Claim No. SCT 883/2025

N/A

THE DUBAI INTERNATIONAL FINANCIAL CENTRE COURTS

IN THE COURT OF FIRST INSTANCE

BETWEEN

PAUL

Claimant/Respondent

and

PRESTON

Defendant/Appellant

ORDER WITH REASONS OF H.E. JUSTICE ROGER STEWART

UPON the claim having been filed on 25 November 2025 (the "Claim")

AND UPON the Judgment of SCT Judge Alia Alobeidli giving judgment for the Claimant in the sum of AED 225,472.24 on 22 July 2026 (the "Judgment")

AND UPON considering the Defendant's Appeal Notice dated 4 August 2026 seeking permission to appeal the Judgment (the "Permission to Appeal Application")

AND UPON considering the Defendant's application dated 4 August 2026 seeking an interim stay of the Judgment (the "Stay Application")

AND UPON considering the Claimant's Response to the Permission to Appeal Application dated 11 August 2026

AND UPON considering the Defendant's Reply to the Claimant's Response dated 13 August 2026

AND PURSUANT TO Part 4 and Part 53 of the Rules of the DIFC Courts ("RDC")

IT IS HEREBY ORDERED THAT:

1. Permission to appeal is granted on Ground 2 alone.

2. Permission to appeal in respect of all other grounds is refused.

3. The Judgment below is stayed only to the extent of the amount affected by Ground 2 namely **AED 10,408.42** and is fully enforceable as to the balance of the Judgment being **AED 215,064.43**.

4. Unless the parties reach agreement as to the resolution of the appeal on Ground 2:

   (a) Such appeal will be resolved on the papers;

   (b) Either party may file further written submissions in respect of the Ground within 14 days of this order;

   (c) The Court will then resolve the matter.

5. Costs of the Permission to Appeal Application and the Stay Application shall be costs in the appeal.

Issued by:
Hayley Norton
SCT Judge and Assistant Registrar
Date of Issue: 15 October 2026
At: 3pm

SCHEDULE OF REASONS

1. This is a judgment dealing with applications listed on the same day by the Defendant:

   (a) For permission to appeal and set aside or vary the Judgment; and

   (b) For a stay of the Judgment pending the appeal.

The Parties

2. The Claimant is Paul, an individual residing in the UAE.

3. The Defendant is Preston, a company registered in Dubai, the UAE.

Background

4. The Claim relates to renovation works carried out by the Defendant contractor for the Claimant at her premises at DIFC, Dubai.

5. The works were carried out pursuant to:

(a) a written contract signed on behalf of the Defendant on 22 September 2024 and by the Claimant on 6 October 2024 providing for the Defendant to carry out works as scheduled in a Bill of Quantities with a quotation dated 20 August 2024 for a price of AED 308,297 plus VAT; and

(b) Three written variation orders namely:

(i) Variation 1 dated 14 October 2024 which provided a series of additions and omissions to the contract works with an overall effect of increasing the total price by AED 26,347.70 plus VAT;

(ii) Variation 2 also dated 14 October 2024 which provided for the installation of a TV Wall Unit for a sum of AED 11,390 plus VAT; and

(iii) Variation 3 dated 17 October 2024 which provided for additional window wrapping works for AED 14,950 plus VAT.

6. The original contract completion date was 30 November 2024 with a start date of 30 September 2024 but the parties agreed to extend the same to 6 December 2024. The works were not actually completed until 28 May 2025 more than 5 months later.

7. The Claimant's main claim was in respect of liquidated damages at the agreed rate of 10% per month but she also had subsidiary claims for some other items.

8. The Defendant disputed the causes of the delay as well as the other claims on a variety of grounds including, in particular:

(a) That the Defendant had not been responsible for some or all of the delays; and

(b) That the variations had extended the contract period.

The Judgment

9. Having summarised the background facts and essential contentions of each party, the Judge found:

(a) That the contract required the Defendant to notify the Claimant, before finalising any decision, of any variation works which might impact the completion date which had not occurred with the result that the variations did not extend the time for completion (paragraph 48);

(b) That the Defendant was responsible for the entire period of delay (paragraph 59);

(c) That the liquidated damages were to be calculated on the total value of the Works including variation orders which she identified as being AED 379,033.94 (paragraph 60) including variations which amounted to AED 218,576.66;

(d) That claims which overlapped with the liquidated damages for alternative accommodation, moving and storage costs and compensation for disturbance were rejected (paragraphs 66 and 69);

(e) That claims for additional tiles and window wrapping items were allowed (paragraphs 64 and 65); while

(f) A claim for a replacement gas hob was rejected (paragraph 63) as were bad faith allegations (paragraphs 71-73); and

(g) That the Defendant had waived its right to the final 5% due under the contract (paragraph 74).

