

NATION

1% of outstanding amount if loan is settled early



LEGAL VIEW

Ashish Mehta

I had availed a credit card loan from a local bank. At the time of taking the loan, which was for six months, they confirmed that no pre-closure charge would be levied. They advised me that if I were to deposit the full amount before the due date, then I just needed to inform them that the loan had been cleared.

Recently, I settled the entire outstanding amount and requested for credit card closure and also got a confirmation and reference number. The bank then informed me that there was a pre-closure amount of Dh250 that had to be paid. How do I resolve this issue?

You should have checked the terms and conditions mentioned in the loan agreement or application for loan at the time of signing such an application. In case there is no mention the 'Early Repayment Charges' clause in the loan agree-

ment the bank should not ask for such charge in case you decide to re-pay the loan early.

Appendix No.2 of the Regulation No. 29/2011 Regarding Bank Loans & Services issued by the Central Bank of UAE states: "Early settlement from same bank loans is 1 per cent of the remaining balance of loan."

Therefore, in accordance with the aforesaid, the bank should not charge an amount over and above the 1 per cent of the outstanding loan amount.

You have not mentioned the amount of loan availed by you. Perhaps the Dh250 may amount to 1 per cent of the outstanding loan amount. You may check this. In case the matter is not resolved amicably, you may file a complaint with the management of the bank and subsequently complain to the UAE Central Bank.

No valid claim if visa not provided by employer



I have a question about the labour law in Dubai. Recently I started work as a promoter in a company, and they offered me Dh9,000 per month, 25 working days throughout the month and five days off in the end. We did not sign any contract, we signed only the job offer letter. The job was supposed to continue for one year but due to my studies and exams, I had to stop working for a month. On the day I was supposed to get my salary, I told the agent that I cannot continue

this month, but will continue next month. My salary was cut by 50 per cent and I was given Dh4,500. He also put a condition that if I work one week extra, I would get the rest 50 per cent which I refused. Please can you tell me if there is a law that allows me to take my full salary that was mentioned in job offer letter?

You have not mentioned whether you are provided an employment visa by your employer or not. Also, it is not very clear if your employer is an entity incorporated in the

Know the law

If you are not on an employment visa provided by your employer, your employment is then not in accordance with the provisions of the prevailing laws of the UAE.

Moreover, it may even be treated as a case of illegal employment for which both you and the employer may have to face penalties.

mainland or is subject to a free-zone jurisdiction.

It is however presumed that no contract was executed between you and the entity in the template of the UAE Ministry of Labour or any other competent authority and the same has not otherwise been registered with Ministry of Labour which is a mandatory requirement all over the UAE.

In the wake of such circumstances, it may be noted that if you are not on an employment visa provided by your employer, your em-

ployment is then not in accordance with the provisions of the prevailing laws of the UAE. Moreover, it may even be treated as a case of illegal employment for which both you and the employer may have to face penalties.

In view of the foregoing, it may be noted that you may not have a valid claim against the employer as you are not on a visa provided by him. However, should you wish to continue with your current employment, you must prevail upon your employer to execute a formal employment contract as well as arrange a valid employment visa for you to comply with all the legal requirements as stipulated to validate your employment in accordance with the laws of the UAE.

Ashish Mehta is the founder and Managing Partner of Ashish Mehta & Associates. He is qualified to practise law in Dubai, the United Kingdom, Singapore and India. Full details of his firm on: www.amalawyers.com. Readers may e-mail their questions to: news@khaleejtimes.com or send them to Legal View, Khaleej Times, PO Box 11243, Dubai.