

It is illegal to seek interest on loans given on a personal basis



LEGAL VIEW
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Q: A few years ago, I lent over Dh350,000 to a friend and colleague who was in financial crisis. She was about to inherit a house from her recently deceased mother, so I didn't think it would be a problem getting my money back soon.

As she had been working for me, for a few months, I could deduct a portion of her salary towards paying back the personal loan until she received the money from the sale of the house. I then found out she had stolen a cheque from my company and forged my signature, which the bank cashed. She also had alcohol issues affecting her ability to work, so I had to terminate her but did not bring a police case against her due to eight years of friendship and she was looking after her young son.

Before terminating her I made her sign a document stating what she owed me and that she would start re-payments once she had a new job, which she got a few weeks later. Since then, she has only paid Dh1,000 back to me and ignored me. I have managed to get hold of her new phone number and she promised to start repaying the loan — to this day only one payment has been made.

I had even taken a bank loan to bail her out of jail and pay off her debts, which I am still paying almost five years later, and can barely afford now. I don't have the money to open a legal case against her and also don't think it a strong case as it was a personal loan. Is there any legal way I can recover the money from her?

A: Pursuant to your queries, we assume that the confirmation letter of loan collected by you from your friend does not state anything related to interest. It is illegal in the UAE to give a loan on interest by an individual to another individual or a corporate. This is in accordance with Article 409 of the Federal Law No. 3 of 1987 related to Penal Code of the UAE (the 'Criminal Law'). It states:

Know the law



Punishment by detention for at least three months and a fine of at least Dh2,000 shall be inflicted upon any person who deals with another person by usury interest.

"Punishment by detention for at least three months and a fine of at least Dh2,000 shall be inflicted upon any person who deals with another person by usury interest in any kind of civil or commercial transaction, including any express or latent condition that involves usury interest".

You may consult a legal counsel who could review the letter signed by your friend to determine if the text of this letter has any reference that she is holding this money from you in trust. If yes, then this legal counsel shall advise whether you could file a criminal complaint about breach of trust.

Evicting a tenant who sublet flat

Q: I want to find out what it takes to evict a tenant not renewing a contract and subletting my apartment. What would be the cost of legal representation, and also how long is the process generally.

A: Pursuant to your queries, it is assumed that the apartment which you have rented out is situated in the emirates of Dubai. In this regard, please note that all tenancy contracts in Dubai are governed by Law No. 26 of 2007, 'Regulating the Relationship Between the Landlords and Tenants in Dubai' (the Rent Law). Although some provisions of the said law have been amended via Law No. 33 of 2008 — Amending some Provisions of Law No. 26 of 2007 Regulating Relationship Between Landlords and Tenants in the Emirate of Dubai (the 'Amended Rent Law'). Hereinafter, it may be noted that either party (tenant or landlord) should give 90 days' notice for the non-renewal of the tenancy contract unless otherwise agreed. A 90-day notice period is also applicable if the landlord wants to increase the rent, as per the Rera index.

If there is no electronic or written communication being served, the Dubai property rental contract is automatically renewed at the prevailing rent and based on the same conditions as the previous year tenancy contract. This is in accordance to Article 14 of Amended Rent Law which states: "Where either of the two parties to the lease contract does not wish to renew

Know the law



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the contract or wish to amend any of its terms, such party must notify the other party of such intent no less than ninety days before the date on which the lease contract expires, unless otherwise agreed by the parties." Further, Article 25(a) of the Amended Rent Law, states, "Unless otherwise agreed by the parties to the lease contract, the tenant may not assign the use of or sub-lease the real property to third parties unless written consent of the landlord is obtained."

The owner of the apartment has right to evict the tenant for sub-leasing the rented premises without the written consent of the owner in accordance with Article 25 (1) (a) of the Amended Rent Law, which states: "The landlord may seek eviction of the tenant from the real property before the expiry of the lease contract where the tenant sublets the real property or any part thereof without obtaining the landlord's written approval.

In this case, the eviction will apply to the sub-tenant, who will have the right to claim compensation from the tenant. For purpose of this Article, the Landlord will give Notice to the Tenant through a Notary Public or registered post."

Assuming you have failed to reach a settlement with your tenant and have exhausted all means of communication to evict the sub-tenant, you are advised to serve a notice to the tenant through Notary Public and thereafter file a case at the Rent Disputes Settlement Centre at Dubai.

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