The Test for Permission to Appeal

10. The circumstances in which the Court of First instance may give permission to appeal, are strictly circumscribed by Article 21 of the DIFC Courts Law No. 2 of 2025 which provides:

"21. Appeals Against Small Claims Tribunal Judgments

A. Judgments of the Small Claims Tribunal may be appealed before the Courts of First Instance in accordance with the procedures established under the DIFC Laws, DIFC Regulations, Rules of the Courts or any Practice Direction or Order issued by the DIFC Courts, where the appeal relates to:

1. A question of law

2. An allegation of a miscarriage of justice

3. An issue of procedural fairness; or

4. A matter provided for in or under DIFC Laws."

11. There is no right to appeal on questions of fact. This is unsurprising given that hearings before the SCT are intended to be informal as set out in

RDC 53.51 and that the strict rules of evidence do not apply as set out in RDC 53.53.

12. In *Paisley v Peyton* [2025] DIFC SCT 689, I set out particular considerations to the limitations of the rights of appeal from SCT decisions in building contracts stating the following at paragraphs [14] - [22].

> *"14. It is worth emphasising the important policy reasons which lie behind restrictions on rights of appeal from the SCT.*
>
> *15. The SCT deals with monetary disputes where the amount at issue is below AED 500,000 (or, if the parties agree, up to AED 1,000,000). Although AED 500,000 is a substantial amount of money, it is also a sum which can very easily be spent on legal fees, if lawyers get involved in a dispute, relatively quickly.*
>
> *16. Moreover the parties to litigation will, even if unrepresented, spend very substantial time on disputes.*
>
> *17. The SCT deliberately uses procedures which are designed to minimise time and costs and seek to ensure that judgments are issued relatively quickly. By doing so, it seeks provide an independent and impartial adjudication service at a cost which is proportionate to the sums involved. It seeks to do so in a way which means that both parties do not inevitably lose simply from being involved in a legal dispute.*
>
> *18. However the informality and speed of the proceedings inevitably means that issues are not investigated as fully as they would be if the amounts in dispute were substantially larger. Furthermore it may mean that more "mistakes" are made in the sense that, if much more time and expense were incurred it is at least possible that a Court could come to a different conclusion.*
>
> *19. There are limited safeguards provided by the rules governing permission to appeal. These safeguards are, quite deliberately, limited. The Court is not permitted to grant permission on an issue of fact unless one of the other grounds for permitting permission is made out. The fact that an Appeal Court might have come to a different conclusion on an issue of fact is irrelevant. Permission cannot be granted on an issue of fact even if an Appeal Court considers that it is very likely that it would have come to a different conclusion. These restrictions are necessary to avoid parties expending disproportionate time and expense in investigating the issues.*
>
> *20. The above considerations refer to all disputes. However, there is particular force in the policy considerations applying in relation to building disputes. Such disputes very often involve the consideration of large number of relatively minor items. Further expert evidence may, at least in theory, help to resolve some of these issues. The consequence is that the risk of disproportionate time and effort being involved in considering factual disputes is even greater than in other types of dispute.*
>
> *21. All of the above analysis provides a strong incentive to parties to seek to settle their disputes amicably before going to court. It is often said that a good settlement involves both parties being dissatisfied with an outcome - but a settlement:*
>
> *a. Brings the dispute to an end and allows the parties to move on;*
>
> *b. Stops expenditure of time and energy on resolution of a dispute; and*
>
> *c. Removes uncertainty as to what a Court may do.*
>
> *22. It is for this reason that the SCT court procedures involve a compulsory consultation (RDC 53.21). That consultation is an opportunity for the parties to seek to come to a settlement. If they do not, the Court will resolve the matter for them but in a way which is necessarily uncertain to the parties and where there will be limited opportunity for further appeal."*

13. The above considerations have particular application in this case. The issues which the SCT had to resolve were of obvious and real importance to the parties. A refurbishment contract which was meant to take 2 months was extended to almost 4 times that period so that the Claimant could not live in her home. However, a system of justice which required enormous or lengthy investigation would amount to no real justice at all. The SCT judge was obliged to do her best to come to a just and fair result. Once she had done so it is not for an appellate tribunal to stretch the permissible grounds of appeal which have, quite deliberately, been restricted.

The Proposed Grounds of Appeal

14. The Claimant seeks to rely on 7 proposed grounds of appeal:

(a) First that there was an error of law in construing "Main Contract Value" for the purposes of the liquidated and ascertained damages clause;

(b) Secondly that there was an error of law in including VAT in the amount by which the delay payment was calculated;

(c) Thirdly that there was an alleged error of law in failing to apply what was said to be the express causation requirement in the contract;

(d) Fourthly that there was a miscarriage of justice or inadequate reasons concerning the Defendant's delay analysis;

(e) Fifthly that there was a failure to distinguish responsibility for corridor repair from causation of corridor related delay;

(f) Sixthly there was an error of contractual analysis concerning access and permit responsibility; and

(g) Seventhly that there was an internal inconsistency concerning "the gas-hob incident."

