabic**

Under Article 8 of the Consumer Protection Law, a supplier is under an obligation to provide an invoice in Arabic along with versions in any other language at the supplier's discretion. Furthermore, the data, advertising and contracts relating to the sale or provision of services to a customer must be in Arabic along with versions in any other language. The penalties for breach of this provision include a minimum fine of AED 2,000 and which can increase to AED 200,000 and/or the risk of imprisonment for a term of not less than six months. In the event that such provisions are breached again, then above-mentioned penalties can be doubled by the Ministry of Economy.

### **Consumer rights**

Most notably, and for the first time, the Consumer Protection Law has introduced the concept of protecting consumer's privacy and data security and the unauthorised use of consumers' data. Under Article 4(5), the protection of consumer's privacy and data security has become entrenched as a consumer right and has therefore set an obligation on suppliers and businesses to safeguard their consumers' data. In light of this right, businesses in the UAE may need to invest in adequate systems to ensure compliance and to avoid breach of this consumer right.

The Consumer Protection Law also attempts to protect consumers' religious values, customs and traditions when providing a commodity or receiving any service.

## **Stricter penalties**

The penalties stipulated under the Consumer Protection Law have substantially increased. Suppliers who advertise products or services in a misleading way can be subject to a fine of at least AED 10,000 and up to AED 2,000,000 and/or the risk of imprisonment of up to two years. The same penalties can be applicable to any supplier who does not repair or replace a defective good or re-provide a service without charge in the event there is a defect in the product or in the service provided.

The recent developments contained in the Consumer Protection Law aligns with the UAE's vision of transitioning to a digital society while safeguarding consumers' interests. The UAE Ministry of Economy has entrenched the consumers' rights and has re-iterated the importance of consumers' data protection and privacy. The stricter penalties contained in the Consumer Protection Law will serve as a deterrent for suppliers in the UAE to avoid exploiting their customers and to ensure compliance with their obligations under the law.

Executive regulations will follow to clarify and expand on some of the topics addressed by the Consumer Protection Law. We will keep you updated as and when new developments arise.

To speak to us in relation to any matters or issues relating to the new law, please feel free to contact one of the lawyers above or your usual Baker McKenzie contacts.