

Before issuing loans, banks must complete documentation process



LEGAL VIEW Ashish Mehta

I have been working for a private firm in the UAE since July 2014. In September 2015, I had applied for a personal loan from Emirates Islamic bank through a sales person. The loan amount was Dh93,000, which was approved and credited into my account (trading account). However, my employer refused to issue salary transfer letter (STL) since I had not completed three years, according to our company policy. Actually, this policy was implemented after the loan process. The loan amount credited into my account without issuing the letter to the bank as the loan had been sanctioned without the letter. The amount is still in my account and I am unable to withdraw it. I have signed and issued two or three cheques which the bankers have presented and the same got bounced back even though I had sent them letter, asking to cancel the account by fax. I have sent emails to the sales person and sent several letters by fax to their branches for cancelling the account as soon as I heard from my employer about the salary transfer letter, but got no response. I then personally contacted their branch in Abu Dhabi for assistance. They have told me to go to the branch in person, where the loan was processed, but I could not visit them. Now that the case is with collection agent and I tried contacting them asking to cancel the account but have so far received no response. I am seeking legal guidance for how to rid of this problem without it affecting my employment.

Central Bank of the UAE, in its notice No. 3692/2012 dated July 17, 2012, to all the banks and finance companies in the UAE, has issued

general terms and conditions and loan agreements texts drafted and approved by the Emirates Banks Association.

Article 1 (Disbursement of the Loan) of Personal Loan Agreement, the draft which is approved by Central Bank of UAE states: "The Principal Loan shall be disbursed to the account of the borrower upon the completion of all



Know the law

For a personal loan, the borrower should provide the bank with a letter from the employer pursuant to which the employer undertakes to transfer his monthly salary and the end of service benefits to the bank throughout the loan period.

the securities and documentation as contained in Article 2 of this agreement." In continuance, Article 2 (1) (Securities and Documentation) of the aforementioned approved draft Personal Loan Agreement states: "As a guarantee and security to pay the loan, interests, commissions, fees and any other amounts become due under this agreement, the borrower commits and undertakes as follows:

1. Provide the bank with a letter from the borrower's employer pursuant to which the employer undertakes to transfer his monthly salary and the end of service benefits to the bank throughout the loan period."

It appears that the bank has not followed the guidelines and proto-

cols laid down by the Central Bank regarding disbursement of personal loans, as stated hereinabove. You are advised to approach the bank along with relevant documents including the fax transmission report and the copy of the faxed letter, stating that you had already notified to the bank to cancel the loan account. Further, inform the bank to withdraw all the dud cheque complaints filed against you. In the event the bank does not take necessary actions, you may approach the Central Bank of the UAE for resolution of your grievance.

Not accepting job after visa is processed

I am seeking legal clarification on the following scenario. Let's say that a job offer has been accepted, with a start date in three weeks, and the employer then starts the visa application process. If a better job offer is received during the time and the candidate wants to accept it, is he or she legally allowed to do so? Will there be any issues that arise due to the visa being under process? Is it possible for a ban to be imposed?

Pursuant to the scenario explained by you hereinabove and your queries related to that, you have not mentioned whether your employer has applied to the Ministry of Human Resources and Emiratization for your employment visa or not. In the event your employer has not initiated the process to apply for your employment visa, the subsequent employer may apply for your employment visa. In the case an individual finds a better job during his employment visa (entry permit) process, he may request the company which made the application for his employment visa to withdraw the application. An employer, who gave the better offer can only start a fresh employment visa (entry permit) process upon withdrawal of the application filed by the previous employer. In case the first employer does not withdraw the application for the employment visa, then the subsequent employer who offered better terms can't ap-



Know the law

Upon completion of visa process, if an individual is not willing to work with that employer and opts to go with another employer who provides a better offer, then there will be a six-month ban on him/her.

ply. Upon completion of visa process, if an individual is not willing to work with that employer and opt to go with another employer who provides better offer, then there will be a six months ban on such employee.

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