



# A Study of an Arbitration Case

by  
**Eng. Dr. Kamal Malas**

**Effective Law: The Law of the United Arab Emirates**

## Subject:

Whether or not the main contractor has the right to impose penalty valued by the consultant, upon the subcontractor due to defective works executed by the subcontractor, irrespective of that the financial settlement between the main contractor and the subcontractor is finalised prior to handing over of the works to consultant?

## Facts:

- The claimant, being the main contractor (A), contracted with the defendant (B), being the subcontractor for executing works on his behalf in the said project. Upon completion of the works, the settlement between contractor and subcontractor took place, because the consultant and the owner failed to take over the completed work in due time.
- Few months later, the consultant and the owner commissioned a committee to take over the entire works executed by the main contractor (A) in the cited project.

The committee's report revealed defects in execution, with some of those defects pertaining to the works carried out by the subcontractor (B). Consequently, the committee decided to impose financial penalty on the main contractor (A) as per those execution defects.