Grounds 1 and 2

15. The Judge calculated the applicable delay damages on the basis of a varied contract sum of AED 379,033.94. That was made up of the original contract sum of AED 308,297 plus VAT together with the value of the 3 variations plus VAT.

16. The material delay damages clause provided "If the project is delayed from Contractor beyond the contract finish date due to any delays from the contractor, a penalty of 10% of the main contract value to be paid by the contractor to the Client until unless mutually agreed".

17. The Judge considered and rejected the argument that the "the main contract value" meant only the original unvaried contract value rather than that varied. I consider she was plainly correct to do so:

(a) The contract expressly provided for variations which duly occurred in this case;

(b) The variations consisted of both additions and omissions;

(c) Once varied, the contract sum was varied so that, for example, the percentage progress payments would be varied accordingly; and

(d) It would have made no sense for damages to be calculated by reference to an original rather than a varied contract value in circumstances where the parties could have agreed an extended period for completion by reference to such works.

18. There is accordingly no realistic prospect of success in relation to Ground 1.

19. I consider that there is a realistic prospect of success in relation to Ground 2. This is because:

(a) The contract sum is expressly stated as being a sum exclusive of VAT;

(b) VAT is imposed by statute and is payable to the state in defined circumstances; and

(c) There is no real link between that VAT payment and any loss sustained by the Claimant.

20. Accordingly, I grant permission to appeal in relation to Ground 2 which concerns a limited question of law and would reduce the applicable damages to AED 208,168.43 - a reduction of AED 10,408.42.

Ground 3

21. This ground seeks to suggest that there was an express causation requirement arising out of the words "due to" which the Judge did not apply.

22. I do not consider that this ground has any prospect of success:

(a) In paragraph 52 the Judge stated "The question presently before me is whether the delay incurred is attributable to the Defendant under the clause relied on by the Claimant";

(b) The Judge then considered the matters put forward by the Defendant and rejected them in paragraphs 53 to 58;

(c) In so doing she plainly considered and applied a causation analysis; and

(d) There is no prospect of this ground succeeding.

Ground 4

23. Ground 4 seeks to contend that the Judge's reasoning was inadequate or constituted a miscarriage of justice. This ground is hopeless. It is a direct challenge to factual findings and runs completely against the basis upon which appeals from the SCT are limited.

24. This contract was not a multi-million dollar contract for a petrochemical plant. It required an investigation as to why the contractor took almost four times as long as stipulated to finish a single apartment. This was not a case which required delay analysis or forensic investigation. The Judge's reasons were simply stated and entirely adequate.

Ground 5

25. This is a further, even more detailed, attack on the attribution of responsibility for delay. The Defendant accepted that it damaged the corridor and had to repair it. The Judge found that this amounted to an acceptance that difficulties in accessing the apartment via the damaged corridor were the responsibility of the Defendant. This was entirely sensible. There is no basis for the Defendant to challenge the finding of fact.

Ground 6

26. This is another attack on part of the Judge's reasons for identifying responsibility for delay. This concerns access arrangements and permits. Having considered the matter, the Judge held at paragraph 57 "The completion date clause allows for site access to affect completion, and I accept the Defendant could rely on that, provided proper notice was given. But accepting that the clause applies in principle is different from proving it applies in fact. The Defendant must show not just that access problems existed, but that they actually caused a specific, measurable period of delay. On the evidence before the Court, it has not done so."

27. This conclusion was open to the Judge. Moreover, given that the Defendant was in a position to identify what occurred to the works, it was an entirely sensible one. There is no basis for any possible appeal.

Ground 7

28. This raises an alleged inconsistency between the finding that the Defendant was not responsible for the cost of a gas hob and a finding that no delay was attributable to the Claimant. The Claimant had ordered a gas hob which was installed by the Defendant but there was no gas supply to the building. The Claimant sought to claim the cost of the hob from the Defendant on the basis that it should have known there was no gas but the claim was rejected by the Judge.

29. There is no inconsistency between this finding and the finding that the Defendant was responsible for all of the delay. The Defendant could have mounted a specific case that there was some identified period of delay attributable to this but did not do so. It would appear unlikely in any event that there could be any substantial delay. In the circumstances this ground is also hopeless

Conclusion

30. For the most part this proposed appeal seeks to attack the Judgment in a way which is specifically precluded by statute. In doing so the Defendant is really seeking to attack the Judge's findings of fact in a way which is impermissible.

31. I have granted permission to appeal on one limited issue. If necessary, the Court will determine this issue on the basis of written submissions alone. The parties might consider whether it is necessary for this further issue to require a further ruling as distinct from the Court.