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## Financial claim for failure to settle outstanding debts of sub-contracting Agreement





## **Financial claim for failure to settle outstanding debts of sub-contracting Agreement**

### **Background of the case:**

A financial claim filed by our client (Company M) against Company (B) (defendant) for recovery of the outstanding debts owed by the defendant, based on an agreement entered into between the two parties whereby our client carried out subcontracting works for the defendant.

### **Summary:**

We submitted a statement of claim to the commercial court in which we pointed out that our client had concluded a sub-contracting agreement with the defendant whereby our client would perform some contracting works for the defendant.

The defendant, however, failed to fulfill the contractual obligations and could not settle the outstanding amounts of the remaining works implemented, which is valued at SAR 477,379 (only Four Hundred Forty Seven Thousand and Three Hundred Seventy Nine Saudi Riyals).

### **Details:**

We approached the doors of the Commercial Court in Riyadh on behalf of our client and filed the lawsuit against defendant, in which we claimed that our client had carried out subcontracting works for the defendant and they failed to pay up the outstanding amounts of the contract, which is estimated at SAR 477,379 (only Four Hundred Forty Seven Thousand and Three Hundred Seventy Nine Saudi Riyals).

In the first hearing, the defendant failed to appear. So, the honorable circuit ordered to serve the defendant with a process by mail as well as through Absher service.

In the second hearing, the defendant again failed to show up despite being served by Absher service. We submitted to the court a memorandum of claim in which we demanded that the outstanding amounts of the contracting works implemented, which is estimated at SAR 462,026.44 (only Four Hundred Sixty Two Thousand and Twenty Six Saudi Riyals and Forty Four Halalah), has to be paid.

In our claim, we attached a photocopy of the agreement entered into between our client and the defendant and a set of invoices issued to the defendant, which were signed by the defendant's employees so that the plaintiff could fulfill the works agreed upon.

This made the case very clear to the court. Consequently, we promptly filed a petition requesting the honorable court to order that the outstanding amounts, which were not paid by the defendant, to be settled.

We also reserved our client's right to claim what might be more than such amount, which is estimated at SAR 56,798.34.

### Court Ruling:

The court ordered the defendant to pay our client SAR 462,026.44 (only Four Hundred Sixty Two Thousand and Twenty Six Saudi Riyals and Forty Four Halalah).

The court has based its ruling on the following grounds:

- 1- Paragraph (2) of Article No. 57 of the law of Civil Procedure, which states: “ If the defendant or his agent in the same case is notified of the date of hearing in person, or a memorandum of defense is deposited with the court by the defendant or his agent prior to the scheduled hearing of the case, or if the defendant appears at any of the hearings then fails to appear again, the court shall rule on the case and the judgment shall not be deemed in absentia with respect to the defendant.”
- 2- Decision No. 219/6/39, dated 21/04/1439 AH, which was passed by the Supreme Judicial Council, and issued upon a Royal Order No. 14388, dated 25/03/1439 AH, stipulates: “Notices served by electronic means shall have legal effect.”

Ruling date:2018



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