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The responsibility of the financial manager in approving the employee dues





Recovery of outstanding debts from defaulting Company based on debt acknowledgment letter

Subject of the case:

A financial recovery claim case filed by our client (Company H) against Company (G) (defendant), demanding the defendant to pay the outstanding debts, which is a result of the defendant's failure to abide by the contractual obligations, in line with the supply agreement concluded between the two parties for supply of electric appliances.

Summary of the case:

The defendant failed to settle invoices worth SAR 383,986, (Three Hundred Eighty-Three Thousand and Nine Hundred Eighty Six Saudi Riyals) to our client in spite of repeated demands, which prompted our client to seek our legal assistance in recovery of the outstanding dues. We handled the case and it ended up with the court with a favorable ruling for our client, ordering the defendant to pay our client the entire claim amount.

Details:

The defendant breached its contractual obligations of the supply contract entered into between the defendant and our client.

We prepared our petition demanding that the defendant has to pay our client the entire outstanding debts and submitted it to the court on behalf of our client.

The defendant had already settled a portion of the financial amount as stated in the supply contract, however it failed to pay the remaining part of the said amount, which was a value of SAR 383,986, (Three Hundred Eighty-Three Thousand and Nine Hundred Eighty Six Saudi Riyals Only).

We supported our client's claim by submitting to the court a debt acknowledgment letter (letter), which proves that our client is entitled to the claimed amount. The letter states that the defendant owes our client as much as SAR 396,000, (Three Hundred Ninety Six Thousand Saudi Riyals Only) and it was signed and stamped by the defendant. Further, the said letter carried the dated/postdated, also carried the signature of the authorized representative of the defendant and certified by the Chamber of Commerce.

The defendant's lawyer alleged that the signature handed in the letter was forged and denied that such claim is not in false and requested the court to send the alleged letter to the competent bodies for forensic verification since the defendant's attorney suspects that the signature was forged.

The defendant's attorney also requested to furnish all the invoices and statement of accounts pertaining to the disputed commercial transaction between the two parties.

Subsequently, we submitted the said invoices and statement of accounts pertaining to the transaction which proved that our claims are genuine and authentic.

After the court contacted the Chamber of Commerce to conduct a verification on the letter, the Chamber replied that the letter was sound, and confirmed that the signature given on the letter does belong to the owner of the defendant company and the statement was affirmed by the Assistant Secretary General of the Chamber of Commerce. The Assistant Secretary General of the Chamber of Commerce clearly asserted in his statement that the security seal of the Riyadh Chamber of Commerce embedded on the debt acknowledgment letter was valid, and the signature given thereon belongs to the owner of defendant company.

The Assistant Secretary General further stated that a commercial transaction does not require a certain stamp to prove its validity, and such a stamp is not needed to authenticate the transaction, rather the signature is only enough. He said that the stamp shall be legal as it should bear the name of the company, its commercial register or its license. From the legal and sharia perspective, we referred to the Judge with some effective articles from the law of Civil Procedure, which shows that our client was legally entitled to its claims in regard the case, above all:

Article No. (142) of the Law of Civil Procedures, which stipulates: "If the person to whom the contents of a document is ascribed denies that the handwriting, signature, fingerprint or seal belongs to him or to his successor or deputy while the document is material to the dispute and the facts and documents of the case are not sufficient to convince the court of the validity of the handwriting, signature, fingerprint or seal, the court may order a questioned document examination (QDE) to be made under its supervision by one or more experts to be named in the QDE decision."

Article No. (140) of the law of Civil Procedure, which stipulates: "If the court finds the validity of a document questionable, it may ask the public servant who issued it or the person who drafted it for clarification."

Article No (139) of the Law of Procedure, which stipulates: "A document used for evidence shall be either on official paper or ordinary paper. An official paper is a paper on which a public servant or a person assigned to public service records actions taken by him or instructions received from concerned parties, pursuant to the law and within his powers and jurisdiction. An ordinary paper is a paper signed, sealed, or fingerprinted by the person issuing it."

Court Ruling:

The Circuit No. (13) Of the Commercial Court in Riyadh, therefore, ordered the Defendant to pay our client the entire financial claim amount, which worth SAR 383,986, (Three Hundred Eighty Three Thousand and Nine Hundred Eighty Six Saudi Riyals.) The court ruling was subject to appeal. The attorney of the defendant appealed the primary court ruling, which was accepted since the appeal was filed within the limitation period prescribed by the law to appeal court judgments.

While in substance, when the appellate court examined the appellant petition, the court found that the petition failed to bring any substantial grounds to the case.

Accordingly, the appellate court upheld the primary court ruling issued by Circuit No. (13) of the Riyadh Commercial Court.

The ruling was confirmed as final and irrevocable

Ruling date:2019



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