

Tenancy Disputes in Dubai

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Article 3 of the Decree explains that the RDSC is a special judicial system that has exclusive jurisdiction in hearing rental disputes in the Emirate of Dubai, operating on a fast and simple mechanism in order to achieve social and economic stability in Dubai for all those concerned with property leasing. Article 5 specifies that the head quarters of the RDSC is located at the Dubai Land Department, and other offices may be opened in Dubai.

Jurisdiction of the RDSC

Article 6 of the Decree identifies the jurisdiction of the RDSC, and states that it has exclusive jurisdiction in hearing all rental disputes arising between landlords and tenants in Dubai or inside free zones in Dubai except free zones that have special judicial committees or courts competent to settle rental disputes, such as the Dubai International Financial Centre. It further excludes disputes arising from finance lease contracts, and long term lease agreements; the Dubai Courts has jurisdiction to hear and decide in these disputes.

Furthermore, Article 6 of the Decree grants the RDSC the jurisdiction to decide on appeals and the enforcement of judgments issued by the RDSC on matters that fall within its jurisdiction. The RDSC also has jurisdiction for requests to take temporary or summary procedures, such as depositing rent cheques or the keys of the premises by the tenant where the landlord refuses to take them.

While it is not expressly stated in the Tenancy Law, our view is that short term stays at hotels and hotel apartments should fall within the jurisdiction of the RDSC, and Tenancy Law should be applied. However, in practice we do not see disputes in such arrangements considering that the establishment would have received all dues up front for the short term stay, which minimizes the risks of claiming any outstanding dues from the guests. We have seen cases related to hotel apartments which the RDSC has adjudicated.

Documents Required for Filing a Case at the RDSC

If one of the landlord or the tenant wishes to file a claim related to the tenancy relationship, the claimant has to provide the RDSC with a statement of claim that has the following documents attached:

- Passport and Emirates ID of the claimant or commercial license of the company.
- Passport and Emirates ID of the defendant or commercial license of the company.
- Documental evidence supporting the claims, e.g. Statement of Account.
- Copy of the lease agreement.
- Copy of the Dubai Municipality Affection plan or Dubai Land Department Title Deed pertaining to the leased premises.
- DEWA Premise Number or Ejari Registration Number.

Article 4(2) of the Tenancy Law requires the landlord and tenant to register the lease agreement in Ejari, however, it is not a mandatory requirement for filing a case at the RDSC, and alternatively, a DEWA Premise Number will suffice for filing the case. Please note that all documents submitted must be in Arabic,

or translated into Arabic by a certified legal translator.

Litigation Before the RDSC

Article 10 of the Decree introduces the Reconciliation Department, which is an optional step prior to litigation before the First Instance Circuit. The Reconciliation Department examines all rental disputes presented by landlords and tenants or their legal representatives, and examines all relevant documents, instruments and evidence submitted, and suggests reconciliation in order to reach an amicable settlement for the dispute within a maximum period of fifteen days. Such period may be extended for a similar period by a decision of the supervising judge.

In the event that landlord and tenant agree on settlement terms, such settlement will be documented and signed by the landlord and tenant, and further approved by the judge supervising the Reconciliation Department.

In the event that amicable settlement is not achieved before the Reconciliation Department, the dispute file will be forwarded by the Reconciliation Department to the First Instance Circuit.

Fees for Filing a Case at the RDSC

The fees for registering a case at the RDSC are 3.5% of the annual rent of the leased premises, and in any event the registration fees must be at least AED 500 and not exceed AED 15,000 for financial claims. In the event of an eviction claim or renewal of tenancy contract, then the maximum registration fees would be AED 20,000. In cases where both a financial claim is made and eviction is requested, the maximum filing fee would be AED 35,000.

Claims at the First Instance Circuit usually take from one to three months before a judgment is issued. However, in complicated and technical cases where the RDSC tribunal decides to mandate finance or engineering experts to study the case and provide a technical report on the matter, it may take up to nine months before a judgment is issued.

The RDSC judgment at the First Instance Circuit will be effective and executable unless an appeal is made. In the event that the annual rent value of the lease agreement is more than AED 100,000 the concerned party may file for an appeal. If the appealing party was ordered to pay a specified sum by the First Instance Circuit, that party is required to pay 50% of the award issued against it as determined for the appeal to be accepted. Waivers from this requirement can be requested and awarded based on the discretion of the RDSC.

Execution and Appeal at the RDSC

The judgment of the First Instance Circuit may be appealed within 15 calendar days from the date of issuance or the date the defendant was notified of the judgment; otherwise, the First Instance Circuit judgment becomes final and executable. In the event that the First Instance Circuit judgment is appealed, litigation before the Appeal Circuit usually takes one to two months. The Appeal Circuit judgment is final and executable.

Following the issuance of an executable judgment, the claimant may proceed to open an execution file at the execution department at the RDSC. The defendant will be notified with the execution of the judgment, and will be granted a grace period of 15 days from the date of being notified with the execution to willingly comply with the judgment.

The enforcement procedures of the judgment, including eviction procedures, will commence following the lapse of 15 days from the date the tenant is notified with the judgment. Following the lapse of the notification period, the eviction date will be scheduled by the RDSC for the bailiff to visit the premises and carry out the handover process.

Following the eviction, the landlord must file an application before the execution department of the RDSC to claim rent and other charges against the tenant until the eviction date. The RDSC will subsequently carry out an asset search to identify and locate monies and assets owned by the tenant before the relevant authorities, and even ban the defendant or the defendant's manager (in the case of a company) from travel until the judgment is complied with. Furthermore, Article 22 of the Decree provides the RDSC the right to use assistance from the execution department of Dubai Courts.

Summary Judgments and Measures

The RDSC provides summary judgements in certain disputes between landlords and tenants, specifically in matters relating to handing over of the leased premises and the payment of rent.

In practice, in the event that the landlord refuses to receive the rent from the tenant for any reason, the tenant may proceed to the RDSC and deposit the rent amount in the RDSC treasury so that the tenant would not be in default of the contractual obligation to pay the rent. The tenant should notify the landlord that the money owed is available for collection by the landlord or his legal representative.

Similarly, in the event that the landlord refuses to receive the keys to the leased premises at the time of lease agreement expiry or termination, or in the event that the tenant refuses to receive the keys from the landlord at the time for rent commencement date, the party who is in possession of the keys to the premises may proceed to the RDSC and lodge the keys at the RDSC treasury, and notify the other party that the keys are available for collection.

By providing such measures, the RDSC provides swift service that guarantees that each party to the lease agreement will not be held responsible for the omissions and actions of the other party.

We believe that the real estate market has dramatically evolved in Dubai, and the RDSC is making strides towards matching the requirements of the current real estate market by bringing swift and consistent judgments which bring stability in landlord and tenant matters. In our opinion, the stability brought by the RDSC to the real estate market helps investors in the property leasing sector to not hesitate in property leasing activities.