

# You may end rent contract early without penalty amid Covid-19



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LEGAL VIEW

**Q** I lost my job in March because of the Covid-19 pandemic, so I am now planning to move back to my home country, Pakistan, and leave the apartment I am living in Dubai. The tenancy contract states that I must give a notice of three months minimum and a two-month penalty applies if the contract is cancelled before its completion. I have requested to leave the apartment before the fourth cheque is due. However, the landlord is not responding to my request. What should I do to avoid the penalty, as well as the payment for the last cheque? I have the termination letter as a supporting document.

**A** As your rented apartment is situated in Dubai, the provisions of the Dubai Tenancy Law and the Amended Dubai Tenancy Law are applicable. Further, due to the current pandemic, the provisions of the Civil Transactions Law may apply, too.

A landlord or a tenant may not unilaterally terminate the tenancy contract. This is in accordance with Article 7 of the Dubai Tenancy Law, which states: "Where a lease contract is valid, it may not be unilaterally terminated during its term by the landlord or the tenant. It can only be terminated by mutual consent or in accordance with the provisions of this law."

Further, in the event of non-payment of rent by the tenant, the landlord may seek the tenant's eviction in accordance with Article 25(1)(a) of the Amended Dubai Tenancy law. Based on the aforementioned provisions of law, as a tenant, you should fulfil the obligations mentioned in your tenancy contract and you may have to pay the two months' rent as penalty for early termination.

However, due to the current Covid-19 pandemic, authorities have urged both landlords and tenants to come to a consensus related to changes in the terms of the existing tenancy contract. The Dubai Tenancy Law and the Amended Dubai Tenancy Law are silent in relation to the termination of the contract due to force majeure. In simple words, force majeure means 'unforeseeable circumstances that prevent someone from fulfilling a contract'.

The pandemic may be considered as an unforeseeable circumstance and, therefore, you may be able to terminate the contract with your landlord unilaterally. This is in accordance with Article 273 (1) of the Civil Transactions Law

which states: "In contracts binding on both parties, if force majeure supervenes which makes the performance of the contract impossible, the corresponding obligation shall cease, and the contract shall be automatically cancelled."

You may personally approach and negotiate

## Know the law



The pandemic may be considered an unforeseeable circumstance and, therefore, based on this, you may be able to terminate the tenancy contract with your landlord unilaterally.

with your landlord and explain to him that it is not possible for you to pay the penalty due to the current situation and provide him with the copy of your termination letter issued by your employer.

If the landlord does not agree with your request, you may approach the Rental Dispute Centre (RDC) in Dubai and file a complaint against your landlord for not agreeing on the early termination of your tenancy.

Further, you must submit a copy of your termination letter to the RDC. The RDC may accept your complaint and may terminate your tenancy contract without payment of penalty to the landlord. This is in accordance with Article 249 of the Civil Transactions Law.

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## 'I gave Dh40,000 for a verbal deal but the business didn't happen'

**Q** I have given Dh40,000 in cash to a person for a business deal. He has given me a cheque of the same amount as a guarantee from his personal bank account. Unfortunately, the business deal didn't happen, so I asked my money back. But he failed to pay me back, hence I deposited his cheque in my personal account. The cheque bounced, so I filed a complaint at a police station, with a request to place a travel ban on this person. I do not have anything in writing. It was a verbal business deal. My question is, can he escape the country (just by paying some financial penalty) despite the travel ban? If yes, how can a creditor secure his money?

**A** It should be noted that the dishonour of a cheque in the UAE is a criminal offence. This is in accordance with Article 401 of the UAE Penal Law, which states: "Detention or a fine shall be imposed on anyone who, in bad faith, gives a draft (cheque) without a sufficient and drawable balance or who, after giving a cheque, withdraws all or part of the balance, making the balance insufficient for settlement of the cheque, or if he orders a drawee not to cash a cheque or makes or signs the cheque in a manner that prevents it from being cashed."

As you have already registered a police complaint, it is assumed that the police may have placed a travel ban against the person.

However, if you have filed a criminal complaint against the debtor, then pursuant to Law No. (1) of 2017 called the 'Criminal Order Law', the punishment for dishonour of a cheque may be only a financial penalty which may vary between Dh2,000 and Dh10,000 for a cheque with an amount of up to Dh200,000. Based on this, if the debtor is convicted, he may pay the imposed financial penalty and upon payment of this penalty, the travel ban imposed on him may be lifted.

You could file a civil claim against the debtor before a court in Dubai in accordance with Article 644 of Federal Law No. (18) of 1993 on the issuance of the Commercial Transactions Law, which states: "Where a criminal action is brought against the drawer for any of the offences related to cheques and provided for in the Penal Code, the

## Know the law



If you have filed a criminal complaint against a debtor in Dubai, the punishment for a dishonoured cheque may be only a financial penalty between Dh2,000 and Dh10,000 for a cheque with an amount of up to Dh200,000.

bearer of the cheque who claimed the civil right may apply to the Criminal Court to enter judgement in his favour for payment of a sum equal to the value of the cheque or to the unpaid amount in addition to compensation where relevant."

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