



## PRESS RELEASE

### THE COMPETITION AUTHORITY OF KENYA WELCOMES TRIBUNAL RULING UPHOLDING KSH 2.6 MILLION PENALTY ON ROYAL MABATI FACTORY LIMITED FOR MISLEADING CONSUMERS

#### FOR IMMEDIATE RELEASE

**NAIROBI: Tuesday, May 17<sup>th</sup>, 2022**

The Competition Authority of Kenya's welcomes the Ruling of the Competition Tribunal to uphold the Ksh. 2,652,363 pecuniary penalty levied against Royal Mabati Factory Limited for misleading its customers in violation of the Competition Act No. 12 of 2010.

The Ruling confirmed the validity of the Authority's May 2020 Determination that the roofing material manufacturer had, among other violations, misled its customers regarding timelines for product delivery and treated them unconscionably.

**Royal Mabati is now required to settle the Ksh. 2,652,363 penalty imposed by the Authority, retribute aggrieved customers through refunds or delivery of product, refrain from running misleading advertisements, and sensitize its Sales and Customer Care Team about the provisions of the Competition Act.**

The Authority is of the opinion that this Ruling will deter suppliers of goods and services from engaging in conduct that misrepresents the terms of a transaction to consumers and encourage implementation of robust and fair complaints redress mechanisms.

By way of background, the Authority, on various dates between March 2018 and March 2020, received thirteen (13) complaints from customers of Royal Mabati, a manufacturing company in Kenya located along Mombasa Road, Nairobi.

The complaints, which were similar in nature, cited Royal Mabati for allegedly failing or delaying to deliver purchased products per agreed terms and requiring customers to pay delivery fees despite advertisements indicating that the service was free of charge countrywide. Royal Mabati was also accused of forcing customers to vary their iron sheet orders post purchase.

The Competition Act prohibits undertakings from engaging in false or misleading misrepresentation when trading in products or services, among others.

The Authority investigated the allegations and in May 2020 made a Determination that Royal Mabati had infringed the aforementioned provisions of the law. It also determined that the firm had also failed to comply with a Cease and Desist Order issued by the Authority.

Subsequently, the Authority ordered Royal Mabati to;

- i. Pay a financial penalty of Ksh. 2,652,363.47;
- ii. Refund customers with outstanding complaints within sixty (60) days from the Determination date or deliver the roofing materials to their preferred premises at no cost within thirty (30) days;
- iii. Refrain from running false or misleading advertisements; and
- iv. Require its Sales and Customer Care Team to be sensitized about the provisions of the Competition Act.

Royal Mabati appealed the Authority's Determination to the Competition Tribunal leading to the 12<sup>th</sup> April, 2022 Ruling. The Tribunal's Ruling is accessible on the Authority's Website via the link: <https://bit.ly/3sA1s0k>

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