

JUDGMENT SUMMARY

Neutral Citation	[2026] ADGMCFI 0014
Case Number	ADGMCFI-2025-367
Name of Case	Ali Othman A Alrakban v. Webridge Properties LLC
Judge	Justice William Stone SBS KC
Date Issued	19 May 2026
Catchwords	Off-Plan Sale and Purchase Agreement. Misrepresentation. Whether value added tax included in purchase price. Condition of property upon handover. Damages in lieu of rescission.
Legislation Cited	<p><i>Abu Dhabi Law No. 3 of 2015</i></p> <p><i>Application of English Law Regulations 2015</i></p> <p><i>Executive Regulations of Federal Decree Law No. 8 of 2017</i></p> <p><i>Federal Decree Law No. 8 of 2017</i></p> <p><i>Off-Plan Development Regulations 2024</i></p> <p><i>Federal Law No. 5 of 1984 Concerning the Issuance of the Civil Transactions Law of the United Arab Emirates</i></p> <p><i>Misrepresentation Act 1967 (UK)</i></p> <p><i>Private International Law (Miscellaneous Provisions) Act 1995 (UK)</i></p>
Cases Cited	<p><i>Alghussein Establishment v Eton College</i> [1988] 1 WLR 530</p> <p><i>Awad v 3AM Property Investment Company LLC & Anor</i> [2025] ADGMCFI 0003</p> <p><i>Cavendish Square Holdings BV v Makdessi</i> [2015] UKSC 67</p> <p><i>Credit Suisse Life (Bermuda) Ltd v Ivanishvili</i> [2025] 3 WLR 789</p>

	<p><i>Federal Properties Ltd - Sole Proprietorship LLC v Ibrahim</i> [2025] ADGMCFI 0013</p> <p><i>Interfoto Picture Library Ltd v Stiletto Visual Programmes Ltd</i> [1989] QB 433</p> <p><i>Marin & Anor v Akhras & Anor</i> [2025] ADGMCFI 0023</p> <p><i>Olley v Marlborough Court Hotel</i> [1949] 1 KB 532</p> <p><i>Parker v South Eastern Railway Company</i> [1877] 2 CPD 416</p> <p><i>Property Alliance Group Ltd v Royal Bank of Scotland Plc</i> [2018] 1 WLR 3529</p> <p><i>Spice Girls Ltd v Aprilia World Series BV</i> [2002] EWCA 15</p> <p><i>J Spurling Ltd v Bradshaw</i> [1956] 1 WLR 461</p>
<p>Executive Summary</p>	<p>The Claimant, Mr Ali Othman A Alrakban brought a claim for misrepresentation against the Defendant developer, Webridge Properties LLC. The Claimant was dissatisfied with the Defendant's attempts to impose Value Added Tax (“VAT”) on the purchase price of an off-plan commercial unit in the Al Maryah Vista 1 development.</p> <p>The Court ruled that the Defendant had represented to the Claimant that the purchase price was final and that no additional VAT payment was required. The Court ordered that the Defendant repay to the Claimant all instalments paid to the Defendant towards the purchase price.</p>
<p>Overall Summary</p>	<p>Background</p> <p>On 28 October 2022, the Claimant entered into an Off-Plan Sale and Purchase Agreement (“SPA”) to purchase a commercial unit and adjacent terrace area from the Defendant developer for AED 8,269,000. The Claimant intended to use the property for a coffee shop. The SPA contained a fixed payment schedule, but made no mention of VAT.</p> <p>The Claimant paid a reservation fee and 15 monthly instalments without VAT being charged or mentioned. However, when the Claimant paid the 16th instalment of AED 144,035 in December 2023, the Defendant arrogated that payment towards what it considered was an outstanding VAT liability on the purchase price, rather than crediting the principal sum. Following the Claimant's objections, the Defendant reversed this VAT allocation, but by February 2025, when the building was completed, the Defendant issued a handover notice demanding the final lump sum payment of AED 5,292,545, plus an additional, separate demand for AED 413,450 in VAT. The Claimant tendered a</p>

manager's cheque for the exact SPA handover amount (AED 5,292,545) but refused to pay the extra VAT. Consequently, the Defendant refused completion, terminated the sale, and applied to the ADGM Registration Authority to deregister the off-plan SPA.

The Claimant brought proceedings before the Court seeking damages for misrepresentation regarding the VAT. The Claimant also alleged misrepresentations relating to the physical state of handover of the unit (and whether this should be fully fitted out or delivered in a "shell and core" state), and permitted usage of the outdoor terrace area. The Defendant counterclaimed for up to 30% of the purchase price as a penalty or the Claimant's termination of the SPA.

Analysis

The Court ruled in favour of the Claimant on the VAT issue. The SPA was silent on VAT, and the Defendant issued 19 receipts showing a zero VAT balance. The Court found that the Defendant's conduct had represented to the Claimant that the purchase price was final, and inclusive of further fees or charges including VAT, which the Claimant relied upon. Furthermore, under UAE VAT Law (*Federal Decree Law No. 8 of 2017*) and its Executive Regulations, published prices for taxable supplies default to being tax-inclusive unless explicitly declared otherwise.

The Claimant alleged he was misled regarding his right to erect structures on the terrace and the "shell and core" finishing condition of the unit at handover. The Court dismissed these claims. It noted that "shell and core" is standard industry practice in the UAE for commercial units, and restrictions on terrace structures were standard local authority regulatory matters, not actionable misrepresentations by a developer.

In its counterclaim, the Defendant sought to keep the sums paid by the Claimant, and recover a further termination penalty. The Court dismissed this position, in light of its VAT misrepresentation findings. The Judge ruled the penalty clause was in any event unenforceable, applying the test from *Cavendish Square Holdings BV v Makdessi*.

Conclusion

The Court ruled that the consideration for the Claimant's payments had wholly failed due to the Defendant's wrongful termination. The Court ordered that the Defendant must pay the Claimant damages in lieu of rescission totalling AED 2,976,455, with interest. The Defendant's Counterclaim was dismissed.

This statement is not intended to be a substitute for the reasons of the Court or to be used in any later consideration of the Court's reasons.