

Qatar: Do not hand in a Blank Cheque!

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Background to the case

The plaintiff, who received a blank cheque from the defendant, filled in the cheque for the amount of QAR 4 million and presented the cheque at a bank, where it was returned unpaid on the basis that there were insufficient funds in the defendant's account.

The case at First Instance

In 2007, the Plaintiff filed a civil case with the Court of First Instance in Qatar; seeking payment of the amount, on the basis that the defendant's cheque was not honoured and thus constituted a 'bad cheque'. The defendant refuted the plaintiff's claim, arguing that while he had signed a 'blank' cheque, it had not been his intention to pay the amount of QAR 4 million to the Plaintiff.

In 2008, the Court of First Instance accepted the plaintiff's argument and rendered a judgment awarding the claimant the full amount of his claim, being QAR 4 million, on the basis that the cheque was 'bad'.

Ruling of the Court of Appeal

Later in 2008, the defendant brought the decision of the Court of First Instance before the Court of Appeal. But nonetheless, in a judgment delivered in 2010, the court affirmed the finding of the court of first instance.

Judgment of the Court of Cassation

In June 2010, the defendant lodged a further appeal with the Court of Cassation, seeking to nullify the validity of the impugned cheque on two fronts:

- (i) The payment amount endorsed on the blank cheque by the plaintiff did not reflect the debt actually owed by the defendant to the plaintiff; and
- (ii) The plaintiff's endorsement of the cheque for an incorrect amount constituted a fraudulent act, in respect of which the defendant had lodged a formal complaint with the police in Qatar.

The Court of Cassation's Decision

The Court of Cassation rejected the defendant's appeal on the following grounds:

- (i) In principle, a cheque is a payment instrument, and any party who wishes to argue otherwise should prove his claim and support it with evidence;
- (ii) By endorsing a blank cheque with his signature and handing it over to the beneficiary, the drawer of the cheque has effectively granted the beneficiary unqualified authority to fill in the amount;
- (iii) In this instance, the defendant had given the blank cheque to the plaintiff beneficiary without any compulsion and absent duress, a fact which the defendant did not seek to refute in his pleadings; and
- (iv) The public prosecutor, having considered the formal complaint lodged by the defendant, did not consider that the plaintiff's actions in this case amounted to criminal behaviour, such that would leave the latter vulnerable to prosecution.

In the light of the foregoing, the Court of Cassation upheld the judgment of the Court of Appeal and rejected the defendant's appeal.

Comment

This judgment has significant implications for the day to day transactional banking practice of all individuals drawing cheques on banks in Qatar. It would appear that in considering the merits of this case, the Qatari courts were not concerned with the amount (if any) of the debt actually owed by the defendant to the plaintiff, instead choosing to treat the completion of a blank cheque as being akin to the designation to the beneficiary of a Power of Attorney, to endorse the cheque with an amount of his choosing. While this reasoning aligns with that followed by the courts in some other countries in the region, such as the UAE and Egypt, it is vastly different to the approach taken in jurisdictions such as Syria and Lebanon, where filling in a blank cheque with an amount other than that due and owing to the payee would constitute criminal activity.

Please note:

Al Tamimi & Company did not provide legal representation to any of the parties in the course of this litigation.