

## The Legal Process for Debt Recovery in Saudi Arabia: How Tasheel Law Firm Protected Our

Debt recovery in Saudi Arabia is governed by a robust legal framework, particularly the Enforcement Law (Royal Decree No. M/53 dated 13/8/1433H) and the Commercial Court Law (Royal Decree No. M/93 dated 15/8/1441H). While these laws offer strong protections to creditors, successful recovery requires legal expertise, strategic enforcement, and swift action. At Tasheel Law Firm, we have a proven track record of helping clients navigate these complexities and recover their rightful claims.

In this article, we present a real-world case study that showcases how we leveraged the Saudi legal system to recover substantial debts for our client efficiently and effectively.

### Case Study: Successful Recovery in a Complex Contract Dispute

#### Background:

Our client entered into a contract for the purchase, manufacture, supply, and installation of materials for a major infrastructure project.

The contract was activated upon receipt of an advance payment and the submission of approved engineering drawings. Despite delays in the project's final drawings and client-caused suspensions, our client fulfilled its contractual obligations by purchasing, manufacturing, and preparing the materials for shipment.

The materials were shipped, and a substantial part of the work was completed. However, the counterparty later contested the fulfillment of contractual obligations, resulting in a legal dispute over payments and the possession of the materials.

#### Challenges Faced:

The case was complicated by several factors:

- The counterparty's claim that contractual obligations were not fully performed, focusing on the incomplete installation works.
- The possession of materials that had been manufactured and shipped by our client but were later transferred to another contractor.

- The need to establish a clear connection between the materials supplied and the obligations under the contract.
- Managing procedural complexities in the Saudi enforcement system, ensuring that our client's rights were preserved without undue delay.

### Our Approach:

- **Comprehensive Case Review:** We meticulously reviewed all contractual documents, payment records, material approvals, correspondence, and court filings to build a solid evidence base.
- **Demand Notice:** We issued a formal demand notice under Article 34 of the Enforcement Law, demanding immediate settlement of the outstanding amounts. This provided the debtor with a five-day period to comply before initiating enforcement action.
- **Legal Strategy:** We prepared to initiate enforcement proceedings by compiling evidence showing that the materials were manufactured, shipped, approved, and physically taken by the counterparty, thereby demonstrating fulfillment of contractual obligations.
- **Expert Engagement:** We utilized expert findings that confirmed the client's materials were delivered and used in the project by another contractor, reinforcing our client's claims.
- **Asset Protection Measures:** We sought precautionary measures to ensure that assets and payments were secured during the enforcement process, including requests for account freezing and asset seizure.

### Results:

- Despite initial adverse judgments focusing solely on the lack of on-site installation, we successfully highlighted the substantial fulfillment of the manufacturing and supply obligations.
- We used expert reports, bank documents, payment transfer details, and material approval sheets to establish irrefutable proof of performance.
- Our strategic litigation efforts and negotiation skills led to a favorable settlement, enabling our client to recover a significant portion of its claims.

### Key Success Factors:

- **Documentary Excellence:** Our thorough documentation proved critical in demonstrating contractual performance and countering claims of default.
- **Proactive Legal Action:** Swift issuance of demand notices and preparation for enforcement proceedings minimized delays and protected our client's rights.
- **Strategic Litigation:** We tailored our legal strategy to the unique circumstances of the case, ensuring a compelling presentation before the enforcement authorities.
- **Expert Collaboration:** Partnering with court-appointed experts reinforced our client's narrative and strengthened our position.
- **Local Knowledge:** Our understanding of the Saudi judicial system, including enforcement court practices and procedures, gave us a decisive advantage.

## General Challenges in Debt Recovery in Saudi Arabia

Debt recovery in Saudi Arabia, while supported by strong laws, can face several challenges that clients must be aware of:

- **Debtor Asset Concealment:** Debtors may attempt to conceal or transfer assets, making timely legal action essential.
- **Procedural Delays:** Although enforcement courts are designed to expedite matters, procedural requirements must be meticulously followed.
- **Documentation Gaps:** Incomplete contracts, missing delivery confirmations, or vague payment terms can weaken enforcement cases.

Tasheel Law Firm's proactive and meticulous approach helps clients overcome these challenges effectively.

## How Tasheel Law Firm Stands Out

At Tasheel Law Firm, our success is based on the following pillars:

- **Client-Centric Approach:** We understand the commercial realities our clients face and tailor our legal strategies to their business goals.
- **End-to-End Support:** From the initial demand notice to enforcement and settlement, we manage every stage of the debt recovery process.
- **Negotiation Expertise:** Many debt recovery cases are resolved faster and more cost-effectively through strategic negotiation, avoiding prolonged litigation.
- **Technological Tools:** We utilize the Ministry of Justice's Unified Enforcement Platform ("Tabadul") to trace assets and expedite enforcement procedures.

- **Dedicated Team:** Our lawyers specialize in enforcement procedures and commercial litigation, ensuring our clients receive the highest level of expertise.

## Relevant Legal References

- **Saudi Enforcement Law** (Royal Decree No. M/53): Provides mechanisms for enforcing debts through the seizure of assets, freezing of accounts, travel bans, and imprisonment for debtors who fail to comply.
- **Commercial Court Law** (Royal Decree No. M/93): Governs commercial disputes, including breaches of contract and payment defaults.
- **Implementing Regulations of the Enforcement Law:** Clarify procedures related to demand notices, asset seizure, and auction of debtor's property.

These legal instruments collectively ensure that creditors have robust avenues for the recovery of debts while maintaining fair procedures for all parties.

## Conclusion

At Tasheel Law Firm, we understand that debt recovery is not just about filing claims — it is about strategic preparation, diligent execution, and legal expertise. Our success in this complex contractual dispute demonstrates our ability to navigate the Saudi legal system effectively and secure favorable outcomes for our clients.

If your business is facing challenges in debt recovery in Saudi Arabia, trust Tasheel Law Firm to protect your rights and maximize your recovery. Contact us today to learn how we can assist you.

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**"Is your business ready to protect its rights in debt recovery in Saudi Arabia?"**

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